

**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, 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, 388.1624, 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 sections 12, 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 11s, 11t, 11u, 22g, 22i, 32p, 95, and 104c; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) **"ACHIEVEMENT AUTHORITY" MEANS THAT TERM AS DEFINED**
2 **IN PART 7C OF THE REVISED SCHOOL CODE, MCL 380.771 TO 380.778.**

3 (2) **"ACHIEVEMENT SCHOOL" MEANS A PUBLIC SCHOOL WITHIN THE**
4 **EDUCATION ACHIEVEMENT SYSTEM OPERATED, MANAGED, AUTHORIZED,**
5 **ESTABLISHED, OR OVERSEEN BY THE ACHIEVEMENT AUTHORITY.**

6 (3) ~~(1)~~—"Average daily attendance", for the purposes of
7 complying with federal law, means 92% of the pupils counted in
8 membership on the pupil membership count day, as defined in section
9 6(7).

10 (4) ~~(2)~~—"Board" means the governing body of a district or
11 public school academy.

12 (5) ~~(3)~~—"Center" means the center for educational performance
13 and information created in section 94a.

14 (6) ~~(4)~~—"Cooperative education program" means a written
15 voluntary agreement between and among districts to provide certain
16 educational programs for pupils in certain groups of districts. The

1 written agreement shall be approved by all affected districts at
 2 least annually and shall specify the educational programs to be
 3 provided and the estimated number of pupils from each district who
 4 will participate in the educational programs.

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

7 (8) ~~(6)~~ "District" means a local school district established
 8 under the revised school code or, except in sections 6(4), 6(6),
 9 **11R**, 13, 20, 22a, ~~23, 29, 31a, 51a(15), 51A(14)~~, 105, 105c, and
 10 166b, a public school academy. ~~Except in sections 6(4), 6(6), 13,~~
 11 ~~20, 22a, 29, 51a(15), 105, 105c, and 166b, district also includes a~~
 12 ~~university school.~~ **EXCEPT IN SECTIONS 6(4), 6(6), 6(8), 6(19), 13,**
 13 **20, 22A, 31A, 105, 105C, AND 166B, DISTRICT ALSO INCLUDES THE**
 14 **EDUCATION ACHIEVEMENT SYSTEM.**

15 (9) ~~(7)~~ "District of residence", except as otherwise provided
 16 in this subsection, means the district in which a pupil's custodial
 17 parent or parents or legal guardian resides. For a pupil described
 18 in section 24b, the pupil's district of residence is the district
 19 in which the pupil enrolls under that section. For a pupil
 20 described in section 6(4)(d), the pupil's district of residence
 21 shall be considered to be the district or intermediate district in
 22 which the pupil is counted in membership under that section. For a
 23 pupil under court jurisdiction who is placed outside the district
 24 in which the pupil's custodial parent or parents or legal guardian
 25 resides, the pupil's district of residence shall be considered to
 26 be the educating district or educating intermediate district.

27 (10) ~~(8)~~ "District superintendent" means the superintendent of

1 a district, the chief administrator of a public school academy, or
2 the ~~chief administrator of a university school.~~ **CHANCELLOR OF THE**
3 **ACHIEVEMENT AUTHORITY.**

4 Sec. 4. (1) **"EDUCATION ACHIEVEMENT SYSTEM" MEANS THAT TERM AS**
5 **DEFINED IN PART 7C OF THE REVISED SCHOOL CODE, MCL 380.771 TO**
6 **380.778.**

7 (2) ~~(1)~~ "Elementary pupil" means a pupil in membership in
8 grades K to 8 in a district not maintaining classes above the
9 eighth grade or in grades K to 6 in a district maintaining classes
10 above the eighth grade. For the purposes of calculating universal
11 service fund (e-rate) discounts, "elementary pupil" includes
12 children enrolled in a preschool program operated by a district in
13 its facilities.

14 (3) ~~(2)~~ "Extended school year" means an educational program
15 conducted by a district in which pupils must be enrolled but not
16 necessarily in attendance on the pupil membership count day in an
17 extended year program. The mandatory clock hours shall be completed
18 by each pupil not more than 365 calendar days after the pupil's
19 first day of classes for the school year prescribed. The department
20 shall prescribe pupil, personnel, and other reporting requirements
21 for the educational program.

22 (4) ~~(3)~~ "Fiscal year" means the state fiscal year that
23 commences October 1 and continues through September 30.

24 (5) ~~(4)~~ "General educational development testing preparation
25 program" means a program that has high school level courses in
26 English language arts, social studies, science, and mathematics and
27 that prepares a person to successfully complete the general

1 educational development (GED) test.

2 (6) ~~(5)~~—"High school pupil" means a pupil in membership in
3 grades 7 to 12, except in a district not maintaining grades above
4 the eighth grade.

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

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

27 (3) "District and high school graduation report" means a

1 report of the number of pupils, excluding adult participants, in
2 the district for the immediately preceding school year, adjusted
3 for those pupils who have transferred into or out of the district
4 or high school, who leave high school with a diploma or other
5 credential of equal status.

6 (4) "Membership", except as otherwise provided in this
7 article, means for a district, ~~A~~ public school academy, ~~university~~
8 ~~school,~~ **THE EDUCATION ACHIEVEMENT SYSTEM**, or ~~AN~~ intermediate
9 district the sum of the product of .90 times the number of full-
10 time equated pupils in grades K to 12 actually enrolled and in
11 regular daily attendance on the pupil membership count day for the
12 current school year, plus the product of .10 times the final
13 audited count from the supplemental count day for the immediately
14 preceding school year. All pupil counts used in this subsection are
15 as determined by the department and calculated by adding the number
16 of pupils registered for attendance plus pupils received by
17 transfer and minus pupils lost as defined by rules promulgated by
18 the superintendent, and as corrected by a subsequent department
19 audit. For the purposes of this section and section 6a, for a
20 school of excellence that is a cyber school, as defined in section
21 551 of the revised school code, MCL 380.551, and is in compliance
22 with section 553a of the revised school code, MCL 380.553a, **OR FOR**
23 **THE EDUCATION ACHIEVEMENT SYSTEM**, a pupil's participation in the
24 cyber school's educational program **OR IN AN ONLINE EDUCATIONAL**
25 **PROGRAM OF THE EDUCATION ACHIEVEMENT SYSTEM OR OF AN ACHIEVEMENT**
26 **SCHOOL** is considered regular daily attendance. The amount of the
27 foundation allowance for a pupil in membership is determined under

1 section 20. In making the calculation of membership, all of the
2 following, as applicable, apply to determining the membership of a
3 district, **A** public school academy, ~~university school,~~ **THE EDUCATION**
4 **ACHIEVEMENT SYSTEM,** or **AN** intermediate district:

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

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

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

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

1 program.

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

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

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

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

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

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

22 (i) If operations begin before the pupil membership count day
23 for the fiscal year, membership is the average number of full-time
24 equated pupils in grades K to 12 actually enrolled and in regular
25 daily attendance on the pupil membership count day for the current
26 school year and on the supplemental count day for the current
27 school year, as determined by the department and calculated by

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

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

13 (j) If a district is the authorizing body for a public school
14 academy, then, in the first school year in which pupils are counted
15 in membership on the pupil membership count day in the public
16 school academy, the determination of the district's membership
17 shall exclude from the district's pupil count for the immediately
18 preceding supplemental count day any pupils who are counted in the
19 public school academy on that first pupil membership count day who
20 were also counted in the district on the immediately preceding
21 supplemental count day.

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

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

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

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

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

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

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

19 (m) An individual who has obtained a high school diploma shall
20 not be counted in membership. An individual who has obtained a
21 general educational development (G.E.D.) certificate shall not be
22 counted in membership unless the individual is a ~~student~~ **PUPIL** with
23 a disability as defined in R 340.1702 of the Michigan
24 administrative code. An individual participating in a job training
25 program funded under former section 107a or a jobs program funded
26 under former section 107b, administered by the Michigan strategic
27 fund, ~~or the workforce development agency,~~ or participating in any

1 successor of either of those 2 programs, shall not be counted in
2 membership.

3 (n) If a pupil counted in membership in a public school
4 academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** is also educated by a
5 district or intermediate district as part of a cooperative
6 education program, the pupil shall be counted in membership only in
7 the public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM**
8 unless a written agreement signed by all parties designates the
9 party or parties in which the pupil shall be counted in membership,
10 and the instructional time scheduled for the pupil in the district
11 or intermediate district shall be included in the full-time equated
12 membership determination under subdivision (q). However, for pupils
13 receiving instruction in both a public school academy **OR THE**
14 **EDUCATION ACHIEVEMENT SYSTEM** and in a district or intermediate
15 district but not as a part of a cooperative education program, the
16 following apply:

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

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

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

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

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

27 (r) ~~Full-time equated memberships for pupils in kindergarten~~

Senate Bill No. 961 as amended April 25, 2012

1 ~~shall be determined by dividing the number of class hours scheduled~~
 2 ~~and provided per year per kindergarten pupil by a number equal to~~
 3 ~~1/2 the number used for determining full-time equated memberships~~
 4 ~~for pupils in grades 1 to 12. However, beginning~~ **BEGINNING** in 2012-
 5 2013, full-time equated memberships for pupils in kindergarten
 6 shall be determined by dividing the number of ~~class~~ **INSTRUCTIONAL**
 7 hours scheduled and provided per year per kindergarten pupil by the
 8 same number used for determining full-time equated memberships for
 9 pupils in grades 1 to 12. **THE CHANGE IN THE COUNTING OF FULL-TIME**
 10 **EQUATED MEMBERSHIPS FOR PUPILS IN KINDERGARTEN THAT TAKES EFFECT IN**
 11 **2012-2013 IS NOT <<A MANDATE AND IS NOT>> INTENDED TO JEOPARDIZE FEDERAL**
 12 **TITLE I <<FUNDS THAT ARE>> USED FOR**
 13 **FEDERAL TITLE I FUNDING WILL CONTINUE TO BE AVAILABLE TO DISTRICTS**
 14 **TO FUND FULL-DAY KINDERGARTEN.**

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

1 the superintendent, and as corrected by subsequent department
2 audit, plus the final audited count from the supplemental count day
3 for the current school year, and dividing that sum by 2.

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

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

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

27 (ii) The district provides instructional materials, resources,

1 and supplies, except computers, that are comparable to those
2 otherwise provided in the district's alternative education program.

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

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

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

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

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

1 before suspending operations, as determined by the superintendent.

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

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

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

24 (z) If a public school academy that is not in its first or
25 second year of operation closes at the end of a school year and
26 does not reopen for the next school year, the department shall
27 adjust the membership count of the district **OR THE EDUCATION**

1 **ACHIEVEMENT SYSTEM** in which a former pupil of the public school
2 academy enrolls and is in regular daily attendance for the next
3 school year to ensure that the district **OR THE EDUCATION**
4 **ACHIEVEMENT SYSTEM** receives the same amount of membership aid for
5 the pupil as if the pupil were counted in the district **OR THE**
6 **EDUCATION ACHIEVEMENT SYSTEM** on the supplemental count day of the
7 preceding school year.

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

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

24 (cc) For the first year in which a pupil is counted in
25 membership on the pupil membership count day in a middle college
26 program, the membership is the average of the full-time equated
27 membership on the pupil membership count day and on the

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

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

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

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

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

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

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

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

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

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

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

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

27 (ii) "Serious assault" means an act that constitutes a felony

1 violation of chapter XI of the Michigan penal code, 1931 PA 328,
2 MCL 750.81 to 750.90g, or that constitutes an assault and
3 infliction of serious or aggravated injury under section 81a of the
4 Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

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

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

24 (j) A pupil who is the child of a person who works at the
25 district or who is the child of a person who worked at the district
26 as of the time the pupil first enrolled in the district but who no
27 longer works at the district due to a workforce reduction. As used

1 in this subdivision, "child" includes an adopted child, stepchild,
2 or legal ward.

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

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

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

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

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

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

23 **(Q) A PUPIL ENROLLED IN A VOCATIONAL JOB TRAINING PROGRAM OR**
24 **ALTERNATIVE HIGH SCHOOL DIPLOMA PROGRAM OPERATED BY A STATE-**
25 **LICENSED PROPRIETARY SCHOOL OR NONPROFIT CORPORATION IN CONJUNCTION**
26 **WITH A DISTRICT, IF THE PUPIL'S DISTRICT OF RESIDENCE DOES NOT**
27 **OFFER A VOCATIONAL JOB TRAINING PROGRAM OR ALTERNATIVE HIGH SCHOOL**

1 DIPLOMA PROGRAM. AS USED IN THIS SUBDIVISION, "STATE-LICENSED
2 PROPRIETARY SCHOOL" MEANS LICENSED UNDER THE PROPRIETARY SCHOOLS
3 ACT, 1943 PA 148, MCL 395.101 TO 395.103.

4 (R) A PUPIL ENROLLED IN AN ALTERNATIVE EDUCATION PROGRAM
5 OPERATED BY A DISTRICT IN A CITY OR COUNTY JAIL, IF THE PUPIL'S
6 DISTRICT OF RESIDENCE DOES NOT OFFER A VOCATIONAL JOB TRAINING
7 PROGRAM OR ALTERNATIVE HIGH SCHOOL DIPLOMA PROGRAM.

8 However, if a district educates pupils who reside in another
9 district and if the primary instructional site for those pupils is
10 established by the educating district after 2009-2010 and is
11 located within the boundaries of that other district, the educating
12 district must have the approval of that other district to count
13 those pupils in membership **UNLESS THE DISTRICT IS EDUCATING PUPILS**
14 **IN AN ALTERNATIVE OR VOCATIONAL EDUCATION PROGRAM AND THE PUPIL'S**
15 **DISTRICT OF RESIDENCE DOES NOT OFFER AN ALTERNATIVE OR VOCATIONAL**
16 **EDUCATION PROGRAM.**

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

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

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

27 (i) Fourth Wednesday in July.

1 (ii) First Wednesday in October.

2 (iii) Second Wednesday in February.

3 (iv) Fourth Wednesday in April.

4 (8) "Pupils in grades K to 12 actually enrolled and in regular
5 daily attendance" means pupils in grades K to 12 in attendance and
6 receiving instruction in all classes for which they are enrolled on
7 the pupil membership count day or the supplemental count day, as
8 applicable. Except as otherwise provided in this subsection, a
9 pupil who is absent from any of the classes in which the pupil is
10 enrolled on the pupil membership count day or supplemental count
11 day and who does not attend each of those classes during the 10
12 consecutive school days immediately following the pupil membership
13 count day or supplemental count day, except for a pupil who has
14 been excused by the district, shall not be counted as 1.0 full-time
15 equated membership. A pupil who is excused from attendance on the
16 pupil membership count day or supplemental count day and who fails
17 to attend each of the classes in which the pupil is enrolled within
18 30 calendar days after the pupil membership count day or
19 supplemental count day shall not be counted as 1.0 full-time
20 equated membership. In addition, a pupil who was enrolled and in
21 attendance in a district, **AN** intermediate district, ~~or~~**A** public
22 school academy, **OR THE EDUCATION ACHIEVEMENT SYSTEM** before the
23 pupil membership count day or supplemental count day of a
24 particular year but was expelled or suspended on the pupil
25 membership count day or supplemental count day shall only be
26 counted as 1.0 full-time equated membership if the pupil resumed
27 attendance in the district, intermediate district, ~~or~~ public school

1 academy, **OR EDUCATION ACHIEVEMENT SYSTEM** within 45 days after the
2 pupil membership count day or supplemental count day of that
3 particular year. Pupils not counted as 1.0 full-time equated
4 membership due to an absence from a class shall be counted as a
5 prorated membership for the classes the pupil attended. For
6 purposes of this subsection, "class" means a period of time in 1
7 day when pupils and a certificated teacher or legally qualified
8 substitute teacher are together and instruction is taking place.

9 (9) "Rule" means a rule promulgated pursuant to the
10 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
11 24.328.

12 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
13 380.1852.

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

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

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

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

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

27 (16) "Tuition pupil" means a pupil of school age attending

1 school in a district other than the pupil's district of residence
 2 for whom tuition may be charged. Tuition pupil does not include a
 3 pupil who is a special education pupil or a pupil described in
 4 subsection (6)(c) to (o). A pupil's district of residence shall not
 5 require a high school tuition pupil, as provided under section 111,
 6 to attend another school district after the pupil has been assigned
 7 to a school district.

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

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

14 (19) "Textbook" means a book, electronic book, or other
 15 instructional print or electronic resource that is selected and
 16 approved by the governing board of a district **OR, FOR AN**
 17 **ACHIEVEMENT SCHOOL, BY THE CHANCELLOR OF THE ACHIEVEMENT AUTHORITY**
 18 and that contains a presentation of principles of a subject, or
 19 that is a literary work relevant to the study of a subject required
 20 for the use of classroom pupils, or another type of course material
 21 that forms the basis of classroom instruction.

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

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

1 ~~requirements of section 23.~~

2 Sec. 11. (1) Subject to subsection (3), for the fiscal year
3 ending September 30, 2012, there is appropriated for the public
4 schools of this state and certain other state purposes relating to
5 education the sum of ~~\$10,967,333,600.00~~ **\$10,944,333,600.00** from the
6 state school aid fund and the sum of \$118,642,400.00 from the
7 general fund. In addition, all ~~other~~ available federal funds,
8 except those otherwise appropriated under section 11p, are
9 appropriated for the fiscal year ending September 30, 2012. **SUBJECT**
10 **TO SUBSECTION (3), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013,**
11 **THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND**
12 **CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF**
13 **\$10,708,491,400.00 FROM THE STATE SCHOOL AID FUND AND THE SUM OF**
14 **\$296,516,400.00 FROM THE GENERAL FUND. IN ADDITION, ALL AVAILABLE**
15 **FEDERAL FUNDS ARE APPROPRIATED FOR THE FISCAL YEAR ENDING SEPTEMBER**
16 **30, 2013.**

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

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

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

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

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

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

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

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

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

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

24 (6) If the maximum amount appropriated under section 11 from
25 the state school aid fund for a fiscal year exceeds the amount
26 available for expenditure from the state school aid fund for that
27 fiscal year, there is appropriated from the school aid

1 stabilization fund to the state school aid fund an amount equal to
 2 the projected shortfall as determined by the department of
 3 treasury, but not to exceed available money in the school aid
 4 stabilization fund. If the money in the school aid stabilization
 5 fund is insufficient to fully fund an amount equal to the projected
 6 shortfall, the state budget director shall notify the legislature
 7 as required under section 11(3) and state payments in an amount
 8 equal to the remainder of the projected shortfall shall be prorated
 9 in the manner provided under section 11(4).

10 (7) For ~~2011-2012, 2012-2013~~, in addition to the
 11 appropriations in section 11, there is appropriated from the school
 12 aid stabilization fund to the state school aid fund the amount
 13 necessary to fully fund the allocations under this article.

14 (8) Effective ~~on the effective date of this subsection,~~
 15 **FEBRUARY 24, 2012**, in addition to any amounts otherwise deposited
 16 into the school aid stabilization fund, there is transferred from
 17 the state school aid fund to the school aid stabilization fund an
 18 amount equal to \$100,000,000.00.

19 Sec. 11g. (1) From the appropriation in section 11, there is
 20 allocated for this section an amount not to exceed \$39,000,000.00
 21 for the fiscal year ending September 30, ~~2012-2013~~, and for each
 22 succeeding fiscal year through the fiscal year ending September 30,
 23 2015, after which these payments will cease. These allocations are
 24 for paying the amounts described in subsection (3) to districts and
 25 intermediate districts, other than those receiving a lump-sum
 26 payment under section 11f(2), that were not plaintiffs in the
 27 consolidated cases known as Durant v State of Michigan, Michigan

1 supreme court docket no. 104458-104492 and that, on or before March
2 2, 1998, submitted to the state treasurer a waiver resolution
3 described in section 11f. The amounts paid under this section
4 represent offers of settlement and compromise of any claim or
5 claims that were or could have been asserted by these districts and
6 intermediate districts, as described in this section.

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

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

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

22 (b) If the district or intermediate district borrows money and
23 issues bonds under section 11i, an amount in each fiscal year
24 calculated by the department of treasury that is equal to the debt
25 service amount in that fiscal year on the bonds issued by that
26 district or intermediate district under section 11i and that will
27 result in the total payments made to all districts and intermediate

1 districts in each fiscal year under this section being no more than
2 the amount appropriated under this section in each fiscal year.

3 (4) The entire amount of each payment under this section each
4 fiscal year shall be paid on May 15 of the applicable fiscal year
5 or on the next business day following that date. If a district or
6 intermediate district borrows money and issues bonds under section
7 11i, the district or intermediate district shall use funds received
8 under this section to pay debt service on bonds issued under
9 section 11i. If a district or intermediate district does not borrow
10 money and issue bonds under section 11i, the district or
11 intermediate district shall use funds received under this section
12 only for the following purposes, in the following order of
13 priority:

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

17 (b) Second, to pay debt service on other limited tax
18 obligations.

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

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

26 (6) A district or intermediate district may pledge or assign
27 payments under this section as security for bonds issued under

1 section 11i, but shall not otherwise pledge or assign payments
2 under this section.

3 Sec. 11j. From the appropriation in section 11, there is
4 allocated an amount not to exceed ~~\$2,837,800.00 for 2010-2011 and~~
5 ~~an amount not to exceed \$93,575,300.00 for 2011-2012~~
6 **\$120,390,000.00 FOR 2012-2013** for payments to the school loan bond
7 redemption fund in the department of treasury on behalf of
8 districts and intermediate districts. Notwithstanding section 11 or
9 any other provision of this act, funds allocated under this section
10 are not subject to proration and shall be paid in full.

11 Sec. 11k. For ~~2011-2012,~~ **2012-2013**, there is appropriated from
12 the general fund to the school loan revolving fund an amount equal
13 to the amount of school bond loans assigned to the Michigan finance
14 authority, not to exceed the total amount of school bond loans held
15 in reserve as long-term assets. As used in this section, "school
16 loan revolving fund" means that fund created in section 16c of the
17 shared credit rating act, 1985 PA 227, MCL 141.1066c.

18 Sec. 11m. From the appropriations in section 11, there is
19 allocated for ~~2011-2012-2012-2013~~ an amount not to exceed
20 ~~\$8,500,000.00-\$10,000,000.00~~ for fiscal year cash-flow borrowing
21 costs solely related to the state school aid fund established by
22 section 11 of article IX of the state constitution of 1963.

23 **SEC. 11S. FROM THE SCHOOL AID FUNDS APPROPRIATED IN SECTION**
24 **11, THERE IS ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED**
25 **\$6,000,000.00 TO THE EDUCATION RESERVE FUND. THE EDUCATION RESERVE**
26 **FUND IS CREATED AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID**
27 **FUND. FUNDS SHALL NOT BE APPROPRIATED FROM THE EDUCATION RESERVE**

1 FUND UNTIL THE ENACTMENT OF A STATUE AMENDING THIS SECTION THAT
2 PROVIDES FOR AN APPROPRIATION FROM THE EDUCATION RESERVE FUND AND
3 SPECIFIES THE PURPOSE OR PURPOSES OF APPROPRIATIONS FROM THE
4 EDUCATION RESERVE FUND.

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

8 SEC. 11U. IT IS THE INTENT OF THE LEGISLATURE TO EXAMINE THE
9 EXISTING STRUCTURE OF FUNDING UNDER THIS ARTICLE AND TO DETERMINE
10 TO WHAT EXTENT, IF ANY, CATEGORICAL FUNDING UNDER THIS ARTICLE MAY
11 INSTEAD BE USED FOR FUNDING FOUNDATION ALLOWANCES AND OTHER BASIC
12 PER PUPIL PAYMENTS.

13 Sec. 12. It is the intent of the legislature to appropriate
14 and allocate for the fiscal year ending September 30, ~~2013~~—2014 the
15 same amounts of money from the same sources for the same purposes
16 as are appropriated and allocated under this article for the fiscal
17 year ending September 30, ~~2012~~—2013, as adjusted for changes in
18 pupil membership, taxable values, special education costs, and
19 available revenue. These adjustments will be determined after the
20 January 2012 consensus revenue estimating conference.

21 Sec. 15. (1) If a district or intermediate district fails to
22 receive its proper apportionment, the department, upon satisfactory
23 proof that the district or intermediate district was entitled
24 justly, shall apportion the deficiency in the next apportionment.
25 Subject to subsections (2) and (3), if a district or intermediate
26 district has received more than its proper apportionment, the
27 department, upon satisfactory proof, shall deduct the excess in the

1 next apportionment. Notwithstanding any other provision in this
2 article, state aid overpayments to a district, other than
3 overpayments in payments for special education or special education
4 transportation, may be recovered from any payment made under this
5 article other than a special education or special education
6 transportation payment. State aid overpayments made in special
7 education or special education transportation payments may be
8 recovered from subsequent special education or special education
9 transportation payments.

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

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

1 district's or intermediate district's allocation for the fiscal
2 year in which the determination is made. The deduction or payment
3 shall be calculated according to the law in effect in the fiscal
4 year in which the improper amount was paid.

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

8 (5) In addition to funds appropriated in section 11 for all
9 programs and services, there is appropriated for ~~2011-2012-2012-~~
10 **2013** for obligations in excess of applicable appropriations an
11 amount equal to the collection of overpayments, but not to exceed
12 amounts available from overpayments.

13 Sec. 18. (1) Except as provided in another section of this
14 article, each district or other entity shall apply the money
15 received by the district or entity under this article to salaries
16 and other compensation of teachers and other employees, tuition,
17 transportation, lighting, heating, ventilation, water service, the
18 purchase of textbooks, ~~which are designated by the board to be used~~
19 ~~in the schools under the board's charge,~~ other supplies, and any
20 other school operating expenditures defined in section 7. However,
21 not more than 20% of the total amount received by a district or
22 intermediate district under this article may be transferred by the
23 board to either the capital projects fund or to the debt retirement
24 fund for debt service. The money shall not be applied or taken for
25 a purpose other than as provided in this section. The department
26 shall determine the reasonableness of expenditures and may withhold
27 from a recipient of funds under this article the apportionment

1 otherwise due upon a violation by the recipient.

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

9 (a) The annual operating budget and subsequent budget
10 revisions.

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

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

17 (A) Salaries and wages.

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

21 (C) Retirement benefit costs.

22 (D) All other personnel costs.

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

25 (A) Instruction.

26 (B) Support services.

27 (C) Business and administration.

1 (D) Operations and maintenance.

2 (c) Links to all of the following:

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

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

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

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

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

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

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

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

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

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

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

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

25 (d) The pupil and financial accounting records and reports,
26 audits, and management letters are subject to requirements
27 established in the auditing and accounting manuals approved and

1 published by the department.

2 (e) All of the following shall be done not later than November
3 15 each year:

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

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

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

12 (f) The annual financial audit reports and pupil accounting
13 procedures reports shall be available to the public in compliance
14 with the freedom of information act, 1976 PA 442, MCL 15.231 to
15 15.246.

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

23 (5) By November 15 of each year, each district and
24 intermediate district shall submit to the center, in a manner
25 prescribed by the center, annual comprehensive financial data
26 consistent with accounting manuals and charts of accounts approved
27 and published by the department. For an intermediate district, the

1 report shall also contain the website address where the department
2 can access the report required under section 620 of the revised
3 school code, MCL 380.620. The department shall ensure that the
4 prescribed Michigan public school accounting manual chart of
5 accounts includes standard conventions to distinguish expenditures
6 by allowable fund function and object. The functions shall include
7 at minimum categories for instruction, pupil support, instructional
8 staff support, general administration, school administration,
9 business administration, transportation, facilities operation and
10 maintenance, facilities acquisition, and debt service; and shall
11 include object classifications of salary, benefits, including
12 categories for active employee health expenditures, purchased
13 services, supplies, capital outlay, and other. Districts shall
14 report the required level of detail consistent with the manual as
15 part of the comprehensive annual financial report.

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

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

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

27 (9) If a district that is a public school academy purchases

1 property using money received under this article, the public school
2 academy shall retain ownership of the property unless the public
3 school academy sells the property at fair market value.

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

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

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

1 required by state and federal law. In addition, a district or
2 intermediate district shall cooperate with all measures taken by
3 the center to ~~comply with the provisions of the American recovery~~
4 ~~and reinvestment act of 2009, Public Law 111-5, requiring the~~
5 ~~establishment of~~ **ESTABLISH AND MAINTAIN** a statewide P-20
6 longitudinal data system.

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

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

26 (4) By June 30 of each year, a district shall furnish to the
27 center, in a manner prescribed by the center, information related

1 to safety practices and criminal incidents as necessary for
2 reporting required by state and federal law.

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

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

19 Sec. 20. (1) For ~~2011-2012, 2012-2013~~, the basic foundation
20 allowance is ~~\$8,019.00~~ **\$8,135.00**.

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

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

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

1 of all adjustments made from 2006-2007 to the immediately preceding
2 state fiscal year in the lowest foundation allowance among all
3 districts, but less than the basic foundation allowance for the
4 immediately preceding state fiscal year, the district shall receive
5 a foundation allowance in an amount equal to the district's
6 foundation allowance for 2010-2011, minus \$470.00. However, the
7 foundation allowance for a district that had less than the basic
8 foundation allowance for the immediately preceding state fiscal
9 year shall not exceed the basic foundation allowance for the
10 current state fiscal year.

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

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

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

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

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

20 (f) For a district that received a payment under section 22c
21 as that section was in effect for 2001-2002, the district's 2001-
22 2002 foundation allowance shall be considered to have been an
23 amount equal to the sum of the district's actual 2001-2002
24 foundation allowance as otherwise calculated under this section
25 plus the per pupil amount of the district's equity payment for
26 2001-2002 under section 22c as that section was in effect for 2001-
27 2002.

1 (g) For a district that received a payment under section 22c
2 as that section was in effect for 2006-2007, the district's 2006-
3 2007 foundation allowance shall be considered to have been an
4 amount equal to the sum of the district's actual 2006-2007
5 foundation allowance as otherwise calculated under this section
6 plus the per pupil amount of the district's equity payment for
7 2006-2007 under section 22c as that section was in effect for 2006-
8 2007.

9 (4) Except as otherwise provided in this subsection, the state
10 portion of a district's foundation allowance is an amount equal to
11 the district's foundation allowance or the basic foundation
12 allowance for the current state fiscal year, whichever is less,
13 minus the difference between the sum of the product of the taxable
14 value per membership pupil of all property in the district that is
15 nonexempt property times the district's certified mills and, for a
16 district with certified mills exceeding 12, the product of the
17 taxable value per membership pupil of property in the district that
18 is commercial personal property times the certified mills minus 12
19 mills and the quotient of the ad valorem property tax revenue of
20 the district captured under tax increment financing acts divided by
21 the district's membership excluding special education pupils. For a
22 district described in subsection (3)(c), the state portion of the
23 district's foundation allowance is an amount equal to \$6,962.00
24 plus the difference between the district's foundation allowance for
25 the current state fiscal year and the district's foundation
26 allowance for 1998-99, minus the difference between the sum of the
27 product of the taxable value per membership pupil of all property

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

13 (5) The allocation calculated under this section for a pupil
14 shall be based on the foundation allowance of the pupil's district
15 of residence. However, for a pupil enrolled in a district other
16 than the pupil's district of residence, if the foundation allowance
17 of the pupil's district of residence has been adjusted pursuant to
18 subsection (15), the allocation calculated under this section shall
19 not include the adjustment described in subsection (15). For a
20 pupil enrolled pursuant to section 105 or 105c in a district other
21 than the pupil's district of residence, the allocation calculated
22 under this section shall be based on the lesser of the foundation
23 allowance of the pupil's district of residence or the foundation
24 allowance of the educating district. For a pupil in membership in a
25 K-5, K-6, or K-8 district who is enrolled in another district in a
26 grade not offered by the pupil's district of residence, the
27 allocation calculated under this section shall be based on the

1 foundation allowance of the educating district if the educating
2 district's foundation allowance is greater than the foundation
3 allowance of the pupil's district of residence.

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

1 calculation shall not exceed the amount per membership pupil
2 otherwise calculated under this subsection.

3 (7) If more than 25% of the pupils residing within a district
4 are in membership in 1 or more public school academies located in
5 the district, then the amount per membership pupil calculated under
6 this section for a public school academy located in the district
7 shall be reduced by an amount equal to the difference between the
8 sum of the product of the taxable value per membership pupil of all
9 property in the district that is nonexempt property times the
10 district's certified mills and, for a district with certified mills
11 exceeding 12, the product of the taxable value per membership pupil
12 of property in the district that is commercial personal property
13 times the certified mills minus 12 mills and the quotient of the ad
14 valorem property tax revenue of the district captured under tax
15 increment financing acts divided by the district's membership
16 excluding special education pupils, in the school fiscal year
17 ending in the current state fiscal year, calculated as if the
18 resident pupils in membership in 1 or more public school academies
19 located in the district were in membership in the district. In
20 order to receive state school aid under this article, a district
21 described in this subsection shall pay to the authorizing body that
22 is the fiscal agent for a public school academy located in the
23 district for forwarding to the public school academy an amount
24 equal to that local school operating revenue per membership pupil
25 for each resident pupil in membership other than special education
26 pupils in the public school academy, as determined by the
27 department. **HOWEVER, THIS ADJUSTMENT DOES NOT APPLY TO AN**

1 ACHIEVEMENT SCHOOL.

2 (8) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR
3 PUPILS ATTENDING AN ACHIEVEMENT SCHOOL AND IN MEMBERSHIP IN THE
4 EDUCATION ACHIEVEMENT SYSTEM, OTHER THAN SPECIAL EDUCATION PUPILS,
5 THE ALLOCATION CALCULATED UNDER THIS SECTION IS AN AMOUNT PER
6 MEMBERSHIP PUPIL OTHER THAN SPECIAL EDUCATION PUPILS EQUAL TO THE
7 FOUNDATION ALLOWANCE OF THE DISTRICT IN WHICH THE ACHIEVEMENT
8 SCHOOL IS LOCATED, NOT TO EXCEED THE BASIC FOUNDATION ALLOWANCE.
9 NOTWITHSTANDING SECTION 101, FOR AN ACHIEVEMENT SCHOOL THAT BEGINS
10 OPERATION AFTER THE PUPIL MEMBERSHIP COUNT DAY, THE AMOUNT PER
11 MEMBERSHIP PUPIL CALCULATED UNDER THIS SUBSECTION SHALL BE ADJUSTED
12 BY MULTIPLYING THAT AMOUNT PER MEMBERSHIP PUPIL BY THE NUMBER OF
13 HOURS OF PUPIL INSTRUCTION PROVIDED BY THE ACHIEVEMENT SCHOOL AFTER
14 IT BEGINS OPERATIONS, AS DETERMINED BY THE DEPARTMENT, DIVIDED BY
15 THE MINIMUM NUMBER OF HOURS OF PUPIL INSTRUCTION REQUIRED UNDER
16 SECTION 101(3). THE RESULT OF THIS CALCULATION SHALL NOT EXCEED THE
17 AMOUNT PER MEMBERSHIP PUPIL OTHERWISE CALCULATED UNDER THIS
18 SUBSECTION. FOR THE PURPOSES OF THIS SUBSECTION, IF A PUBLIC SCHOOL
19 IS TRANSFERRED FROM A DISTRICT TO THE STATE SCHOOL REFORM/REDESIGN
20 DISTRICT OR THE ACHIEVEMENT AUTHORITY UNDER SECTION 1280C OF THE
21 REVISED SCHOOL CODE, THAT PUBLIC SCHOOL IS CONSIDERED TO BE AN
22 ACHIEVEMENT SCHOOL WITHIN THE EDUCATION ACHIEVEMENT SYSTEM AND NOT
23 A SCHOOL THAT IS PART OF A DISTRICT, AND A PUPIL ATTENDING THAT
24 PUBLIC SCHOOL IS CONSIDERED TO BE IN MEMBERSHIP IN THE EDUCATION
25 ACHIEVEMENT SYSTEM AND NOT IN MEMBERSHIP IN THE DISTRICT THAT
26 OPERATED THE SCHOOL BEFORE THE TRANSFER.

27 (9) ~~(8)~~—Subject to subsection (4), for a district that is

1 formed or reconfigured after June 1, 2002 by consolidation of 2 or
2 more districts or by annexation, the resulting district's
3 foundation allowance under this section beginning after the
4 effective date of the consolidation or annexation shall be the
5 average of the foundation allowances of each of the original or
6 affected districts, calculated as provided in this section,
7 weighted as to the percentage of pupils in total membership in the
8 resulting district who reside in the geographic area of each of the
9 original or affected districts.

10 (10) ~~(9)~~—Each fraction used in making calculations under this
11 section shall be rounded to the fourth decimal place and the dollar
12 amount of an increase in the basic foundation allowance shall be
13 rounded to the nearest whole dollar.

14 (11) ~~(10)~~—State payments related to payment of the foundation
15 allowance for a special education pupil are not calculated under
16 this section but are instead calculated under section 51a.

17 (12) ~~(11)~~—To assist the legislature in determining the basic
18 foundation allowance for the subsequent state fiscal year, each
19 revenue estimating conference conducted under section 367b of the
20 management and budget act, 1984 PA 431, MCL 18.1367b, shall
21 calculate a pupil membership factor, a revenue adjustment factor,
22 and an index as follows:

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

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

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

24 (c) The index shall be calculated by multiplying the pupil
25 membership factor by the revenue adjustment factor. ~~However, for~~
26 ~~2011-2012, the index shall be 0.93575.~~ If a consensus index is not
27 determined at the revenue estimating conference, the principals of

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

5 ~~—— (12) If the principals at the revenue estimating conference~~
6 ~~reach a consensus on the index described in subsection (11)(c), the~~
7 ~~lowest foundation allowance among all districts for the subsequent~~
8 ~~state fiscal year shall be at least the amount of that consensus~~
9 ~~index multiplied by the lowest foundation allowance among all~~
10 ~~districts for the immediately preceding state fiscal year.~~

11 (13) For a district in which 7.75 mills levied in 1992 for
12 school operating purposes in the 1992-93 school year were not
13 renewed in 1993 for school operating purposes in the 1993-94 school
14 year, the district's combined state and local revenue per
15 membership pupil shall be recalculated as if that millage reduction
16 did not occur and the district's foundation allowance shall be
17 calculated as if its 1994-95 foundation allowance had been
18 calculated using that recalculated 1993-94 combined state and local
19 revenue per membership pupil as a base. A district is not entitled
20 to any retroactive payments for fiscal years before 2000-2001 due
21 to this subsection. A district receiving an adjustment under this
22 subsection shall not receive as a result of this adjustment an
23 amount that exceeds 50% of the amount the district received as a
24 result of this adjustment for ~~2010-2011.~~ **2011-2012.** This adjustment
25 shall not be made after ~~2011-2012.~~ **2012-2013.**

26 (14) For a district in which an industrial facilities
27 exemption certificate that abated taxes on property with a state

1 equalized valuation greater than the total state equalized
2 valuation of the district at the time the certificate was issued or
3 \$700,000,000.00, whichever is greater, was issued under 1974 PA
4 198, MCL 207.551 to 207.572, before the calculation of the
5 district's 1994-95 foundation allowance, the district's foundation
6 allowance for 2002-2003 is an amount equal to the sum of the
7 district's foundation allowance for 2002-2003, as otherwise
8 calculated under this section, plus \$250.00. A district receiving
9 an adjustment under this subsection shall not receive as a result
10 of this adjustment an amount that exceeds 50% of the amount the
11 district received as a result of this adjustment for 2010-2011.
12 This adjustment shall not be made after 2011-2012.

13 (15) For a district that received a grant under former section
14 32e for 2001-2002, the district's foundation allowance for 2002-
15 2003 and each succeeding fiscal year shall be adjusted to be an
16 amount equal to the sum of the district's foundation allowance, as
17 otherwise calculated under this section, plus the quotient of 100%
18 of the amount of the grant award to the district for 2001-2002
19 under former section 32e divided by the number of pupils in the
20 district's membership for 2001-2002 who were residents of and
21 enrolled in the district. Except as otherwise provided in this
22 subsection, a district qualifying for a foundation allowance
23 adjustment under this subsection shall use the funds resulting from
24 this adjustment for at least 1 of grades K to 3 for purposes
25 allowable under former section 32e as in effect for 2001-2002. 7
26 ~~and may also use these funds for an early intervening program~~
27 ~~described in subsection (20).~~ For an individual school or schools

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1 operated by a district qualifying for a foundation allowance under
2 this subsection that have been determined by the department to meet
3 the adequate yearly progress standards of the federal no child left
4 behind act of 2001, Public Law 107-110, in both mathematics and
5 English language arts at all applicable grade levels for all
6 applicable subgroups, the district may submit to the department an
7 application for flexibility in using the funds resulting from this
8 adjustment that are attributable to the pupils in the school or
9 schools. The application shall identify the affected school or
10 schools and the affected funds and shall contain a plan for using
11 the funds for specific purposes identified by the district that are
12 designed to reduce class size, but that may be different from the
13 purposes otherwise allowable under this subsection. The department
14 shall approve the application if the department determines that the
15 purposes identified in the plan are reasonably designed to reduce
16 class size. If the department does not act to approve or disapprove
17 an application within 30 days after it is submitted to the
18 department, the application is considered to be approved. If an
19 application for flexibility in using the funds is approved, the
20 district may use the funds identified in the application for any
21 purpose identified in the plan. A district receiving an adjustment
22 under this subsection shall not receive as a result of this
23 adjustment an amount that exceeds <<68.5%>> of the amount the
24 district received as a result of this adjustment for 2010-2011.
25 This adjustment shall not be made after ~~2011-2012-2012-2013~~.

26 (16) For a district that levied 1.9 mills in 1993 to finance
27 an operating deficit, the district's foundation allowance shall be

1 calculated as if those mills were included as operating mills in
2 the calculation of the district's 1994-1995 foundation allowance. A
3 district is not entitled to any retroactive payments for fiscal
4 years before 2006-2007 due to this subsection. A district receiving
5 an adjustment under this subsection shall not receive more than
6 \$800,000.00 for a fiscal year as a result of this adjustment. A
7 district receiving an adjustment under this subsection shall not
8 receive as a result of this adjustment an amount that exceeds 50%
9 of the amount the district received as a result of this adjustment
10 for 2010-2011. This adjustment shall not be made after 2011-2012.

11 (17) For a district that levied 2.23 mills in 1993 to finance
12 an operating deficit, the district's foundation allowance shall be
13 calculated as if those mills were included as operating mills in
14 the calculation of the district's 1994-1995 foundation allowance. A
15 district is not entitled to any retroactive payments for fiscal
16 years before 2006-2007 due to this subsection. A district receiving
17 an adjustment under this subsection shall not receive more than
18 \$500,000.00 for a fiscal year as a result of this adjustment. A
19 district receiving an adjustment under this subsection shall not
20 receive as a result of this adjustment an amount that exceeds 50%
21 of the amount the district received as a result of this adjustment
22 for 2010-2011. This adjustment shall not be made after 2011-2012.

23 (18) Payments to districts, ~~university schools, or public~~
24 school academies, **OR THE EDUCATION ACHIEVEMENT SYSTEM** shall not be
25 made under this section. Rather, the calculations under this
26 section shall be used to determine the amount of state payments
27 under section 22b.

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

6 (20) As used in this section:

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

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

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

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

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

21 (f) "Local school operating revenue" means school operating
22 taxes levied under section 1211 of the revised school code, MCL
23 380.1211.

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

27 (h) "Maximum public school academy allocation", except as

1 otherwise provided in this subdivision, means the maximum per-pupil
 2 allocation as calculated by adding the highest per-pupil allocation
 3 among all public school academies for the immediately preceding
 4 state fiscal year plus the difference between twice the dollar
 5 amount of the adjustment from the immediately preceding state
 6 fiscal year to the current state fiscal year made in the basic
 7 foundation allowance and [(the dollar amount of the adjustment from
 8 the immediately preceding state fiscal year to the current state
 9 fiscal year made in the basic foundation allowance minus \$20.00)
 10 times (the difference between the highest per-pupil allocation
 11 among all public school academies for the immediately preceding
 12 state fiscal year and the sum of \$7,108.00 plus the total dollar
 13 amount of all adjustments made from 2006-2007 to the immediately
 14 preceding state fiscal year in the lowest per-pupil allocation
 15 among all public school academies) divided by the difference
 16 between the basic foundation allowance for the current state fiscal
 17 year and the sum of \$7,108.00 plus the total dollar amount of all
 18 adjustments made from 2006-2007 to the immediately preceding state
 19 fiscal year in the lowest per-pupil allocation among all public
 20 school academies]. For ~~2011-2012,~~ **2012-2013**, maximum public school
 21 academy allocation means ~~\$7,110.00-~~ **\$7,323.00.**

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

25 (j) "Nonexempt property" means property that is not a
 26 principal residence, qualified agricultural property, qualified
 27 forest property, supportive housing property, industrial personal

1 property, or commercial personal property.

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

7 (l) "School operating purposes" means the purposes included in
8 the operation costs of the district as prescribed in sections 7 and
9 18.

10 (m) "School operating taxes" means local ad valorem property
11 taxes levied under section 1211 of the revised school code, MCL
12 380.1211, and retained for school operating purposes.

13 (n) "Tax increment financing acts" means 1975 PA 197, MCL
14 125.1651 to 125.1681, the tax increment finance authority act, 1980
15 PA 450, MCL 125.1801 to 125.1830, the local development financing
16 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
17 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
18 or the corridor improvement authority act, 2005 PA 280, MCL
19 125.2871 to 125.2899.

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

25 Sec. 20d. In making the final determination required under
26 former section 20a of a district's combined state and local revenue
27 per membership pupil in 1993-94 and in making calculations under

1 section 20 for 2011-2012 **AND 2012-2013**, the department and the
2 department of treasury shall comply with all of the following:

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

19 (b) If a district had an adjustment made to its 1993-94 total
20 state school aid that excluded payments made under former section
21 146 and under section 147 on behalf of the district's employees who
22 provided direct services for intermediate district center programs
23 operated by the district under article 5, if nonresident pupils
24 attending the center programs were included in the district's
25 membership for purposes of calculating the combined state and local
26 revenue per membership pupil for 1993-94, and if there is a signed
27 agreement by all constituent districts of the intermediate district

1 that an adjustment under this subdivision shall be made, the
2 foundation allowances for 1995-96 and 1996-97 of all districts that
3 had pupils attending the intermediate district center program
4 operated by the district that had the adjustment shall be
5 calculated as if their combined state and local revenue per
6 membership pupil for 1993-94 included resident pupils attending the
7 center program and excluded nonresident pupils attending the center
8 program.

9 Sec. 22a. (1) From the appropriation in section 11, there is
10 allocated an amount not to exceed \$5,769,000,000.00 for 2011-2012
11 **AND THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$5,707,000,000.00**
12 **FOR 2012-2013** for payments to districts ~~, qualifying university~~
13 ~~schools,~~ and qualifying public school academies to guarantee each
14 district ~~, qualifying university school,~~ and qualifying public
15 school academy an amount equal to its 1994-95 total state and local
16 per pupil revenue for school operating purposes under section 11 of
17 article IX of the state constitution of 1963. Pursuant to section
18 11 of article IX of the state constitution of 1963, this guarantee
19 does not apply to a district in a year in which the district levies
20 a millage rate for school district operating purposes less than it
21 levied in 1994. However, subsection (2) applies to calculating the
22 payments under this section. Funds allocated under this section
23 that are not expended in the state fiscal year for which they were
24 allocated, as determined by the department, may be used to
25 supplement the allocations under sections 22b and 51c in order to
26 fully fund those calculated allocations for the same fiscal year.

27 (2) To ensure that a district receives an amount equal to the

1 district's 1994-95 total state and local per pupil revenue for
2 school operating purposes, there is allocated to each district a
3 state portion of the district's 1994-95 foundation allowance in an
4 amount calculated as follows:

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

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

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

10 (3) Beginning in 2003-2004, for pupils in membership in a
11 qualifying public school academy, ~~or qualifying university school,~~
12 there is allocated under this section to the authorizing body that
13 is the fiscal agent for the qualifying public school academy for
14 forwarding to the qualifying public school academy, ~~or to the~~
15 ~~board of the public university operating the qualifying university~~
16 ~~school,~~ an amount equal to the 1994-95 per pupil payment to the
17 qualifying public school academy ~~or qualifying university school~~
18 under section 20.

19 (4) A district, ~~qualifying university school,~~ or qualifying
20 public school academy may use funds allocated under this section in
21 conjunction with any federal funds for which the district,
22 ~~qualifying university school,~~ or qualifying public school academy
23 otherwise would be eligible.

24 (5) For a district that is formed or reconfigured after June
25 1, 2000 by consolidation of 2 or more districts or by annexation,
26 the resulting district's 1994-95 foundation allowance under this
27 section beginning after the effective date of the consolidation or

1 annexation shall be the average of the 1994-95 foundation
2 allowances of each of the original or affected districts,
3 calculated as provided in this section, weighted as to the
4 percentage of pupils in total membership in the resulting district
5 in the state fiscal year in which the consolidation takes place who
6 reside in the geographic area of each of the original districts. If
7 an affected district's 1994-95 foundation allowance is less than
8 the 1994-95 basic foundation allowance, the amount of that
9 district's 1994-95 foundation allowance shall be considered for the
10 purpose of calculations under this subsection to be equal to the
11 amount of the 1994-95 basic foundation allowance.

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

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

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

1 (ii) Before January 1, 2011, the owner of a natural-gas-powered
2 power plant located in a renaissance zone within the district's
3 geographic boundaries for 2009 and 2010 appealed to the Michigan
4 tax tribunal an order of the state tax commission for tax years
5 2009 and 2010 pursuant to section 154 of the general property tax
6 act, 1893 PA 206, MCL 211.154, and appealed to the state tax
7 commission the 2011 classification and valuation of the power
8 plant.

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

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

18 (b) A payment made under this subsection shall be in addition
19 to renaissance zone reimbursement amounts paid in the 2009-2010 and
20 2010-2011 state fiscal years under section 26a to districts
21 eligible for payment under this subsection. The 2009-2010 and 2010-
22 2011 state fiscal year payments under section 26a to a district
23 receiving a payment under this subsection shall not be reduced as a
24 result of the reduction to the district's 2009 and 2010 taxable
25 value of real property under the appeals described in subdivision
26 (a) (ii) .

27 (7) As used in this section:

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

5 (b) "Certified mills" means the lesser of 18 mills or the
6 number of mills of school operating taxes levied by the district in
7 1993-94.

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

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

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

25 (f) "Homestead", "qualified agricultural property", "qualified
26 forest property", "supportive housing property", "industrial
27 personal property", and "commercial personal property" mean those

1 terms as defined in section 1211 of the revised school code, MCL
2 380.1211.

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

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

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

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

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

19 (K) ~~(l)~~ "Tax increment financing acts" means 1975 PA 197, MCL
20 125.1651 to 125.1681, the tax increment finance authority act, 1980
21 PA 450, MCL 125.1801 to 125.1830, the local development financing
22 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
23 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
24 or the corridor improvement authority act, 2005 PA 280, MCL
25 125.2871 to 125.2899.

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

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

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

16 Sec. 22b. (1) From the state funds appropriated in section 11,
17 there is allocated for 2011-2012 an amount not to exceed
18 \$3,052,000,000.00 **AND THERE IS ALLOCATED FOR 2012-2013 AN AMOUNT**
19 **NOT TO EXCEED \$3,338,300,000.00** for discretionary nonmandated
20 payments to districts under this section. Funds allocated under
21 this section that are not expended in the state fiscal year for
22 which they were allocated, as determined by the department, may be
23 used to supplement the allocations under sections 22a and 51c in
24 order to fully fund those calculated allocations for the same
25 fiscal year.

26 (2) Subject to subsection (3) and section 296, the allocation
27 to a district under this section shall be an amount equal to the

1 sum of the amounts calculated under sections 20, 51a(2), 51a(3),
2 and 51a(11), minus the sum of the allocations to the district under
3 sections 22a and 51c.

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

6 (a) Administer in each grade level that it operates in grades
7 1 to 5 a standardized assessment approved by the department of
8 grade-appropriate basic educational skills. A district may use the
9 Michigan literacy progress profile to satisfy this requirement for
10 grades 1 to 3. Also, if the revised school code is amended to
11 require annual assessments at additional grade levels, in order to
12 receive an allocation under this section each district shall comply
13 with that requirement.

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

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

19 (d) Comply with section 1230g of the revised school code, MCL
20 380.1230g.

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

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

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

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

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

27 (8) If the local claims review board or a court of competent

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

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

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

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

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

15 Sec. 22d. (1) From the appropriation in section 11, an amount
16 not to exceed \$2,025,000.00 is allocated **EACH FISCAL YEAR** for 2011-
17 2012 **AND FOR 2012-2013** for supplemental payments to rural districts
18 under this section.

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

23 (a) Operates grades K to 12.

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

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

27 (i) Is located in the Upper Peninsula at least 30 miles from

1 any other public school building.

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

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

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

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

27 (b) The district has a total square mileage greater than 200.0

1 or is 1 of 2 districts that have consolidated transportation
2 services and have a combined total square mileage greater than
3 200.0.

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

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

8 SEC. 22G. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE
9 IS ALLOCATED FOR 2012-2013 ONLY AN AMOUNT NOT TO EXCEED
10 \$10,000,000.00 FOR COMPETITIVE ASSISTANCE GRANTS TO DISTRICTS AND
11 INTERMEDIATE DISTRICTS. MONEY ALLOCATED IN THIS SECTION REPRESENTS
12 A PORTION OF THE YEAR-END STATE SCHOOL AID FUND BALANCE FOR 2011-
13 2012.

14 (2) FUNDS RECEIVED UNDER THIS SECTION MAY BE USED FOR
15 REIMBURSEMENT OF TRANSITION COSTS ASSOCIATED WITH THE CONSOLIDATION
16 OF OPERATIONS OR SERVICES BETWEEN 2 OR MORE DISTRICTS, THE
17 CONSOLIDATION OF OPERATIONS OR SERVICES BETWEEN 1 OR MORE DISTRICTS
18 AND 1 OR MORE MUNICIPALITIES, OR THE CONSOLIDATION OF DISTRICTS OR
19 INTERMEDIATE DISTRICTS. GRANT FUNDING SHALL BE AVAILABLE FOR
20 CONSOLIDATIONS THAT OCCUR ON OR AFTER JUNE 1, 2012. THE DEPARTMENT
21 SHALL DEVELOP AN APPLICATION PROCESS AND METHOD OF GRANT
22 DISTRIBUTION.

23 SEC. 22I. (1) FROM THE FUNDS APPROPRIATED UNDER SECTION 11,
24 THERE IS APPROPRIATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED
25 \$40,000,000.00 FOR THE PURPOSE OF PUPIL PERFORMANCE GRANTS UNDER
26 THIS SECTION. IN ORDER TO BE ELIGIBLE TO RECEIVE A GRANT UNDER THIS
27 SECTION, A DISTRICT SHALL COMPLY WITH ALL OF THE FOLLOWING:

1 (A) A DISTRICT OFFERING ANY OF GRADES 2 TO 11 SHALL TEST EACH
2 PUPIL IN EACH GRADE IN BOTH READING AND MATH DURING A FALL TEST
3 WINDOW ESTABLISHED ANNUALLY BY THE DEPARTMENT, AND SHALL ADMINISTER
4 A SUPPLEMENTAL TEST IN READING AND MATH DURING A SPRING TEST WINDOW
5 ESTABLISHED ANNUALLY BY THE DEPARTMENT.

6 (B) THE TESTS ADMINISTERED UNDER SUBDIVISION (A) SHALL BE
7 ADMINISTERED USING A COMPUTER ADAPTIVE TESTING PROCESS THAT
8 PROVIDES IMMEDIATE FEEDBACK TO THE PUPIL AND TEACHER REGARDING THE
9 PUPIL'S ACADEMIC LEVEL AND PROGRESS.

10 (2) IN ORDER TO BE ELIGIBLE FOR PUPIL PERFORMANCE GRANT
11 FUNDING IN MATH, A DISTRICT MUST DEMONSTRATE, ON A DISTRICTWIDE
12 BASIS, THAT PUPILS TESTED IN GRADES 2 TO 11 UNDER SUBSECTION (1) (A)
13 AND (B) DEMONSTRATE GAINS THAT EXCEED NORMATIVE GROWTH WITHIN THE
14 STANDARD ERROR OF MEASURE BETWEEN THE 2 TEST DATES UNDER SUBSECTION
15 (1) (A). IF A DISTRICT ASSERTS THAT IT DEMONSTRATES THIS GROWTH, THE
16 DISTRICT SHALL SUBMIT TO THE DEPARTMENT, NOT LATER THAN THE THIRD
17 FRIDAY IN MAY, AUDITABLE DATA TO THAT EFFECT AND SHALL INDICATE THE
18 NUMBER OF PUPILS TESTED.

19 (3) IN ORDER TO BE ELIGIBLE FOR PUPIL PERFORMANCE GRANT
20 FUNDING IN READING, A DISTRICT MUST DEMONSTRATE, ON A DISTRICTWIDE
21 BASIS, THAT PUPILS TESTED IN GRADES 2 TO 11 UNDER SUBSECTION (1) (A)
22 AND (B) DEMONSTRATE GAINS THAT EXCEED NORMATIVE GROWTH WITHIN THE
23 STANDARD ERROR OF MEASURE BETWEEN THE 2 TEST DATES UNDER SUBSECTION
24 (1) (A). IF A DISTRICT ASSERTS THAT IT DEMONSTRATES THIS GROWTH, THE
25 DISTRICT SHALL SUBMIT TO THE DEPARTMENT, NOT LATER THAN THE THIRD
26 FRIDAY OF MAY, AUDITABLE DATA TO THAT EFFECT AND SHALL INDICATE THE
27 NUMBER OF PUPILS TESTED.

1 (4) THE DEPARTMENT SHALL COMPILE, REVIEW, AND VERIFY THE
2 DISTRICT TEST RESULTS SUBMITTED BY DISTRICTS UNDER SUBSECTION (2)
3 AND SUBSECTION (3). THE DEPARTMENT SHALL DISTRIBUTE FUNDING
4 ALLOCATED UNDER SUBSECTION (1) TO ALL ELIGIBLE DISTRICTS ON AN
5 EQUAL PER-PUPIL BASIS, USING THE NUMBER OF PUPILS TESTED IN THE
6 ELIGIBLE DISTRICTS AS THE BASIS FOR DISTRIBUTING EQUAL PER-PUPIL
7 PAYMENTS.

8 (5) AS USED IN THIS SECTION, "GAINS THAT EXCEED NORMATIVE
9 GROWTH WITHIN THE STANDARD ERROR OF MEASURE" MEANS, FOR ALL PUPILS
10 TESTED IN GRADES 2 TO 11 UNDER SUBSECTION (1)(A) AND (B), THAT THE
11 DISTRICT'S PERCENTAGE OF PUPILS EXCEEDING NORMATIVE GROWTH IS AT
12 LEAST 51%.

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

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

1 purposes of this subsection:

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

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

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

1 and offered in 1991-92 an on-grounds educational program that was
2 longer than 181 days but not longer than 233 days and that was
3 operated by a district or intermediate district.

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

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

27 Sec. 24c. From the appropriation in section 11, there is

1 allocated an amount not to exceed \$765,600.00 for 2011-2012 **AND AN**
2 **AMOUNT NOT TO EXCEED \$1,500,000.00 FOR 2012-2013** for payments to
3 districts for pupils who are enrolled in a nationally administered
4 community-based education and youth mentoring program, known as the
5 youth challenge program, that is located within the district and is
6 administered by the department of military and veterans affairs.
7 Both of the following apply to a district receiving payments under
8 this section:

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

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

16 Sec. 25. (1) If a pupil is enrolled in an alternative
17 education program operated by an intermediate district or district
18 for the purpose of educating pupils who have been expelled from
19 school or referred from the court, and if the pupil is counted in
20 membership in another intermediate district or district, the
21 intermediate district or district operating the alternative
22 education program shall report the enrollment information to the
23 department and to the district in which the pupil is counted in
24 membership, and the intermediate district or district in which the
25 pupil is counted in membership shall pay to the intermediate
26 district or district operating the alternative education program an
27 amount equal to the amount of the foundation allowance or per pupil

1 payment as calculated under section 20 for the intermediate
2 district or district in which the pupil is counted in membership,
3 prorated according to the number of days of the school year ending
4 in the fiscal year the pupil is educated in the alternative
5 education program compared to the number of days of the school year
6 ending in the fiscal year the pupil was actually enrolled in the
7 intermediate district or district in which the pupil is counted in
8 membership. The foundation allowance or per pupil payment shall be
9 adjusted by the pupil's full-time equated status as affected by the
10 membership definition under section 6(4). If an intermediate
11 district or district does not make the payment required under this
12 section within 30 days after receipt of the report, the department
13 shall calculate the amount owed, shall deduct that amount from the
14 remaining state school aid payments to the intermediate district or
15 district for that fiscal year under this act, and shall pay that
16 amount to the intermediate district or district operating the
17 alternative education program. The intermediate district or
18 district in which the pupil is counted in membership and the
19 intermediate district or district operating the alternative
20 education program shall provide to the department all information
21 the department requires to enforce this section.

22 (2) If a pupil is enrolled in a strict discipline academy for
23 pupils who have been expelled or suspended from school or otherwise
24 placed in a strict discipline academy as described in section 1311g
25 of the revised school code, MCL 380.1311g, and if the pupil is
26 counted in membership in another district or intermediate district,
27 the strict discipline academy shall report the enrollment

1 information to the department and to the district or intermediate
2 district in which the pupil is counted in membership. Upon receipt
3 of enrollment information under this subsection indicating that a
4 pupil has enrolled in a strict discipline academy as described in
5 this subsection, the department shall do both of the following:

6 (a) Adjust the membership calculation for the district or
7 intermediate district in which the pupil was counted in membership
8 so that the district's or intermediate district's membership is
9 prorated to allow the district or intermediate district to receive
10 for each school day in which the pupil was enrolled in the district
11 an amount equal to 1/180 of the foundation allowance or per pupil
12 payment as calculated under section 20 for the district or
13 intermediate district. The foundation allowance or per pupil
14 payment shall be adjusted by the pupil's full-time equated status
15 as affected by the membership definition under section 6(4).

16 (b) Include in the calculation of state school aid for the
17 strict discipline academy for each school day in which the pupil is
18 enrolled in the strict discipline academy, not to exceed a number
19 of school days equal to the difference between 180 and the number
20 of school days in which the pupil was reported under this section
21 as previously enrolled in 1 or more other districts or intermediate
22 districts, an amount equal to 1/180 of the per pupil payment as
23 calculated under section 20 for the strict discipline academy. The
24 per pupil payment shall be adjusted by the pupil's full-time
25 equated status as affected by the membership definition under
26 section 6(4).

27 (3) The changes in calculation of state school aid required

1 under subsection (2) shall take effect as of the date that the
2 pupil enrolls in the strict discipline academy, and the department
3 shall base all subsequent payments under this act for the fiscal
4 year to the affected districts or intermediate districts and for
5 the strict discipline academy, as applicable, on this recalculation
6 of state school aid.

7 (4) If a pupil enrolls in a strict discipline academy as
8 described in subsection (2), if adjustments are made in
9 calculations pursuant to subsection (2) due to that enrollment, and
10 if the pupil subsequently ceases to be enrolled in the strict
11 discipline academy, the strict discipline academy shall notify the
12 department of the last date of the pupil's enrollment in the strict
13 discipline academy and the number of days the pupil was enrolled in
14 the strict discipline academy.

15 (5) If a pupil enrolls in a strict discipline academy as
16 described in subsection (2), the district or intermediate district
17 in which the pupil is counted in membership and the strict
18 discipline academy shall provide to the department all information
19 the department requires to comply with this section.

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

23 Sec. 26a. From the state school aid fund appropriation in
24 section 11, there is allocated an amount not to exceed
25 ~~\$22,932,000.00 for 2010-2011 and an amount not to exceed~~
26 ~~\$26,300,000.00~~ **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** to
27 reimburse districts and intermediate districts pursuant to section

1 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692,
2 for taxes levied in 2011 **OR 2012, AS APPLICABLE**. The allocations
3 shall be made not later than 60 days after the department of
4 treasury certifies to the department and to the state budget
5 director that the department of treasury has received all necessary
6 information to properly determine the amounts due to each eligible
7 recipient.

8 Sec. 26b. (1) From the appropriation in section 11, there is
9 allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** an
10 amount not to exceed \$1,838,000.00 for payments to districts,
11 intermediate districts, and community college districts for the
12 portion of the payment in lieu of taxes obligation that is
13 attributable to districts, intermediate districts, and community
14 college districts pursuant to section 2154 of the natural resources
15 and environmental protection act, 1994 PA 451, MCL 324.2154.

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

20 Sec. 31a. (1) From the state school aid fund money
21 appropriated in section 11, there is allocated **EACH FISCAL YEAR** for
22 2011-2012 **AND FOR 2012-2013** an amount not to exceed \$317,695,500.00
23 for payments to eligible districts, ~~and~~ eligible public school
24 academies, **AND THE EDUCATION ACHIEVEMENT SYSTEM** under this section.
25 Subject to subsection (14), the amount of the additional allowance
26 under this section, other than funding under subsection (6) or (7),
27 shall be based on the number of actual pupils in membership in the

1 district or public school academy **OR THE EDUCATION ACHIEVEMENT**
 2 **SYSTEM** who met the income eligibility criteria for free breakfast,
 3 lunch, or milk in the immediately preceding state fiscal year, as
 4 determined under the Richard B. Russell national school lunch act,
 5 42 USC 1751 to 1769i, and reported to the department ~~by October 31~~
 6 **NOT LATER THAN THE FIFTH WEDNESDAY AFTER THE PUPIL MEMBERSHIP COUNT**
 7 **DAY** of the immediately preceding fiscal year and adjusted not later
 8 than December 31 of the immediately preceding fiscal year in the
 9 form and manner prescribed by the center. However, for a public
 10 school academy that began operations as a public school academy, **OR**
 11 **FOR AN ACHIEVEMENT SCHOOL THAT BEGAN OPERATIONS AS AN ACHIEVEMENT**
 12 **SCHOOL**, after the pupil membership count day of the immediately
 13 preceding school year, the basis for the additional allowance under
 14 this section shall be the number of actual pupils in membership in
 15 the public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** who
 16 met the income eligibility criteria for free breakfast, lunch, or
 17 milk in the current state fiscal year, as determined under the
 18 Richard B. Russell national school lunch act **AND REPORTED TO THE**
 19 **DEPARTMENT NOT LATER THAN THE FIFTH WEDNESDAY AFTER THE PUPIL**
 20 **MEMBERSHIP COUNT DAY.**

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

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

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

11 (3) Except as otherwise provided in this subsection, an
12 eligible district or eligible public school academy **OR THE**
13 **EDUCATION ACHIEVEMENT SYSTEM** shall receive under this section for
14 each membership pupil in the district or public school academy **OR**
15 **THE EDUCATION ACHIEVEMENT SYSTEM** who met the income eligibility
16 criteria for free breakfast, lunch, or milk, as determined under
17 the Richard B. Russell national school lunch act and as reported to
18 the department ~~by October 31~~ **NOT LATER THAN THE FIFTH WEDNESDAY**
19 **AFTER THE PUPIL MEMBERSHIP COUNT DAY** of the immediately preceding
20 fiscal year and adjusted not later than December 31 of the
21 immediately preceding fiscal year, an amount per pupil equal to
22 11.5% of the sum of the district's foundation allowance or **THE**
23 public school academy's **OR THE EDUCATION ACHIEVEMENT SYSTEM'S** per
24 pupil amount calculated under section 20, not to exceed the basic
25 foundation allowance under section 20 for the current state fiscal
26 year, or of the public school academy's **OR THE EDUCATION**
27 **ACHIEVEMENT SYSTEM'S** per membership pupil amount calculated under

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

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

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

24 (5) Except as otherwise provided in subsection (12), a
 25 district or public school academy that receives funds under this
 26 section and that operates a school breakfast program under section
 27 1272a of the revised school code, MCL 380.1272a, **OR THE EDUCATION**

1 **ACHIEVEMENT SYSTEM IF IT OPERATES A SCHOOL BREAKFAST PROGRAM**, shall
2 use from the funds received under this section an amount, not to
3 exceed \$10.00 per pupil for whom the district or public school
4 academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** receives funds under
5 this section, necessary to pay for costs associated with the
6 operation of the school breakfast program.

7 (6) From the funds allocated under subsection (1), there is
8 allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** an
9 amount not to exceed \$3,557,300.00 to support child and adolescent
10 health centers. These grants shall be awarded for 5 consecutive
11 years beginning with 2003-2004 in a form and manner approved
12 jointly by the department and the department of community health.
13 Each grant recipient shall remain in compliance with the terms of
14 the grant award or shall forfeit the grant award for the duration
15 of the 5-year period after the noncompliance. To continue to
16 receive funding for a child and adolescent health center under this
17 section a grant recipient shall ensure that the child and
18 adolescent health center has an advisory committee and that at
19 least one-third of the members of the advisory committee are
20 parents or legal guardians of school-aged children. A child and
21 adolescent health center program shall recognize the role of a
22 child's parents or legal guardian in the physical and emotional
23 well-being of the child. Funding under this subsection shall be
24 used to support child and adolescent health center services
25 provided to children up to age 21. If any funds allocated under
26 this subsection are not used for the purposes of this subsection
27 for the fiscal year in which they are allocated, those unused funds

1 shall be used that fiscal year to avoid or minimize any proration
2 that would otherwise be required under subsection (14) for that
3 fiscal year.

4 (7) From the funds allocated under subsection (1), there is
5 allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** an
6 amount not to exceed \$5,150,000.00 for the state portion of the
7 hearing and vision screenings as described in section 9301 of the
8 public health code, 1978 PA 368, MCL 333.9301. A local public
9 health department shall pay at least 50% of the total cost of the
10 screenings. The frequency of the screenings shall be as required
11 under R 325.13091 to R 325.13096 and R 325.3271 to R 325.3276 of
12 the Michigan administrative code. Funds shall be awarded in a form
13 and manner approved jointly by the department and the department of
14 community health. Notwithstanding section 17b, payments to eligible
15 entities under this subsection shall be paid on a schedule
16 determined by the department.

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

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1 each of those programs, and the total number of at-risk pupils
 2 served by each of those programs. If a district or public school
 3 academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** does not comply with
 4 this subsection, the department shall withhold an amount equal to
 5 the August payment due under this section until the district or
 6 public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** complies
 7 with this subsection. If the district or public school academy **OR**
 8 **THE EDUCATION ACHIEVEMENT SYSTEM** does not comply with this
 9 subsection by the end of the state fiscal year, the withheld funds
 10 shall be forfeited to the school aid fund.

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

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

1 school buildings in which the percentage of pupils described in
2 subsection (1) is at least 60% of the district's aggregate
3 percentage of those pupils and at least 30% of the total number of
4 pupils enrolled in the school building. To obtain a waiver, a
5 district must apply to the department and demonstrate to the
6 satisfaction of the department that the class size reductions would
7 be in the best interests of the district's at-risk pupils.

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

13 (12) For an individual school or schools operated by a
14 district or public school academy receiving funds under this
15 section **OR THE EDUCATION ACHIEVEMENT SYSTEM** that have been
16 determined by the department to meet the adequate yearly progress
17 standards of the no child left behind act of 2001, Public Law 107-
18 110, in both mathematics and English language arts at all
19 applicable grade levels for all applicable subgroups, the district
20 or public school academy **OR THE EDUCATION ACHIEVEMENT SYSTEM** may
21 ~~submit to the department an application for flexibility in using~~
22 ~~the funds received under this section that are attributable to the~~
23 ~~pupils in the school or schools. The application shall identify the~~
24 ~~affected school or schools and the affected funds and shall contain~~
25 ~~a plan for using the funds~~ **USE NOT MORE THAN 20% OF THE FUNDS IT**
26 **RECEIVES UNDER THIS SECTION** for specific **ALTERNATIVE** purposes
27 identified by the district **OR PUBLIC SCHOOL ACADEMY OR THE**

1 **EDUCATION ACHIEVEMENT SYSTEM** that are designed to benefit at-risk
 2 pupils in the school, but that may be different from the purposes
 3 otherwise allowable under this section. ~~The department shall~~
 4 ~~approve the application if the department determines that the~~
 5 ~~purposes identified in the plan are reasonably designed to benefit~~
 6 ~~at risk pupils in the school. If the department does not act to~~
 7 ~~approve or disapprove an application within 30 days after it is~~
 8 ~~submitted to the department, the application is considered to be~~
 9 ~~approved. If an application for flexibility in using the funds is~~
 10 ~~approved, the district may use the funds identified in the~~
 11 ~~application for any purpose identified in the plan.~~ **IF A DISTRICT OR**
 12 **PUBLIC SCHOOL ACADEMY OR THE EDUCATION ACHIEVEMENT SYSTEM USES**
 13 **FUNDS FOR ALTERNATIVE PURPOSES ALLOWED UNDER THE FLEXIBILITY**
 14 **PROVISIONS UNDER THIS SUBSECTION, THE DISTRICT OR PUBLIC SCHOOL**
 15 **ACADEMY OR THE EDUCATION ACHIEVEMENT SYSTEM SHALL MAINTAIN**
 16 **DOCUMENTATION OF THE AMOUNTS USED FOR THOSE ALTERNATIVE PURPOSES**
 17 **AND SHALL MAKE THAT INFORMATION AVAILABLE TO THE DEPARTMENT UPON**
 18 **REQUEST.**

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

24 (a) Monitors individual pupil learning and provides specific
 25 support or learning strategies to pupils as early as possible in
 26 order to reduce the need for special education placement. The
 27 program shall include literacy and numeracy supports, sensory motor

1 skill development, behavior supports, instructional consultation
2 for teachers, and the development of a parent/school learning plan.
3 Specific support or learning strategies may include support in or
4 out of the general classroom in areas including reading, writing,
5 math, visual memory, motor skill development, behavior, or language
6 development. These would be provided based on an understanding of
7 the individual child's learning needs.

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

20 (14) If necessary, and before any proration required under
21 section 11, the department shall prorate payments under this
22 section by reducing the amount of the per pupil payment under this
23 section by a dollar amount calculated by determining the amount by
24 which the amount necessary to fully fund the requirements of this
25 section exceeds the maximum amount allocated under this section and
26 then dividing that amount by the total statewide number of pupils
27 who met the income eligibility criteria for free breakfast, lunch,

1 or milk in the immediately preceding fiscal year, as described in
2 subsection (1).

3 (15) If a district is formed by consolidation after June 1,
4 1995, and if 1 or more of the original districts was not eligible
5 before the consolidation for an additional allowance under this
6 section, the amount of the additional allowance under this section
7 for the consolidated district shall be based on the number of
8 pupils described in subsection (1) enrolled in the consolidated
9 district who reside in the territory of an original district that
10 was eligible before the consolidation for an additional allowance
11 under this section.

12 (16) As used in this section, "at-risk pupil" means a pupil
13 for whom the district has documentation that the pupil meets at
14 least 2 of the following criteria: is a victim of child abuse or
15 neglect; is below grade level in English language and communication
16 skills or mathematics; is a pregnant teenager or teenage parent; is
17 eligible for a federal free or reduced-price lunch subsidy; has
18 atypical behavior or attendance patterns; or has a family history
19 of school failure, incarceration, or substance abuse. For pupils
20 for whom the results of at least the applicable Michigan education
21 assessment program (MEAP) test have been received, at-risk pupil
22 also includes a pupil who does not meet the other criteria under
23 this subsection but who did not achieve at least a score of level 2
24 on the most recent MEAP English language arts, mathematics, ~~or~~
25 science test, **OR SOCIAL STUDIES** for which results for the pupil
26 have been received. For pupils for whom the results of the Michigan
27 merit examination have been received, at-risk pupil also includes a

1 pupil who does not meet the other criteria under this subsection
2 but who did not achieve proficiency on the reading component of the
3 most recent Michigan merit examination for which results for the
4 pupil have been received, did not achieve proficiency on the
5 mathematics component of the most recent Michigan merit examination
6 for which results for the pupil have been received, or did not
7 achieve basic competency on the science component of the most
8 recent Michigan merit examination for which results for the pupil
9 have been received. For pupils in grades K-3, at-risk pupil also
10 includes a pupil who is at risk of not meeting the district's core
11 academic curricular objectives in English language arts or
12 mathematics.

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

17 Sec. 31d. (1) From the appropriations in section 11, there is
18 allocated an amount not to exceed ~~\$21,627,100.00 for 2010-2011 and~~
19 ~~an amount not to exceed \$22,495,100.00~~ **EACH FISCAL YEAR** for 2011-
20 2012 **AND FOR 2012-2013** for the purpose of making payments to
21 districts and other eligible entities under this section.

22 (2) The amounts allocated from state sources under this
23 section shall be used to pay the amount necessary to reimburse
24 districts for 6.0127% of the necessary costs of the state mandated
25 portion of the school lunch programs provided by those districts.
26 The amount due to each district under this section shall be
27 computed by the department using the methods of calculation adopted

1 by the Michigan supreme court in the consolidated cases known as
2 Durant v State of Michigan, Michigan supreme court docket no.
3 104458-104492.

4 (3) The payments made under this section include all state
5 payments made to districts so that each district receives at least
6 6.0127% of the necessary costs of operating the state mandated
7 portion of the school lunch program in a fiscal year.

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

14 (5) From the federal funds appropriated in section 11, there
15 is allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** all
16 available federal funding, estimated at \$400,000,000.00, for the
17 national school lunch program and all available federal funding,
18 estimated at \$2,506,000.00, for the emergency food assistance
19 program.

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

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

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

1 allocated an amount not to exceed ~~\$3,800,000.00 for 2010-2011 and~~
2 ~~an amount not to exceed \$9,625,000.00~~ **EACH FISCAL YEAR** for 2011-
3 2012 **AND FOR 2012-2013** for the purpose of making payments to
4 districts to reimburse for the cost of providing breakfast.

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

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

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

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

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

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

27 Sec. 32d. (1) ~~For 2011-2012,~~ **FROM THE FUNDS APPROPRIATED IN**

1 **SECTION 11**, there is allocated to eligible intermediate districts
 2 and consortia of intermediate districts for great start readiness
 3 programs an amount not to exceed ~~\$104,275,000.00 from the state~~
 4 ~~school aid fund money appropriated in section 11.~~ **\$105,400,000.00**
 5 **FOR 2012-2013**. Funds allocated under this section shall be used to
 6 provide part-day, ~~or full-day~~ **SCHOOL-DAY, OR GSRP/HEAD START**
 7 **BLENDED** comprehensive free compensatory **CLASSROOM** programs designed
 8 to ~~do 1 or both of the following:~~

9 ~~—— (a) Improve~~ **IMPROVE** the readiness and subsequent achievement
 10 of educationally disadvantaged children as defined by the
 11 department who will be at least 4, but less than 5 years of age, as
 12 of December 1 of the school year in which the programs are offered,
 13 and who meet the participant eligibility and prioritization
 14 guidelines as defined by the state board.

15 ~~—— (b) Provide preschool and parenting education programs similar~~
 16 ~~to those under former section 32b as in effect for 2001-2002.~~
 17 ~~Beginning in 2007-2008, funds spent by a district for programs~~
 18 ~~described in this subdivision shall not exceed the lesser of the~~
 19 ~~amount spent by the district under this subdivision for 2006-2007~~
 20 ~~or the amount spent under this subdivision in any subsequent fiscal~~
 21 ~~year.~~

22 (2) Funds allocated under this section shall be allocated to
 23 intermediate districts or consortia of intermediate districts. An
 24 intermediate district or consortium of intermediate districts
 25 receiving funding under this section shall act as the fiduciary for
 26 the great start readiness programs. For ~~2011-2012,~~ **2012-2013**, the
 27 fiduciary intermediate districts and consortia of intermediate

districts shall allocate the funding under this section ~~as follows:~~

~~—— (a) An amount not to exceed \$95,400,000.00 allocated to~~

INTERMEDIATE districts and consortia of **INTERMEDIATE** districts as directed by the department based on the formula in section 39. In order to be eligible to receive funds allocated under this subdivision from an intermediate district or consortium of intermediate districts, a district or consortium of districts shall comply with this section and section 39.

~~—— (b) An amount not to exceed \$8,875,000.00 allocated in grants~~

~~to competitive great start readiness programs as directed by the department based on the grant award process in section 32/. In order to be eligible to receive funds allocated under this section from an intermediate district or consortium of intermediate districts, a competitive great start readiness program shall comply with this section and section 32/.~~

(3) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated an amount not to exceed \$300,000.00 for ~~2011-2012~~ **2012-2013** for a competitive grant to continue a longitudinal evaluation of children who have participated in great start readiness programs.

(4) To be eligible for funding under this section, a program shall prepare children for success in school through comprehensive part-day, ~~or~~ school-day, **OR GSRP/HEAD START BLENDED** programs that contain all of the following program components, as determined by the department:

(a) Participation in a collaborative recruitment and

1 enrollment process. At a minimum, the process shall include all
2 other funded preschool programs that may serve children in the same
3 geographic area, to assure that each child is enrolled in the
4 program most appropriate to his or her needs and to maximize the
5 use of federal, state, and local funds.

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

9 (c) Nutritional services for all program participants.

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

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

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

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

19 (h) Participation in a multidistrict, multiagency, school
20 readiness advisory committee that provides for the involvement of
21 classroom teachers, parents or guardians of program participants,
22 and community, volunteer, and social service agencies and
23 organizations, as appropriate. The advisory committee **ANNUALLY**
24 shall review the program components listed in this subsection and
25 make recommendations for changes to the great start readiness
26 program for which it is an advisory committee.

27 (i) The ongoing articulation of the kindergarten and first

1 grade programs offered by the program provider.

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

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

7 (b) Ensure that more than 75% of the children participating in
8 an eligible great start readiness program are children who live
9 with families with a household income that is equal to or less than
10 300% of the federal poverty level.

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

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

1 ~~intermediate district~~ **USED** if the ~~intermediate district~~ **APPLICANT**
2 provides to the department, and the department approves, a plan for
3 each teacher to come into compliance with the standards in this
4 subparagraph. A teacher's compliance plan must be completed within
5 2 years of the date of employment. Progress toward completion of
6 the compliance plan shall consist of at least 2 courses per
7 calendar year.

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

24 (d) Include a program budget that contains only those costs
25 that are not reimbursed or reimbursable by federal funding, that
26 are clearly and directly attributable to the great start readiness
27 program, and that would not be incurred if the program were not

1 being offered. The program budget shall indicate the extent to
2 which these funds will supplement other federal, state, local, or
3 private funds. Funds received under this section shall not be used
4 to supplant any federal funds by the applicant to serve children
5 eligible for a federally funded existing preschool program that has
6 the capacity to serve those children.

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

14 (7) An intermediate district or consortium of intermediate
15 districts receiving a grant under this section may contract with
16 for-profit or nonprofit preschool center providers that meet all
17 requirements of subsection (4) and retain for administrative
18 services an amount equal to not more than 5% of the grant amount.
19 An intermediate district, consortium of intermediate districts, or
20 competitive grant program may expend not more than 10% of the total
21 grant amount for administration of the program.

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

1 program operating under the head start act, 42 USC 9831 to 9852.

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

15 (10) As used in this section:

16 (A) "GSRP/HEAD START BLENDED PROGRAM" MEANS A PART-DAY PROGRAM
17 FUNDED UNDER THIS SECTION AND A HEAD START PROGRAM, WHICH ARE
18 COMBINED FOR A SCHOOL-DAY PROGRAM.

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

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

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

~~(12) Beginning with 2012-2013, it is the intent of the legislature~~
THE DEPARTMENT SHALL DEVELOP A PLAN FOR A MULTIYEAR PHASED-IN APPROACH to transfer funding for great start readiness programs under this section into an early childhood block grant program, along with funding for great start collaboratives under section 32b and funding for great parents, great start programs under section 32j. The early childhood block grant program will allocate funds to intermediate districts and consortia of intermediate districts to act as fiduciaries and provide administration of regional early childhood programs in conjunction with their regional great start collaborative to improve program quality, evaluation, and efficiency for early childhood programs. The department shall work with intermediate districts, districts, great start collaboratives, and the early childhood investment corporation to establish a revised funding formula, application process, program criteria, and data reporting requirements. ~~for 2012-2013. Not later than January 1, 2012, the department shall report to the legislature its recommendations for the revisions required under this subsection.~~

SEC. 32P. (1) FROM THE SCHOOL AID FUND APPROPRIATION IN

1 SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED
2 \$19,775,000.00 FOR 2012-2013 FOR THE PURPOSE OF PROVIDING EARLY
3 CHILDHOOD FUNDING TO INTERMEDIATE SCHOOL DISTRICTS IN BLOCK GRANTS.
4 THE FUNDING PROVIDED TO EACH INTERMEDIATE DISTRICT UNDER THIS
5 SECTION SHALL BE EQUAL TO THE SUM OF ALL FUNDING ALLOCATED UNDER
6 FORMER SECTIONS 32B, 32J, AND 32I, AS THOSE SECTIONS WERE IN EFFECT
7 FOR 2011-2012 PLUS SECTION 32D(2)(B) AS THAT SUBDIVISION WAS IN
8 EFFECT FOR 2011-2012. IN ORDER TO RECEIVE FUNDING UNDER THIS
9 SECTION, EACH INTERMEDIATE DISTRICT SHALL PROVIDE AN APPLICATION TO
10 THE OFFICE OF GREAT START NOT LATER THAN AUGUST 15, 2012,
11 INDICATING THE ACTIVITIES PLANNED TO BE PROVIDED AND CHILDREN
12 SERVED UNDER THE BLOCK GRANT.

13 (2) EACH INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
14 DISTRICTS THAT RECEIVES FUNDING UNDER THIS SECTION SHALL CONVENE A
15 LOCAL GREAT START COLLABORATIVE TO ADDRESS THE AVAILABILITY OF THE
16 FOLLOWING 6 COMPONENTS OF A GREAT START SYSTEM IN ITS COMMUNITIES:
17 PHYSICAL HEALTH, SOCIAL-EMOTIONAL HEALTH, FAMILY SUPPORTS, BASIC
18 NEEDS, ECONOMIC STABILITY AND SAFETY, AND PARENTING EDUCATION AND
19 EARLY EDUCATION AND CARE. THE GOAL OF A LOCAL GREAT START
20 COLLABORATIVE IS TO ENSURE THAT EVERY CHILD IN THE COMMUNITY IS
21 READY FOR KINDERGARTEN. EACH LOCAL GREAT START COLLABORATIVE SHALL
22 ENSURE THE COORDINATION AND EXPANSION OF INFRASTRUCTURE OR
23 PROGRAMMING TO SUPPORT HIGH-QUALITY EARLY CHILDHOOD AND CHILDCARE
24 PROGRAMS.

25 (3) NOT LATER THAN DECEMBER 1, 2013, EACH INTERMEDIATE
26 DISTRICT SHALL PROVIDE A REPORT TO THE DEPARTMENT, THE HOUSE AND
27 SENATE APPROPRIATIONS SUBCOMMITTEES ON SCHOOL AID, AND THE HOUSE

1 AND SENATE FISCAL AGENCIES DETAILING THE ACTIVITIES ACTUALLY
 2 PROVIDED DURING 2012-2013 AND THE CHILDREN ACTUALLY SERVED. THE
 3 BLOCK GRANTS ALLOCATED UNDER THIS SECTION IMPLEMENT LEGISLATIVE
 4 INTENT LANGUAGE FOR THIS PURPOSE ENACTED IN 2011 PA 62.

5 (4) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
 6 DISTRICTS THAT RECEIVES FUNDING UNDER THIS SECTION MAY CARRY OVER
 7 ANY UNEXPENDED FUNDS RECEIVED UNDER THIS SECTION FOR A FISCAL YEAR
 8 INTO THE NEXT FISCAL YEAR AND MAY EXPEND THOSE UNUSED FUNDS IN THE
 9 NEXT FISCAL YEAR. A RECIPIENT OF A GRANT SHALL RETURN ANY
 10 UNEXPENDED GRANT FUNDS TO THE DEPARTMENT IN THE MANNER PRESCRIBED
 11 BY THE DEPARTMENT NOT LATER THAN SEPTEMBER 30 OF THE NEXT FISCAL
 12 YEAR AFTER THE FISCAL YEAR IN WHICH THE FUNDS ARE RECEIVED.

13 Sec. 39. (1) ~~A district~~ **AN ELIGIBLE APPLICANT** receiving funds
 14 ~~from an intermediate district or consortium of intermediate~~
 15 ~~districts~~ under section 32d shall submit a preapplication, in a
 16 form and manner prescribed by the department, by a date specified
 17 by the department in the immediately preceding state fiscal year.
 18 The preapplication shall include a comprehensive needs assessment
 19 **USING AGGREGATED DATA FROM THE APPLICANT'S ENTIRE SERVICE AREA** and
 20 **A** community collaboration plan ~~, which~~ **THAT** is endorsed by the
 21 local great start collaborative and is part of the community's
 22 great start strategic plan that includes, but is not limited to,
 23 great start readiness program and head start providers, and shall
 24 identify all of the following:

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

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

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

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

14 (2) ~~A district~~-**AN APPLICANT** receiving funds ~~from an~~
 15 ~~intermediate district or consortium of intermediate districts~~ under
 16 section 32d shall also submit a final application for approval, in
 17 a form and manner prescribed by the department, by a date specified
 18 by the department, that details how the ~~district~~-**APPLICANT** complies
 19 with the program components established by the department pursuant
 20 to section 32d.

21 (3) The number of prekindergarten children construed to be in
 22 need of special readiness assistance under section 32d shall be
 23 calculated for each ~~district~~-**APPLICANT** in the following manner: 1/2
 24 of the percentage of the ~~district's~~-**APPLICANT'S** pupils in grades 1
 25 to 5 **IN ALL DISTRICTS SERVED BY THE APPLICANT** who are eligible for
 26 free lunch, as determined using the district's pupil membership
 27 count as of the pupil membership count day in the school year prior

1 to the fiscal year for which the calculation is made, under the
2 Richard B. Russell national school lunch act, 42 USC 1751 to 1769i,
3 shall be multiplied by the average kindergarten enrollment of the
4 ~~district~~ **DISTRICTS SERVED BY THE APPLICANT** on the pupil membership
5 count day of the 2 immediately preceding fiscal years.

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

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

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

~~———— (7) If a district is participating in a program under section~~

~~32d for the first year, the maximum allocation under this section is 32 multiplied by \$3,400.00.~~

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

~~—— (9) For any district with 315 or more eligible pupils, the 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~~

1 ~~consortium may decide, with approval of all consortium members, to~~
2 ~~serve numbers of children based on the allocation to each district~~
3 ~~or based on the allocation to the entire consortium, allowing~~
4 ~~children residing in any district in the consortium to be served by~~
5 ~~the consortium at any location.~~

6 Sec. 39a. (1) From the federal funds appropriated in section
7 11, there is allocated for ~~2011-2012~~ **2012-2013** to districts,
8 intermediate districts, and other eligible entities all available
9 federal funding, estimated at ~~\$761,973,600.00,~~ **\$812,328,500.00**, for
10 the federal programs under the no child left behind act of 2001,
11 Public Law 107-110. These funds are allocated as follows:

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

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

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

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

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

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

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

10 (G) ~~(h)~~ An amount estimated at ~~\$517,479,800.00~~ **\$591,500,000.00**
11 to provide supplemental programs to enable educationally
12 disadvantaged children to meet challenging academic standards,
13 funded from DED-OESE, title I, disadvantaged children funds.

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

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

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

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

27 (J) ~~(m)~~ An amount estimated at \$40,050,000.00 for the purpose

1 of providing high-quality extended learning opportunities, after
 2 school and during the summer, for children in low-performing
 3 schools, funded from DED-OESE, twenty-first century community
 4 learning center funds.

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

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

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

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

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

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

25 (3) To the extent allowed under federal law, the funds
 26 allocated under subsection ~~(1)(h), (i), (k), and (n)~~ **(1)(G), (H),**
 27 **AND (K)** may be used for 1 or more reading improvement programs that

1 meet at least 1 of the following:

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

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

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

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

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

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

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

6 (6) As used in this section:

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

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

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

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

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

16 Sec. 51a. (1) From the appropriation in section 11, there is
17 allocated for 2011-2012 an amount not to exceed \$954,769,100.00 **AND**
18 **THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$990,269,100.00 FOR**
19 **2012-2013** from state sources and all available federal funding
20 under sections 611 to 619 of part B of the individuals with
21 disabilities education act, 20 USC 1411 to 1419, estimated at
22 \$363,400,000.00 for 2011-2012 **AND ESTIMATED AT \$365,000,000.00 FOR**
23 **2012-2013**, plus any carryover federal funds from previous year
24 appropriations. The allocations under this subsection are for the
25 purpose of reimbursing districts and intermediate districts for
26 special education programs, services, and special education
27 personnel as prescribed in article 3 of the revised school code,

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

22 (2) From the funds allocated under subsection (1), there is
23 allocated the amount necessary, estimated at \$247,000,000.00 for
24 2011-2012 **AND ESTIMATED AT \$257,300,000.00 FOR 2012-2013**, for
25 payments toward reimbursing districts and intermediate districts
26 for 28.6138% of total approved costs of special education,
27 excluding costs reimbursed under section 53a, and 70.4165% of total

1 approved costs of special education transportation. Allocations
2 under this subsection shall be made as follows:

3 (a) The initial amount allocated to a district under this
4 subsection toward fulfilling the specified percentages shall be
5 calculated by multiplying the district's special education pupil
6 membership, excluding pupils described in subsection (11), times
7 the foundation allowance under section 20 of the pupil's district
8 of residence, not to exceed the basic foundation allowance under
9 section 20 for the current fiscal year, or, for a special education
10 pupil in membership in a district that is a public school academy,
11 ~~or university school,~~ times an amount equal to the amount per
12 membership pupil calculated under section 20(6) **OR, FOR A PUPIL**
13 **DESCRIBED IN THIS SUBSECTION WHO IS COUNTED IN MEMBERSHIP IN THE**
14 **EDUCATION ACHIEVEMENT SYSTEM, TIMES AN AMOUNT EQUAL TO THE AMOUNT**
15 **PER MEMBERSHIP PUPIL UNDER SECTION 20(7).** For an intermediate
16 district, the amount allocated under this subdivision toward
17 fulfilling the specified percentages shall be an amount per special
18 education membership pupil, excluding pupils described in
19 subsection (11), and shall be calculated in the same manner as for
20 a district, using the foundation allowance under section 20 of the
21 pupil's district of residence, not to exceed the basic foundation
22 allowance under section 20 for the current fiscal year.

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

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

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

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

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

21 (6) From the amount allocated in subsection (1), there is
 22 allocated an amount not to exceed \$2,200,000.00 **EACH FISCAL YEAR**
 23 for 2011-2012 **AND FOR 2012-2013** to reimburse 100% of the net
 24 increase in necessary costs incurred by a district or intermediate
 25 district in implementing the revisions in the administrative rules
 26 for special education that became effective on July 1, 1987. As
 27 used in this subsection, "net increase in necessary costs" means

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

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

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

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1 an on-grounds education program.

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

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

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

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

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

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

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

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

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

22 (11) From the funds allocated in subsection (1), there is
23 allocated the amount necessary, estimated at \$5,000,000.00 for
24 2011-2012 **AND ESTIMATED AT \$4,800,000.00 FOR 2012-2013**, to pay the
25 foundation allowances for pupils described in this subsection. The
26 allocation to a district under this subsection shall be calculated
27 by multiplying the number of pupils described in this subsection

1 who are counted in membership in the district times the foundation
2 allowance under section 20 of the pupil's district of residence,
3 not to exceed the basic foundation allowance under section 20 for
4 the current fiscal year, or, for a pupil described in this
5 subsection who is counted in membership in a district that is a
6 public school academy, ~~or university school,~~ times an amount equal
7 to the amount per membership pupil under section 20(6) **OR, FOR A**
8 **PUPIL DESCRIBED IN THIS SUBSECTION WHO IS COUNTED IN MEMBERSHIP IN**
9 **THE EDUCATION ACHIEVEMENT SYSTEM, TIMES AN AMOUNT EQUAL TO THE**
10 **AMOUNT PER MEMBERSHIP PUPIL UNDER SECTION 20(7).** The allocation to
11 an intermediate district under this subsection shall be calculated
12 in the same manner as for a district, using the foundation
13 allowance under section 20 of the pupil's district of residence,
14 not to exceed the basic foundation allowance under section 20 for
15 the current fiscal year. This subsection applies to all of the
16 following pupils:

17 (a) Pupils described in section 53a.

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

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

25 (12) If it is determined that funds allocated under subsection
26 (2) or (11) or under section 51c will not be expended, funds up to
27 the amount necessary and available may be used to supplement the

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

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

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

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

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

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

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

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

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

5 Sec. 51c. As required by the court in the consolidated cases
6 known as Durant v State of Michigan, Michigan supreme court docket
7 no. 104458-104492, from the allocation under section 51a(1), there
8 is allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** the
9 amount necessary, estimated at \$647,500,000.00 for 2011-2012 **AND**
10 **ESTIMATED AT \$672,900,000.00 FOR 2012-2013**, for payments to
11 reimburse districts for 28.6138% of total approved costs of special
12 education excluding costs reimbursed under section 53a, and
13 70.4165% of total approved costs of special education
14 transportation. Funds allocated under this section that are not
15 expended in the state fiscal year for which they were allocated, as
16 determined by the department, may be used to supplement the
17 allocations under sections 22a and 22b in order to fully fund those
18 calculated allocations for the same fiscal year.

19 Sec. 51d. (1) From the federal funds appropriated in section
20 11, there is allocated for **EACH FISCAL YEAR** 2011-2012 **AND FOR 2012-**
21 **2013** all available federal funding, estimated at \$74,000,000.00
22 **EACH FISCAL YEAR**, for special education programs that are funded by
23 federal grants. All federal funds allocated under this section
24 shall be distributed in accordance with federal law.
25 Notwithstanding section 17b, payments of federal funds to
26 districts, intermediate districts, and other eligible entities
27 under this section shall be paid on a schedule determined by the

1 department.

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

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

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

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

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

17 Sec. 53a. (1) For districts, reimbursement for pupils
18 described in subsection (2) shall be 100% of the total approved
19 costs of operating special education programs and services approved
20 by the department and included in the intermediate district plan
21 adopted pursuant to article 3 of the revised school code, MCL
22 380.1701 to 380.1766, minus the district's foundation allowance
23 calculated under section 20. For intermediate districts,
24 reimbursement for pupils described in subsection (2) shall be
25 calculated in the same manner as for a district, using the
26 foundation allowance under section 20 of the pupil's district of
27 residence, not to exceed the basic foundation allowance under

1 section 20 for the current fiscal year.

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

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

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

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

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

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

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

27 (4) The costs of transportation shall be funded under this

1 section and shall not be reimbursed under section 58.

2 (5) Not more than ~~\$12,300,000.00 of the allocation for 2010-~~
3 ~~2011 and not more than \$13,500,000.00 of the allocation for 2011-~~
4 2012 **AND FOR 2012-2013** in section 51a(1) shall be allocated **FOR**
5 **EACH FISCAL YEAR** under this section.

6 Sec. 54. Each intermediate district shall receive an amount
7 per pupil for each pupil in attendance at the Michigan schools for
8 the deaf and blind. The amount shall be proportionate to the total
9 instructional cost at each school. Not more than \$1,688,000.00 of
10 the allocation for 2011-2012 **AND FOR 2012-2013** in section 51a(1)
11 shall be allocated **FOR EACH FISCAL YEAR** under this section.

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

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

17 (b) "Millage levied" means the millage levied for special
18 education pursuant to part 30 of the revised school code, MCL
19 380.1711 to 380.1743, including a levy for debt service
20 obligations.

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

27 (2) From the allocation under section 51a(1), there is

1 allocated an amount not to exceed \$36,881,100.00 **EACH FISCAL YEAR**
2 for 2011-2012 **AND FOR 2012-2013** to reimburse intermediate districts
3 levying millages for special education pursuant to part 30 of the
4 revised school code, MCL 380.1711 to 380.1743. The purpose, use,
5 and expenditure of the reimbursement shall be limited as if the
6 funds were generated by these millages and governed by the
7 intermediate district plan adopted pursuant to article 3 of the
8 revised school code, MCL 380.1701 to 380.1766. As a condition of
9 receiving funds under this section, an intermediate district
10 distributing any portion of special education millage funds to its
11 constituent districts shall submit for departmental approval and
12 implement a distribution plan.

13 (3) Reimbursement for those millages levied in 2010-2011 shall
14 be made in 2011-2012 at an amount per 2010-2011 membership pupil
15 computed by subtracting from \$174,700.00 the 2010-2011 taxable
16 value behind each membership pupil and multiplying the resulting
17 difference by the 2010-2011 millage levied. **REIMBURSEMENT FOR THOSE**
18 **MILLAGES LEVIED IN 2011-2012 SHALL BE MADE IN 2012-2013 AT AN**
19 **AMOUNT PER 2011-2012 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM**
20 **\$169,200.00 THE 2011-2012 TAXABLE VALUE BEHIND EACH MEMBERSHIP**
21 **PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2011-2012**
22 **MILLAGE LEVIED.**

23 Sec. 61a. (1) From the appropriation in section 11, there is
24 allocated an amount not to exceed \$26,611,300.00 **EACH FISCAL YEAR**
25 for 2011-2012 **AND FOR 2012-2013** to reimburse on an added cost basis
26 districts, except for a district that served as the fiscal agent
27 for a vocational education consortium in the 1993-94 school year,

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

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

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

27 (a) "Membership" means for a particular fiscal year the total

1 membership for the immediately preceding fiscal year of the
2 intermediate district and the districts constituent to the
3 intermediate district or the total membership for the immediately
4 preceding fiscal year of the area vocational-technical program.

5 (b) "Millage levied" means the millage levied for area
6 vocational-technical education pursuant to sections 681 to 690 of
7 the revised school code, MCL 380.681 to 380.690, including a levy
8 for debt service obligations incurred as the result of borrowing
9 for capital outlay projects and in meeting capital projects fund
10 requirements of area vocational-technical education.

11 (c) "Taxable value" means the total taxable value of the
12 districts constituent to an intermediate district or area
13 vocational-technical education program, except that if a district
14 has elected not to come under sections 681 to 690 of the revised
15 school code, MCL 380.681 to 380.690, the membership and taxable
16 value of that district shall not be included in the membership and
17 taxable value of the intermediate district. However, the membership
18 and taxable value of a district that has elected not to come under
19 sections 681 to 690 of the revised school code, MCL 380.681 to
20 380.690, shall be included in the membership and taxable value of
21 the intermediate district if the district meets both of the
22 following:

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

26 (ii) The district contributes an annual amount to the operation
27 of the program that is commensurate with the revenue that would

1 have been raised for operation of the program if millage were
2 levied in the district for the program under sections 681 to 690 of
3 the revised school code, MCL 380.681 to 380.690.

4 (2) From the appropriation in section 11, there is allocated
5 an amount not to exceed ~~\$8,693,000.00 for 2010-2011 and an amount~~
6 ~~not to exceed \$9,000,000.00~~ **EACH FISCAL YEAR** for 2011-2012 to
7 reimburse intermediate districts and area vocational-technical
8 education programs established under section 690(3) of the revised
9 school code, MCL 380.690, levying millages for area vocational-
10 technical education pursuant to sections 681 to 690 of the revised
11 school code, MCL 380.681 to 380.690. The purpose, use, and
12 expenditure of the reimbursement shall be limited as if the funds
13 were generated by those millages.

14 (3) Reimbursement for the millages levied in 2010-2011 shall
15 be made in 2011-2012 at an amount per 2010-2011 membership pupil
16 computed by subtracting from \$190,400.00 the 2010-2011 taxable
17 value behind each membership pupil and multiplying the resulting
18 difference by the 2010-2011 millage levied. **REIMBURSEMENT FOR THOSE**
19 **MILLAGES LEVIED IN 2011-2012 SHALL BE MADE IN 2012-2013 AT AN**
20 **AMOUNT PER 2011-2012 MEMBERSHIP PUPIL COMPUTED BY SUBTRACTING FROM**
21 **\$186,600.00 THE 2011-2012 TAXABLE VALUE BEHIND EACH MEMBERSHIP**
22 **PUPIL AND MULTIPLYING THE RESULTING DIFFERENCE BY THE 2011-2012**
23 **MILLAGE LEVIED.**

24 Sec. 74. (1) From the amount appropriated in section 11, there
25 is allocated an amount not to exceed \$3,233,900.00 for 2011-2012
26 **AND AN AMOUNT NOT TO EXCEED \$3,259,900.00 FOR 2012-2013** for the
27 purposes of this section.

1 (2) From the allocation in subsection (1), there is allocated
2 for each fiscal year the amount necessary for payments to state
3 supported colleges or universities and intermediate districts
4 providing school bus driver safety instruction pursuant to section
5 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
6 payments shall be in an amount determined by the department not to
7 exceed 75% of the actual cost of instruction and driver
8 compensation for each public or nonpublic school bus driver
9 attending a course of instruction. For the purpose of computing
10 compensation, the hourly rate allowed each school bus driver shall
11 not exceed the hourly rate received for driving a school bus.
12 Reimbursement compensating the driver during the course of
13 instruction shall be made by the department to the college or
14 university or intermediate district providing the course of
15 instruction.

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

23 (4) From the funds allocated in subsection (1), there is
24 allocated an amount not to exceed \$1,608,900.00 for 2011-2012 **AND**
25 **AN AMOUNT NOT TO EXCEED \$1,634,900.00 FOR 2012-2013** for
26 reimbursement to districts and intermediate districts for costs
27 associated with the inspection of school buses and pupil

1 transportation vehicles by the department of state police as
 2 required under section 715a of the Michigan vehicle code, 1949 PA
 3 300, MCL 257.715a, and section 39 of the pupil transportation act,
 4 1990 PA 187, MCL 257.1839. The department of state police shall
 5 prepare a statement of costs attributable to each district for
 6 which bus inspections are provided and submit it to the department
 7 and to ~~each affected~~ **AN INTERMEDIATE** district **SERVING AS FIDUCIARY**
 8 in a time and manner determined jointly by the department and the
 9 department of state police. ~~The~~ **UPON REVIEW AND APPROVAL OF THE**
 10 **STATEMENT OF COST, THE** department shall ~~reimburse~~ **FORWARD TO THE**
 11 **DESIGNATED INTERMEDIATE DISTRICT SERVING AS FIDUCIARY THE AMOUNT OF**
 12 **THE REIMBURSEMENT ON BEHALF OF** each district and intermediate
 13 district for costs detailed on the statement within ~~30~~ **45** days
 14 after receipt of the statement. ~~Districts for which services are~~
 15 ~~provided~~ **THE DESIGNATED INTERMEDIATE DISTRICT** shall make payment in
 16 the amount specified on the statement to the department of state
 17 police within 45 days after receipt of the statement. The total
 18 reimbursement of costs under this subsection shall not exceed the
 19 amount allocated under this subsection. Notwithstanding section
 20 17b, payments to eligible entities under this subsection shall be
 21 paid on a schedule prescribed by the department.

22 Sec. 81. (1) Except as otherwise provided in this section,
 23 from the appropriation in section 11, there is allocated **EACH**
 24 **FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** to the intermediate
 25 districts the sum necessary, but not to exceed \$62,108,000.00 **EACH**
 26 **FISCAL YEAR**, to provide state aid to intermediate districts under
 27 this section.

(2) Except as otherwise provided in this section, there shall be allocated to each intermediate district for ~~2011-2012-2012-2013~~ an amount equal to ~~95%-100%~~ of the amount allocated **TO THE INTERMEDIATE DISTRICT** under this subsection for ~~2010-2011-2011-2012~~. Funding provided under this section shall be used to comply with requirements of this article and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this article, and to provide technical assistance to districts as authorized by the intermediate school board.

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

(4) ~~(3)~~ From the allocation in subsection (1), there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of \$3,500.00 each fiscal year for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

(5) ~~(4)~~ During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1)

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

8 (6) ~~(5)~~—In order to receive funding under ~~this section,~~
9 **SUBSECTION (2)**, an intermediate district shall do all of the
10 following:

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

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

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

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

26 (e) Comply with section 1230g of the revised school code, MCL
27 380.1230g.

1 (f) Comply with section 761 of the revised school code, MCL
2 380.761.

3 (7) IN ADDITION TO THE ALLOCATION IN SUBSECTION (1), THERE IS
4 ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR
5 INCENTIVE PAYMENTS TO EACH INTERMEDIATE DISTRICT THAT MEETS BEST
6 PRACTICES AS DETERMINED BY THE DEPARTMENT UNDER THIS SUBSECTION.
7 THE AMOUNT OF THE INCENTIVE PAYMENT IS AN AMOUNT EQUAL TO 3.2% OF
8 THE AMOUNT ALLOCATED TO THE INTERMEDIATE DISTRICT UNDER SUBSECTION
9 (2). AN INTERMEDIATE DISTRICT IS ELIGIBLE FOR AN INCENTIVE PAYMENT
10 UNDER THIS SUBSECTION IF THE INTERMEDIATE DISTRICT SATISFIES AT
11 LEAST 4 OF THE FOLLOWING REQUIREMENTS NOT LATER THAN JUNE 1, 2013:

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

14 (i) DEVELOP A SERVICE CONSOLIDATION PLAN IN 2012-2013 TO REDUCE
15 OPERATING COSTS THAT IS IN COMPLIANCE WITH GUIDELINES THAT WERE
16 DEVELOPED BY THE DEPARTMENT FOR FORMER SECTION 11D AS THAT SECTION
17 WAS IN EFFECT FOR 2010-2011.

18 (ii) IMPLEMENT THE SERVICE CONSOLIDATION PLAN IN 2013-2014 AND
19 REPORT TO THE DEPARTMENT NOT LATER THAN FEBRUARY 1, 2014 ON THE
20 INTERMEDIATE DISTRICT'S PROGRESS IN IMPLEMENTING THE SERVICE
21 CONSOLIDATION PLAN.

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

26 (C) THE INTERMEDIATE DISTRICT DEVELOPS A TECHNOLOGY PLAN IN
27 ACCORDANCE WITH DEPARTMENT POLICY ON BEHALF OF ALL CONSTITUENT

1 DISTRICTS WITHIN THE INTERMEDIATE DISTRICT THAT INTEGRATES
2 TECHNOLOGY INTO THE CLASSROOM AND PREPARES TEACHERS TO USE DIGITAL
3 TECHNOLOGIES AS PART OF THE INSTRUCTIONAL PROGRAM OF EACH OF ITS
4 CONSTITUENT DISTRICTS.

5 (D) THE INTERMEDIATE DISTRICT PROVIDES TO PARENTS AND
6 COMMUNITY MEMBERS A DASHBOARD OR REPORT CARD DEMONSTRATING THE
7 INTERMEDIATE DISTRICT'S EFFORTS TO MANAGE ITS FINANCES RESPONSIBLY.
8 THE DASHBOARD OR REPORT CARD SHALL INCLUDE AT LEAST ALL OF THE
9 FOLLOWING FOR THE 3 MOST RECENT SCHOOL YEARS FOR WHICH THE DATA ARE
10 AVAILABLE:

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

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

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

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

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

26 (E) THE INTERMEDIATE DISTRICT WORKS IN A CONSORTIUM WITH 1 OR
27 MORE OTHER INTERMEDIATE DISTRICTS TO DEVELOP INFORMATION MANAGEMENT

1 SYSTEM REQUIREMENTS AND BID SPECIFICATIONS THAT CAN BE USED AS
2 STATEWIDE MODELS. AT A MINIMUM, THESE SPECIFICATIONS SHALL ADDRESS
3 PUPIL MANAGEMENT SYSTEMS FOR BOTH GENERAL AND SPECIAL EDUCATION,
4 LEARNING MANAGEMENT TOOLS, AND BUSINESS SERVICES.

5 Sec. 93. From the general fund money appropriated in section
6 11, there is allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-**
7 **2013** an amount not to exceed \$1,304,300.00 to the library of
8 Michigan for state aid to libraries payments to help support the
9 provision of the Michigan electronic library in public schools and
10 public libraries. The library of Michigan shall distribute the
11 payments to libraries under this section pursuant to the state aid
12 to public libraries act, 1977 PA 89, MCL 397.551 to 397.576.

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

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

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

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

26 (d) Create, maintain, and enhance this state's web-based
27 educational portal to provide information to school leaders,

1 teachers, researchers, and the public in compliance with all
2 federal and state privacy laws. Data shall include, but are not
3 limited to, all of the following:

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

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

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

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

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

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

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

1 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
2 388.1939; or section 1351a of the revised school code, MCL
3 380.1351a.

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

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

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

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

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

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

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

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

27 (g) Provides this state with the ability to meet federal and

1 state reporting requirements.

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

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

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

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

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

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

16 (i) Contains yearly test records of individual students for
17 assessments approved by DED-OESE for accountability purposes under
18 section 1111(b) of the elementary and secondary education act of
19 1965, 20 USC 6311, including information on individual students not
20 tested, by grade and subject.

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

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

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

25 (i) Contains data that provide information regarding the extent
26 to which individual students transition successfully from secondary
27 school to postsecondary education, including, but not limited to,

1 all of the following:

2 (A) Enrollment in remedial coursework.

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

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

8 (5) From the general fund appropriation in section 11, there
9 is allocated an amount not to exceed \$5,768,700.00 for 2011-2012
10 **AND AN AMOUNT NOT TO EXCEED \$9,218,400.00 FOR 2012-2013** to the
11 department of technology, management, and budget to support the
12 operations of the center. In addition, from the federal funds
13 appropriated in section 11 there is allocated **EACH FISCAL YEAR** for
14 2011-2012 **AND FOR 2012-2013** the amount necessary, estimated at
15 \$2,893,200.00 **AND ESTIMATED AT \$193,500.00 FOR 2012-2013**, to
16 support the operations of the center and to establish a **P-20**
17 longitudinal data system as provided under this section in
18 compliance with the assurance provided to the United States
19 department of education in order to receive state fiscal
20 stabilization funds. The center shall cooperate with the ~~state~~
21 ~~education agency~~ **DEPARTMENT** to ensure that this state is in
22 compliance with federal law and is maximizing opportunities for
23 increased federal funding to improve education in this state.

24 (6) From the ~~federal funds~~ allocated in subsection (5), there
25 is allocated for ~~2011-2012~~ **2012-2013** an amount not to exceed
26 \$850,000.00 ~~funded from the competitive grants of DED OESE, title~~
27 ~~II, educational technology funds for the purposes of this~~

1 ~~subsection. Not later than November 30 of each fiscal year, the~~
2 ~~department shall award a single grant to an eligible partnership~~
3 ~~that includes an intermediate district with at least 1 high need~~
4 ~~local school district and the center.~~ FOR COMPETITIVE GRANTS TO
5 SUPPORT COLLABORATIVE EFFORTS ON THE P-20 LONGITUDINAL DATA SYSTEM.
6 ALL OF THE FOLLOWING APPLY TO GRANTS AWARDED UNDER THIS SUBSECTION:

7 (A) THE CENTER SHALL AWARD COMPETITIVE GRANTS TO ELIGIBLE
8 INTERMEDIATE DISTRICTS OR A CONSORTIUM OF INTERMEDIATE DISTRICTS
9 BASED ON CRITERIA ESTABLISHED BY THE CENTER.

10 (B) ACTIVITIES FUNDED UNDER THE GRANT SHALL SUPPORT THE P-20
11 LONGITUDINAL DATA SYSTEM PORTAL AND MAY INCLUDE PORTAL HOSTING,
12 HARDWARE AND SOFTWARE ACQUISITION, MAINTENANCE, ENHANCEMENTS, USER
13 SUPPORT AND RELATED MATERIALS, AND PROFESSIONAL LEARNING TOOLS AND
14 ACTIVITIES AIMED AT IMPROVING THE UTILITY OF THE P-20 LONGITUDINAL
15 DATA SYSTEM.

16 (C) AN APPLICANT THAT RECEIVED A GRANT UNDER THIS SUBSECTION
17 FOR THE IMMEDIATELY PRECEDING FISCAL YEAR SHALL RECEIVE PRIORITY
18 FOR FUNDING UNDER THIS SECTION. HOWEVER, AFTER 3 FISCAL YEARS OF
19 CONTINUOUS FUNDING, AN APPLICANT IS REQUIRED TO COMPETE OPENLY WITH
20 NEW APPLICANTS.

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

27 ~~—— (8) The center and the department shall work cooperatively to~~

~~develop a cost allocation plan that pays for center expenses from the appropriate federal fund and state restricted fund revenues.~~

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

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

(9) ~~(11)~~—As used in this section:

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

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

(B) ~~(c)~~—"State education agency" means the department.

SEC. 95. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$1,750,000.00 FOR 2012-2013 AND AN AMOUNT NOT TO EXCEED \$500,000.00 FOR 2013-2014 FOR GRANTS TO

1 DISTRICTS TO SUPPORT PROFESSIONAL DEVELOPMENT AND MAINTAIN INTER-
2 RATER RELIABILITY FOR PRINCIPALS AND ASSISTANT PRINCIPALS IN A
3 TRAINING PROGRAM FOR IMPLEMENTING EDUCATOR EVALUATIONS AS REQUIRED
4 UNDER SECTION 1249 OF THE REVISED SCHOOL CODE, MCL 380.1249.

5 (2) FOR 2012-13, ALL DISTRICTS MAY APPLY FOR FUNDING UNDER
6 THIS SECTION. BEGINNING IN 2013-2014, PRIORITY WILL BE GIVEN TO
7 DISTRICTS THAT HAVE NEW BUILDING ADMINISTRATORS WHO HAVE NOT
8 PREVIOUSLY RECEIVED TRAINING IN TRAINING PROGRAMS FUNDED UNDER THIS
9 SECTION.

10 (3) THE DEPARTMENT SHALL APPROVE FUNDING UNDER THIS SECTION
11 FOR DISTRICTS THAT IMPLEMENT PROFESSIONAL DEVELOPMENT PROGRAMS THAT
12 ARE CONSISTENT WITH THE PARTICULAR DISTRICT'S TEACHER EVALUATION
13 TOOLS AND THAT MEET ALL OF THE FOLLOWING:

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

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

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

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

23 (E) PROVIDE ONGOING SUPPORT TO MAINTAIN INTER-RATER
24 RELIABILITY.

25 (4) THE DEPARTMENT SHALL AWARD GRANTS TO ELIGIBLE DISTRICTS IN
26 AN AMOUNT NOT TO EXCEED \$350.00 PER PARTICIPANT.

27 (5) A DISTRICT RECEIVING FUNDS UNDER THIS SECTION SHALL USE

1 THE FUNDS ONLY FOR TRAINING PROGRAMS UNDER THIS SECTION.

2 (6) AS USED IN THIS SECTION, "INTER-RATER RELIABILITY" MEANS A
3 CONSISTENCY OF MEASUREMENT FROM DIFFERENT EVALUATORS INDEPENDENTLY
4 APPLYING THE SAME EVALUATION CRITERIA TO THE SAME CLASSROOM
5 OBSERVATION.

6 Sec. 98. (1) From the general fund money appropriated in
7 section 11, there is allocated an amount not to exceed
8 ~~\$1,687,500.00~~ **\$4,387,500.00** for ~~2011-2012 to provide a grant to the~~
9 ~~Michigan virtual university for the development, implementation,~~
10 ~~and operation of the Michigan virtual high school; to provide~~
11 ~~professional development opportunities for educators; and to fund~~
12 ~~other~~ **2012-2013 FOR THE** purposes described in this section. ~~In~~
13 ~~addition, from the federal funds appropriated in section 11, there~~
14 ~~is allocated for 2011-2012 an amount estimated at \$2,700,000.00.~~

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

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

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

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

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

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

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

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

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

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

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

18 (iii) RESEARCH, DESIGN, AND RECOMMEND COMPETENCY-BASED ONLINE
19 ASSESSMENTS.

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

24 (v) BASED ON PUPIL COMPLETION AND PERFORMANCE DATA REPORTED TO
25 THE DEPARTMENT OR THE CENTER FOR EDUCATIONAL PERFORMANCE AND
26 INFORMATION FROM CYBER SCHOOLS AND OTHER ONLINE COURSE PROVIDERS
27 OPERATING IN THIS STATE, ANALYZE THE EFFECTIVENESS OF ONLINE

1 LEARNING DELIVERY MODELS IN PREPARING PUPILS TO BE COLLEGE- AND
2 CAREER-READY AND PUBLISH A REPORT THAT HIGHLIGHTS ENROLLMENT
3 TOTALS, COMPLETION RATES, AND THE OVERALL IMPACT ON PUPILS. THE
4 REPORT SHALL BE SUBMITTED TO THE HOUSE AND SENATE APPROPRIATIONS
5 SUBCOMMITTEES ON STATE SCHOOL AID, THE STATE BUDGET DIRECTOR, THE
6 HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT NOT LATER THAN
7 DECEMBER 31, 2013.

8 (vi) DESIGN PROFESSIONAL DEVELOPMENT SERVICES FOR TEACHERS,
9 SCHOOL ADMINISTRATORS, AND SCHOOL BOARD MEMBERS TO LEARN HOW TO
10 EFFECTIVELY INTEGRATE NEW TECHNOLOGIES AND ONLINE LEARNING INTO
11 CURRICULA AND INSTRUCTION.

12 (vii) IDENTIFY AND SHARE BEST PRACTICES FOR IMPLEMENTING ONLINE
13 AND BLENDED EDUCATION DELIVERY MODELS WITH INTERMEDIATE DISTRICTS,
14 DISTRICTS, AND PUBLIC SCHOOL ACADEMIES TO ACCELERATE THE ADOPTION
15 OF INNOVATIVE EDUCATION DELIVERY MODELS STATEWIDE.

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

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

21 (ii) PROVIDE A CLEARINGHOUSE FOR RESEARCH REPORTS, ACADEMIC
22 STUDIES, EVALUATIONS, AND OTHER INFORMATION RELATED TO ONLINE
23 LEARNING.

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

26 (iv) IN COLLABORATION WITH THE DEPARTMENT AND INTERESTED
27 COLLEGES AND UNIVERSITIES IN THIS STATE, RECOMMEND TO THE

1 SUPERINTENDENT GUIDELINES AND STANDARDS FOR A NEW TEACHER
2 ENDORSEMENT CREDENTIAL RELATED TO EFFECTIVE ONLINE AND BLENDED
3 INSTRUCTION.

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

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

10 (vii) PRODUCE AN ANNUAL CONSUMER AWARENESS REPORT FOR SCHOOLS
11 AND PARENTS ABOUT EFFECTIVE ONLINE EDUCATION PROVIDERS AND
12 EDUCATION DELIVERY MODELS, PERFORMANCE DATA, COST STRUCTURES, AND
13 RESEARCH TRENDS.

14 (3) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, FROM THE
15 FUNDS ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT
16 TO EXCEED \$500,000.00 FOR FISCAL YEAR 2012-2013 TO THE MICHIGAN
17 VIRTUAL SCHOOL OPERATED BY THE MICHIGAN VIRTUAL UNIVERSITY TO
18 CONDUCT AND REPORT ON A YEAR-LONG PILOT STUDY OF A NEW PERFORMANCE-
19 BASED FUNDING MODEL FOR THE MICHIGAN VIRTUAL SCHOOL. THE PURPOSE OF
20 THE PILOT STUDY IS TO DETERMINE THE MERITS OF A PAYMENT SYSTEM FOR
21 ONLINE INSTRUCTIONAL PROGRAMS BASED ON PUPIL PERFORMANCE RATHER
22 THAN SOLELY ON ENROLLMENT AND ATTENDANCE FACTORS. ALL OF THE
23 FOLLOWING APPLY TO THE PILOT STUDY AND THE FUNDING UNDER THIS
24 SUBSECTION:

25 (A) THE MICHIGAN VIRTUAL SCHOOL SHALL RANDOMLY SELECT A
26 MINIMUM OF 1,000 OF ITS QUALIFYING ONLINE COURSE ENROLLMENTS FOR
27 INCLUSION IN THE PILOT STUDY. THE MICHIGAN VIRTUAL SCHOOL SHALL

1 ISSUE A REFUND OR CREDIT TO DISTRICTS FOR ALL ONLINE COURSE
2 ENROLLMENTS INCLUDED IN THE PILOT STUDY.

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

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

10 (ii) THE ONLINE COURSE IS TAUGHT BY A MICHIGAN CERTIFICATED
11 TEACHER CERTIFIED IN THE SUBJECT AREA IN WHICH THE COURSE IS BEING
12 OFFERED.

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

15 (iv) THE ONLINE COURSE CURRICULUM CONTAINS PERIODIC ONLINE
16 PUPIL ASSESSMENTS.

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

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

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

23 (C) THE DEPARTMENT SHALL PAY TO MICHIGAN VIRTUAL SCHOOL FROM
24 THE FUNDING UNDER THIS SUBSECTION AN AMOUNT NOT TO EXCEED THE
25 EQUIVALENT OF 1/12 OF THE STATE'S MINIMUM PER PUPIL FOUNDATION
26 ALLOWANCE FOR EACH ONLINE COURSE ENROLLMENT INCLUDED IN THE PILOT
27 STUDY THAT MEETS THE CONDITIONS OF SUBDIVISION (B) IN THE NEXT

1 SCHOOL AID PAYMENT AFTER THE REPORT IS RECEIVED BY THE DEPARTMENT.

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

6 (5) ~~(3)~~The Michigan virtual high-school MAY OFFER ONLINE
7 course offerings ~~shall include, but are~~ IN ADDITION TO THOSE
8 OFFERED IN THE PILOT STUDY DESCRIBED IN SUBSECTION (4), INCLUDING,
9 BUT not limited to, all of the following:

10 (a) Information technology courses.

11 (b) College level equivalent courses, as defined in section
12 1471 of the revised school code, MCL 380.1471.

13 (c) Courses and dual enrollment opportunities.

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

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

17 (f) Special interest courses.

18 (g) Professional development programs ~~that teach Michigan~~
19 ~~educators how to develop and deliver online instructional~~
20 ~~services.~~FOR TEACHERS, SCHOOL ADMINISTRATORS, OTHER SCHOOL
21 EMPLOYEES, AND SCHOOL BOARD MEMBERS.

22 ~~—— (4) From the federal funds allocated in subsection (1), there~~
23 ~~is allocated for 2011-2012 an amount estimated at \$1,700,000.00~~
24 ~~from DED-OESE, title II, improving teacher quality funds for a~~
25 ~~grant to the Michigan virtual university for the purpose of this~~
26 ~~subsection. With the approval of the department, the Michigan~~
27 ~~virtual university shall coordinate the following activities~~

~~related to DED OESE, title II, improving teacher quality funds in accordance with federal law.~~

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

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

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

~~—— (d) Offer teachers opportunities to learn new skills and strategies for developing and delivering instructional services.~~

~~—— (e) 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 following:~~

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

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

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

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

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

~~—— (vi) Demonstrated technical expertise and capacity in managing~~

~~complex technology systems.~~

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

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

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

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

~~—— (iii) Design, develop, and acquire online courses and related 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**.

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

(d) The overall course completion rate percentage.

~~—(e) A summary of DED OESE, title IIA, teacher quality grant and DED OESE, title IID, education technology grant expenditures.~~

~~—(f) Identification of unmet educational needs that could be addressed by the Michigan virtual high school.~~

(E) AN ANALYSIS OF THE RESULTS OF THE PILOT STUDY DESCRIBED IN SUBSECTION (4), INCLUDING, BUT NOT LIMITED TO:

(i) A LIST OF THE DISTRICTS THAT WERE SELECTED TO BE PART OF THE PILOT STUDY.

(ii) THE NUMBER OF SUCCESSFUL ONLINE COURSE COMPLETIONS.

(iii) A LIST OF THE COURSES OFFERED IN THE PILOT STUDY AND THE COMPLETION RATES FOR EACH COURSE.

(iv) IDENTIFICATION OF OPPORTUNITIES AND BARRIERS THAT MUST BE ADDRESSED IN ORDER TO APPLY ONLINE LEARNING PERFORMANCE FUNDING BASED ON SUCCESSFUL COMPLETIONS RATHER THAN ENROLLMENT AND ATTENDANCE FOR ONLINE LEARNING OFFERINGS STATEWIDE.

(8) ~~(9)~~ As used in this section:

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

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

~~—— (c) "State education agency" means the department.~~

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

(B) "CYBER SCHOOL" MEANS A FULL-TIME ONLINE INSTRUCTIONAL PROGRAM FOR PUPILS THAT MAY OR MAY NOT REQUIRE ATTENDANCE AT A PHYSICAL SCHOOL LOCATION.

(C) "ONLINE INSTRUCTIONAL PROGRAM" MEANS A COURSE OF STUDY THAT GENERATES A CREDIT OR A GRADE, PROVIDED IN AN INTERACTIVE COMPUTER-BASED AND INTERNET-CONNECTED LEARNING ENVIRONMENT, IN WHICH PUPILS ARE SEPARATED FROM THEIR TEACHERS BY TIME OR LOCATION, OR BOTH, AND IN WHICH A MICHIGAN CERTIFICATED TEACHER IS

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1 RESPONSIBLE FOR PROVIDING DIRECT INSTRUCTION, DIAGNOSING LEARNING
2 NEEDS, ASSESSING PUPIL LEARNING, PRESCRIBING INTERVENTION
3 STRATEGIES, REPORTING OUTCOMES, AND EVALUATING THE EFFECTS OF
4 INSTRUCTION AND SUPPORT STRATEGIES.

5 Sec. 99. (1) From the ~~state school aid fund money~~ **FUNDS**
6 appropriated in section 11, there is allocated ~~an amount not to~~
7 ~~exceed \$2,515,000.00 for 2011-2012 and from the general fund~~
8 ~~appropriation in section 11, there is allocated an amount not to~~
9 ~~exceed \$110,000.00 for 2011-2012~~ **AN AMOUNT NOT TO EXCEED**
10 **\$2,625,000.00 << >> FOR 2011-2012 AND <<AN AMOUNT NOT**
11 **TO EXCEED \$2,725,000.00>> FOR 2012-2013** to
12 support the activities and programs of mathematics and science
13 centers and for other purposes as described in this section. In
14 addition, from the federal funds appropriated in section 11, there
15 is allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** an
16 amount estimated at \$5,249,300.00 from DED-OESE, title II,
17 mathematics and science partnership grants.

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

27 (3) The department shall not award a state grant under this
section to more than 1 mathematics and science center located in a

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1 designated region as prescribed in the 2007 master plan unless each
2 of the grants serves a distinct target population or provides a
3 service that does not duplicate another program in the designated
4 region.

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

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

20 (6) From the funds allocated in subsection (1), there is
21 allocated **EACH FISCAL YEAR** for 2011-2012 **AND FOR 2012-2013** an
22 amount not to exceed \$750,000.00 in a form and manner determined by
23 the department to those centers able to provide curriculum and
24 professional development support to assist districts in
25 implementing the Michigan merit curriculum components for
26 mathematics and science. Funding under this subsection is in
27 addition to funding allocated under subsection (5).

<<(7) FROM THE FUNDS ALLOCATED IN SUBSECTION (1), THERE IS
ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$100,000.00 IN A
FORM AND MANNER DETERMINED BY THE DEPARTMENT TO A SINGLE
MATHEMATICS AND SCIENCE CENTER THAT IS A PARTICIPANT IN THE
MICHIGAN STEM PARTNERSHIP. FUNDING UNDER THIS SUBSECTION IS
IN ADDITION TO FUNDING ALLOCATED UNDER SUBSECTION (5) AND SHALL
BE USED FOR CONNECTING MATHEMATICS AND SCIENCE CENTERS FOR SCIENCE,
TECHNOLOGY, ENGINEERING, AND MATHEMATICS PURPOSES.>>

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

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

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

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

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

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

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

26 (12) As used in this section:

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

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

3 Sec. 101. (1) To be eligible to receive state aid under this
4 act, not later than the fifth Wednesday after the pupil membership
5 count day and not later than the fifth Wednesday after the
6 supplemental count day, each district superintendent shall submit
7 to the center and the intermediate superintendent, in the form and
8 manner prescribed by the center, the number of pupils enrolled and
9 in regular daily attendance in the district as of the pupil
10 membership count day and as of the supplemental count day, as
11 applicable, for the current school year. In addition, a district
12 maintaining school during the entire year, as provided under
13 section 1561 of the revised school code, MCL 380.1561, shall submit
14 to the center and the intermediate superintendent, in the form and
15 manner prescribed by the center, the number of pupils enrolled and
16 in regular daily attendance in the district for the current school
17 year pursuant to rules promulgated by the superintendent. Not later
18 than the ~~seventh~~**SIXTH** Wednesday after the pupil membership count
19 day and not later than the seventh Wednesday after the supplemental
20 count day, the district shall certify the data in a form and manner
21 prescribed by the center and file the certified data with the
22 intermediate superintendent. If a district fails to submit and
23 certify the attendance data, as required under this subsection, the
24 center shall notify the department and state aid due to be
25 distributed under this ~~act~~**ARTICLE** shall be withheld from the
26 defaulting district immediately, beginning with the next payment
27 after the failure and continuing with each payment until the

1 district complies with this subsection. If a district does not
2 comply with this subsection by the end of the fiscal year, the
3 district forfeits the amount withheld. A person who willfully
4 falsifies a figure or statement in the certified and sworn copy of
5 enrollment shall be punished in the manner prescribed by section
6 161.

7 (2) To be eligible to receive state aid under this ~~act~~,
8 **ARTICLE**, not later than the twenty-fourth Wednesday after the pupil
9 membership count day and not later than the twenty-fourth Wednesday
10 after the supplemental count day, an intermediate district shall
11 submit to the center, in a form and manner prescribed by the
12 center, the audited enrollment and attendance data for the pupils
13 of its constituent districts and of the intermediate district. If
14 an intermediate district fails to submit the audited data as
15 required under this subsection, state aid due to be distributed
16 under this ~~act~~ **ARTICLE** shall be withheld from the defaulting
17 intermediate district immediately, beginning with the next payment
18 after the failure and continuing with each payment until the
19 intermediate district complies with this subsection. If an
20 intermediate district does not comply with this subsection by the
21 end of the fiscal year, the intermediate district forfeits the
22 amount withheld.

23 (3) Except as otherwise provided in subsection (11), all of
24 the following apply to the provision of pupil instruction:

25 (a) Except as otherwise provided in this section, each
26 district shall provide at least 1,098 hours and, beginning in 2010-
27 2011, the required minimum number of days of pupil instruction. For

1 2010-2011 and for 2011-2012, the required minimum number of days of
2 pupil instruction is 165. Beginning in 2012-2013, the required
3 minimum number of days of pupil instruction is 170. However,
4 beginning in 2010-2011, a district shall not provide fewer days of
5 pupil instruction than the district provided for 2009-2010. A
6 district may apply for a waiver under subsection (9) from the
7 requirements of this subdivision.

8 (b) Except as otherwise provided in this ~~act~~, **ARTICLE**, a
9 district failing to comply with the required minimum hours and days
10 of pupil instruction under this subsection shall forfeit from its
11 total state aid allocation an amount determined by applying a ratio
12 of the number of hours or days the district was in noncompliance in
13 relation to the required minimum number of hours and days under
14 this subsection. Not later than August 1, the board of each
15 district shall certify to the department the number of hours and,
16 beginning in 2010-2011, days of pupil instruction in the previous
17 school year. If the district did not provide at least the required
18 minimum number of hours and days of pupil instruction under this
19 subsection, the deduction of state aid shall be made in the
20 following fiscal year from the first payment of state school aid. A
21 district is not subject to forfeiture of funds under this
22 subsection for a fiscal year in which a forfeiture was already
23 imposed under subsection (6).

24 (c) Hours or days lost because of strikes or teachers'
25 conferences shall not be counted as hours or days of pupil
26 instruction.

27 (d) If a collective bargaining agreement that provides a

1 complete school calendar is in effect for employees of a district
2 as of October 19, 2009, and if that school calendar is not in
3 compliance with this subsection, then this subsection does not
4 apply to that district until after the expiration of that
5 collective bargaining agreement.

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

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

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

24 (ii) For each enrolled pupil, the district uses appropriate
25 academic assessments to develop an individual education plan that
26 leads to a high school diploma.

27 (iii) The district tests each pupil to determine academic

1 progress at regular intervals and records the results of those
2 tests in that pupil's individual education plan.

3 (g) The superintendent shall promulgate rules for the
4 implementation of this subsection.

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

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

1 ~~(6) Not later than April 15 of each fiscal year, the board of~~
2 ~~each district shall certify to the department the planned number of~~
3 ~~hours and days of pupil instruction in the district for the school~~
4 ~~year ending in the fiscal year.~~ In addition to any other penalty or
5 forfeiture under this section, if at any time the department
6 determines that 1 or more of the following has occurred in a
7 district, the district shall forfeit in the current fiscal year
8 beginning in the next payment to be calculated by the department a
9 proportion of the funds due to the district under this ~~act~~ **ARTICLE**
10 that is equal to the proportion below the required minimum number
11 of hours and days of pupil instruction under subsection (3), as
12 specified in the following:

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

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

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

25 (a) Except as otherwise provided in this subsection, a pupil
26 must be scheduled for at least the required minimum number of hours
27 of instruction, excluding study halls, or at least the sum of 90

1 hours plus the required minimum number of hours of instruction,
2 including up to 2 study halls.

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

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

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

1 consider more travel time to be pupil instruction time for this
2 purpose.

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

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

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

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

21 (9) Upon application by the district for a particular fiscal
22 year, the superintendent may waive for a district the minimum
23 number of hours and days of pupil instruction requirement of
24 subsection (3) for a department-approved alternative education
25 program or another innovative program approved by the department,
26 including a 4-day school week. If a district applies for and
27 receives a waiver under this subsection and complies with the terms

1 of the waiver, for the fiscal year covered by the waiver the
2 district is not subject to forfeiture under this section for the
3 specific program covered by the waiver. If the district does not
4 comply with the terms of the waiver, the amount of the forfeiture
5 shall be calculated based upon a comparison of the number of hours
6 and days of pupil instruction actually provided to the minimum
7 number of hours and days of pupil instruction required under
8 subsection (3). Pupils enrolled in a department-approved
9 alternative education program under this subsection shall be
10 reported to the center in a form and manner determined by the
11 center.

12 (10) A district may count up to 38 hours of qualifying
13 professional development for teachers as hours of pupil
14 instruction. Professional development provided online is allowable
15 and encouraged, as long as the instruction has been approved by the
16 district. The department shall issue a list of approved online
17 professional development providers, which shall include the
18 Michigan virtual university. ~~However, if a collective bargaining~~
19 ~~agreement that provides more than 38 but not more than 51 hours of~~
20 ~~professional development for teachers is in effect for employees of~~
21 ~~a district as of October 1, 2006, then until the fiscal year that~~
22 ~~begins after the expiration of that collective bargaining agreement~~
23 ~~a district may count up to 51 hours of qualifying professional~~
24 ~~development for teachers as hours of pupil instruction. A district~~
25 ~~that elects to use this exception shall notify the department of~~
26 ~~its election.~~ **SCHOOL.** As used in this subsection, "qualifying
27 professional development" means professional development that is

1 focused on 1 or more of the following:

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

4 (b) Achieving accreditation or improving a school's
5 accreditation status under section 1280 of the revised school code,
6 MCL 380.1280.

7 (c) Achieving highly qualified teacher status as defined under
8 the no child left behind act of 2001, Public Law 107-110.

9 (d) Integrating technology into classroom instruction.

10 (e) Maintaining teacher certification.

11 (11) Subsections (3) and (8) do not apply to a school of
12 excellence that is a cyber school, as defined in section 551 of the
13 revised school code, MCL 380.551, and is in compliance with section
14 553a of the revised school code, MCL 380.553a.

15 ~~—— (12) The department shall study the actual costs of providing~~
16 ~~distance learning or other alternative instructional delivery that~~
17 ~~is being used in this state and shall report on its findings to the~~
18 ~~house and senate fiscal agencies and the office of the state budget~~
19 ~~not later than September 10, 2012. Upon request by the department,~~
20 ~~a school of excellence described in subsection (11), the Michigan~~
21 ~~virtual university, or a school that receives a seat time waiver~~
22 ~~from the department under this section shall submit to the~~
23 ~~department any data requested by the department for the purposes of~~
24 ~~this study.~~

25 Sec. 102. (1) A district or intermediate district receiving
26 money under this act shall not adopt or operate under a deficit
27 budget, and a district or intermediate district shall not incur an

1 operating deficit in a fund during a school fiscal year. A district
2 or intermediate district that has an existing deficit fund balance,
3 that incurs a deficit fund balance in the most recently completed
4 school fiscal year, or that adopts a current year budget that
5 projects a deficit fund balance shall not be allotted or paid a
6 further sum under this act until the district or intermediate
7 district submits to the department for approval a budget for the
8 current school fiscal year and a plan to eliminate the district's
9 or intermediate district's deficit not later than the end of the
10 second school fiscal year after the deficit was incurred or the
11 budget projecting a deficit was adopted. Withheld state aid
12 payments shall be released after the department approves the
13 deficit reduction plan and ensures that the budget for the current
14 school fiscal year is balanced. **AFTER THE DEPARTMENT APPROVES A**
15 **DISTRICT'S OR INTERMEDIATE DISTRICT'S DEFICIT REDUCTION PLAN, THE**
16 **DISTRICT OR INTERMEDIATE DISTRICT SHALL POST THE DEFICIT**
17 **ELIMINATION PLAN ON THE DISTRICT'S OR INTERMEDIATE DISTRICT'S**
18 **WEBSITE.**

19 (2) Not later than March 1 of each year, the department shall
20 prepare a report of deficits incurred or projected by districts and
21 intermediate districts in the immediately preceding fiscal year and
22 the progress made in reducing those deficits and submit the report
23 to the standing committees of the legislature responsible for K-12
24 education legislation, the appropriations subcommittees of the
25 legislature responsible for K-12 education appropriations, the
26 house and senate fiscal agencies, the state treasurer, and the
27 state budget director. The department shall also submit interim

1 reports concerning district and intermediate district deficits as
2 necessary.

3 (3) The amount of the permissible deficit for each school
4 fiscal year shall not exceed the amount of state aid reduced by an
5 executive order during that school fiscal year.

6 (4) A district or intermediate district that has an existing
7 deficit fund balance, that incurs a deficit fund balance in the
8 most recently completed school fiscal year, or that adopts a
9 current year budget that projects a deficit fund balance shall
10 submit to the department a monthly monitoring report on revenue and
11 expenditures in a form and manner prescribed by the department **AND**
12 **SHALL POST THESE REPORTS ON ITS WEBSITE.**

13 (5) If a district or intermediate district is not able to
14 comply with the provisions of this section, the district or
15 intermediate district shall submit to the department a plan to
16 eliminate its deficit. Upon approval of the plan submitted, the
17 superintendent of public instruction may continue allotment and
18 payment of funds under this act, extend the period of time in which
19 a district or intermediate district has to eliminate its deficit,
20 and set special conditions that the district or intermediate
21 district must meet during the period of the extension. **AFTER THE**
22 **DEPARTMENT APPROVES A DISTRICT'S OR INTERMEDIATE DISTRICT'S DEFICIT**
23 **REDUCTION PLAN UNDER THIS SUBSECTION, THE DISTRICT OR INTERMEDIATE**
24 **DISTRICT SHALL POST THE DEFICIT ELIMINATION PLAN ON THE DISTRICT'S**
25 **OR INTERMEDIATE DISTRICT'S WEBSITE.**

26 (6) For the purposes of this section, "deficit fund balance"
27 means that term as defined in the Michigan public school accounting

1 manual published by the department.

2 Sec. 104. (1) In order to receive state aid under this
3 article, a district shall comply with sections 1249, 1278a, 1278b,
4 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
5 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
6 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
7 the state school aid fund money appropriated in section 11, there
8 is allocated for ~~2011-2012-2012-2013~~ an amount not to exceed
9 ~~\$35,194,400.00~~ **\$26,694,400.00** for payments on behalf of districts
10 for costs associated with complying with those provisions of law.
11 In addition, from the federal funds appropriated in section 11,
12 there is allocated for ~~2011-2012-2012-2013~~ an amount estimated at
13 \$8,250,000.00, funded from DED-OESE, title VI, state assessment
14 funds, **AND FROM** DED-OSERS, section 504 of part B of the individuals
15 with disabilities education act, Public Law 94-142, plus any
16 carryover federal funds from previous year appropriations, for the
17 purposes of complying with the federal no child left behind act of
18 2001, Public Law 107-110.

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

25 (3) All federal funds allocated under this section shall be
26 distributed in accordance with federal law and with flexibility
27 provisions outlined in Public Law 107-116, and in the education

1 flexibility partnership act of 1999, Public Law 106-25.

2 (4) Notwithstanding section 17b, payments on behalf of
3 districts, intermediate districts, and other eligible entities
4 under this section shall be paid on a schedule determined by the
5 department.

6 (5) As used in this section:

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

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

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

12 **SEC. 104C. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED**
13 **IN SECTION 11, THERE IS ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO**
14 **EXCEED \$18,000,000.00 FOR THE PURPOSE OF PROVIDING EVERY DISTRICT**
15 **WITH ACCESS TO A COMPUTER-ADAPTIVE TEST FOR EACH STUDENT ENROLLED**
16 **IN THE DISTRICT. THE COMPUTER-ADAPTIVE TEST PROVIDED SHALL BE THE**
17 **TEST THAT IS CHOSEN THROUGH A REQUEST FOR PROPOSAL PROCESS**
18 **UNDERTAKEN BY THE DEPARTMENT OF EDUCATION AND THAT IS DETERMINED AS**
19 **THE SOLE PROVIDER OF THE TEST. THE COMPUTER-ADAPTIVE TEST CHOSEN BY**
20 **THE DEPARTMENT SHALL PROVIDE AT LEAST THE FOLLOWING:**

21 (A) INTERNET-DELIVERED, STANDARDS-BASED ASSESSMENT USING A
22 COMPUTER-ADAPTIVE MODEL TO TARGET THE INSTRUCTIONAL LEVEL OF EACH
23 PUPIL.

24 (B) UNLIMITED TESTING OPPORTUNITIES THROUGHOUT THE 2012-2013
25 SCHOOL YEAR.

26 (C) VALID AND RELIABLE DIAGNOSTIC ASSESSMENT DATA.

27 (D) ADJUSTMENT OF TESTING DIFFICULTY BASED ON PREVIOUS ANSWERS

1 TO TEST QUESTIONS.

2 (E) IMMEDIATE FEEDBACK TO PUPILS AND TEACHERS.

3 Sec. 107. (1) From the appropriation in section 11, there is
4 allocated an amount not to exceed \$22,000,000.00 for ~~2011-2012~~
5 2012-2013 for adult education programs authorized under this
6 section. Funds allocated under this section are restricted for
7 adult education programs as authorized under this section only. A
8 recipient of funds under this section shall not use those funds for
9 any other purpose.

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

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

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

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

27 (ii) Is less than 20 years of age on September 1 of the school

1 year, is not attending an institution of higher education, and is
 2 enrolled in a job or employment-related program through a referral
 3 by an employer.

4 (iii) Is enrolled in an English as a second language program.

5 (iv) Is enrolled in a high school completion program.

6 (b) If the individual has not obtained a high school diploma
 7 or G.E.D. certificate, the individual meets 1 of the following:

8 (i) Is at least 20 years of age on September 1 of the school
 9 year.

10 (ii) Is at least 16 years of age on September 1 of the school
 11 year, has been permanently expelled from school under section
 12 1311(2) or 1311a of the revised school code, MCL 380.1311 and
 13 380.1311a, and has no appropriate alternative education program
 14 available through his or her district of residence.

15 (4) Except as otherwise provided in subsection (5), the money
 16 allocated under this section shall be distributed as follows:

17 (a) For districts and consortia that received payments for
 18 ~~2010-2011-2011-2012~~ under this section, the amount allocated to
 19 each for ~~2011-2012-2012-2013~~ shall be based on the number of
 20 participants served by the district or consortium for ~~2011-2012,~~
 21 **2012-2013**, using the amount allocated per full-time equated
 22 participant under subsection (7), up to a maximum total allocation
 23 under this subsection in an amount equal to ~~100.9% of~~ the amount
 24 the district or consortium received for ~~2010-2011-2011-2012~~ under
 25 this section before any reallocations made for ~~2010-2011-2011-2012~~
 26 under subsection (5).

27 (b) A district or consortium that received funding in ~~2010-~~

1 ~~2011-2011-2012~~ under this section may operate independently of a
2 consortium or join or form a consortium for ~~2011-2012-2012-2013~~.
3 The allocation for ~~2011-2012-2012-2013~~ to the district or the newly
4 formed consortium under this subsection shall be determined by the
5 department and shall be based on the proportion of the amounts that
6 are attributable to the district or consortium that received
7 funding in ~~2010-2011-2011-2012~~. A district or consortium described
8 in this subdivision shall notify the department of its intention
9 with regard to ~~2011-2012-2012-2013~~ by October 1, ~~2011-2012~~.

10 ~~—— (c) If a district had a declaration of financial emergency in~~
11 ~~place under the local government fiscal responsibility act, 1990 PA~~
12 ~~72, MCL 141.1201 to 141.1291, and that declaration was revoked~~
13 ~~during 2005, the district may operate a program under this section~~
14 ~~independently of a consortium or may join or form a consortium to~~
15 ~~operate a program under this section. The allocation for 2011-2012~~
16 ~~to the district or the newly formed consortium under this~~
17 ~~subsection shall be determined by the department and shall be based~~
18 ~~on the proportion of the amounts that are attributable to the~~
19 ~~district or consortium that received funding in 2010-2011 or, for a~~
20 ~~district for which a declaration of financial emergency was revoked~~
21 ~~during 2005, based on the amount the district received under this~~
22 ~~section using a 3 year average of the 3 most recent fiscal years~~
23 ~~the district received funding under this section. A district or~~
24 ~~consortium described in this subdivision shall notify the~~
25 ~~department of its intention with regard to 2011-2012 by October 1,~~
26 ~~2011.~~

27 (5) A district that operated an adult education program in

1 ~~2010-2011-2011-2012~~ and does not intend to operate a program in
2 ~~2011-2012-2012-2013~~ shall notify the department by October 1, ~~2011~~
3 **2012** of its intention. The money intended to be allocated under
4 this section to a district that does not operate a program in ~~2011-~~
5 ~~2012-2012-2013~~ and the unspent money originally allocated under
6 this section to a district or consortium that subsequently operates
7 a program at less than the level of funding allocated under
8 subsection (4) and any other unallocated money under this section
9 shall instead be proportionately reallocated to the other districts
10 described in subsection (4)(a) that are operating an adult
11 education program in ~~2011-2012-2012-2013~~ under this section.

12 (6) The amount allocated under this section per full-time
13 equated participant is \$2,850.00 for a 450-hour program. The amount
14 shall be proportionately reduced for a program offering less than
15 450 hours of instruction.

16 (7) An adult basic education program or an adult English as a
17 second language program operated on a year-round or school year
18 basis may be funded under this section, subject to all of the
19 following:

20 (a) The program enrolls adults who are determined by a
21 department-approved assessment, in a form and manner prescribed by
22 the department, to be below ninth grade level in reading or
23 mathematics, or both, or to lack basic English proficiency.

24 (b) The program tests individuals for eligibility under
25 subdivision (a) before enrollment and upon completion of the
26 program in compliance with the state-approved assessment policy.

27 (c) A participant in an adult basic education program is

1 eligible for reimbursement until 1 of the following occurs:

2 (i) The participant's reading and mathematics proficiency are
3 assessed at or above the ninth grade level.

4 (ii) The participant fails to show progress on 2 successive
5 assessments after having completed at least 450 hours of
6 instruction.

7 (d) A funding recipient enrolling a participant in an English
8 as a second language program is eligible for funding according to
9 subsection (11) until the participant meets 1 of the following:

10 (i) The participant is assessed as having attained basic
11 English proficiency as determined by a department-approved
12 assessment.

13 (ii) The participant fails to show progress on 2 successive
14 department-approved assessments after having completed at least 450
15 hours of instruction. The department shall provide information to a
16 funding recipient regarding appropriate assessment instruments for
17 this program.

18 (8) A general educational development (G.E.D.) test
19 preparation program operated on a year-round or school year basis
20 may be funded under this section, subject to all of the following:

21 (a) The program enrolls adults who do not have a high school
22 diploma.

23 (b) The program shall administer a G.E.D. pre-test approved by
24 the department before enrolling an individual to determine the
25 individual's potential for success on the G.E.D. test, and shall
26 administer a post-test upon completion of the program in compliance
27 with the state-approved assessment policy.

1 (c) A funding recipient shall receive funding according to
2 subsection (11) for a participant, and a participant may be
3 enrolled in the program until 1 of the following occurs:

4 (i) The participant passes the G.E.D. test.

5 (ii) The participant fails to show progress on 2 successive
6 department-approved assessments used to determine readiness to take
7 the G.E.D. test after having completed at least 450 hours of
8 instruction.

9 (9) A high school completion program operated on a year-round
10 or school year basis may be funded under this section, subject to
11 all of the following:

12 (a) The program enrolls adults who do not have a high school
13 diploma.

14 (b) The program tests participants described in subdivision
15 (a) before enrollment and upon completion of the program in
16 compliance with the state-approved assessment policy.

17 (c) A funding recipient shall receive funding according to
18 subsection (11) for a participant in a course offered under this
19 subsection until 1 of the following occurs:

20 (i) The participant passes the course and earns a high school
21 diploma.

22 (ii) The participant fails to earn credit in 2 successive
23 semesters or terms in which the participant is enrolled after
24 having completed at least 900 hours of instruction.

25 (10) A job or employment-related adult education program
26 operated on a year-round or school year basis may be funded under
27 this section, subject to all of the following:

1 (a) The program enrolls adults referred by their employer who
2 are less than 20 years of age, have a high school diploma, are
3 determined to be in need of remedial mathematics or communication
4 arts skills and are not attending an institution of higher
5 education.

6 **(B) THE PROGRAM TESTS PARTICIPANTS DESCRIBED IN SUBDIVISION**
7 **(A) BEFORE ENROLLMENT AND UPON COMPLETION OF THE PROGRAM IN**
8 **COMPLIANCE WITH THE DEPARTMENT-APPROVED ASSESSMENT POLICY.**

9 (C) ~~(b)~~ An individual may be enrolled in this program and the
10 grant recipient shall receive funding according to subsection (11)
11 until 1 of the following occurs:

12 (i) The individual achieves the requisite skills as determined
13 by department-approved assessment instruments. ~~administered at~~
14 ~~least after every 90 hours of attendance.~~

15 (ii) The individual fails to show progress on 2 successive
16 assessments after having completed at least 450 hours of
17 instruction. ~~The department shall provide information to a funding~~
18 ~~recipient regarding appropriate assessment instruments for this~~
19 ~~program.~~

20 (11) A funding recipient shall receive payments under this
21 section in accordance with the following:

22 (a) Ninety percent for enrollment of eligible participants.

23 (b) Ten percent for completion of the adult basic education
24 objectives by achieving an increase of at least 1 grade level of
25 proficiency in reading or mathematics; for achieving basic English
26 proficiency, as defined by the department in the adult education
27 guidebook; for obtaining a G.E.D. or passage of 1 or more

1 individual G.E.D. tests; for attainment of a high school diploma or
2 passage of a course required for a participant to attain a high
3 school diploma; or for completion of the course and demonstrated
4 proficiency in the academic skills to be learned in the course, as
5 applicable.

6 (12) As used in this section, "participant" means the sum of
7 the number of full-time equated individuals enrolled in and
8 attending a department-approved adult education program under this
9 section, using quarterly participant count days on the schedule
10 described in section 6(7)(b).

11 (13) A person who is not eligible to be a participant funded
12 under this section may receive adult education services upon the
13 payment of tuition. In addition, a person who is not eligible to be
14 served in a program under this section due to the program
15 limitations specified in subsection (7), (8), (9), or (10) may
16 continue to receive adult education services in that program upon
17 the payment of tuition. The tuition level shall be determined by
18 the local or intermediate district conducting the program.

19 (14) An individual who is an inmate in a state correctional
20 facility shall not be counted as a participant under this section.

21 (15) A district shall not commingle money received under this
22 section or from another source for adult education purposes with
23 any other funds of the district. A district receiving adult
24 education funds shall establish a separate ledger account for those
25 funds. This subsection does not prohibit a district from using
26 general funds of the district to support an adult education or
27 community education program.

1 (16) A district or intermediate district receiving funds under
2 this section may establish a sliding scale of tuition rates based
3 upon a participant's family income. A district or intermediate
4 district may charge a participant tuition to receive adult
5 education services under this section from that sliding scale of
6 tuition rates on a uniform basis. The amount of tuition charged per
7 participant shall not exceed the actual operating cost per
8 participant minus any funds received under this section per
9 participant. A district or intermediate district may not charge a
10 participant tuition under this section if the participant's income
11 is at or below 200% of the federal poverty guidelines published by
12 the United States department of health and human services.

13 (17) In order to receive funds under this section, a district
14 shall furnish to the department, in a form and manner determined by
15 the department, all information needed to administer this program
16 and meet federal reporting requirements; shall allow the department
17 or the department's designee to review all records related to the
18 program for which it receives funds; and shall reimburse the state
19 for all disallowances found in the review, as determined by the
20 department.

21 (18) All intermediate district participant audits of adult
22 education programs shall be performed pursuant to the adult
23 education participant auditing and accounting manuals published by
24 the department.

25 (19) As used in this section, "department" means the ~~workforce~~
26 ~~development agency.~~ **MICHIGAN STRATEGIC FUND.**

27 Sec. 147. The allocation for ~~2010-2011~~ **2012-2013** for the

1 public school employees' retirement system pursuant to the public
 2 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
 3 to 38.1408, shall be made using the entry age normal cost actuarial
 4 method and risk assumptions adopted by the public school employees
 5 retirement board and the department of technology, management, and
 6 budget. For public school employees who first worked for a public
 7 school reporting unit before July 1, 2010, the annual level
 8 percentage of payroll contribution rate is estimated at ~~15.96%~~
 9 **18.62%** for pension and at ~~8.50%~~ **8.75%** for retiree health care for
 10 the ~~2011-2012-2012-2013~~ fiscal year. For public school employees
 11 who first worked for a public school reporting unit on or after
 12 July 1, 2010, the annual level percentage of payroll contribution
 13 rate is estimated at ~~14.73%~~ **17.39 %** for pension and ~~8.50%~~ **8.75%** for
 14 retiree health care for the ~~2011-2012-2012-2013~~ fiscal year. For
 15 public school employees who first worked for a public school
 16 reporting unit before July 1, 2010, the annual level percentage of
 17 payroll contribution rate is estimated at ~~18.62%~~ **22.46%** for pension
 18 and 8.75% for retiree health care for the ~~2012-2013-2013-2014~~
 19 fiscal year. For public school employees who first worked for a
 20 public school reporting unit on or after July 1, 2010, the annual
 21 level percentage of payroll contribution rate is estimated at
 22 ~~17.39%~~ **21.19%** for pension and 8.75% for retiree health care for the
 23 ~~2012-2013-2013-2014~~ fiscal year. The portion of the contribution
 24 rate assigned to districts and intermediate districts for each
 25 fiscal year is all of the total percentage points. This
 26 contribution rate reflects an amortization period of 26 years for
 27 ~~2011-2012.-2012-2013~~. The public school employees' retirement

1 system board shall notify each district and intermediate district
2 by February 28 of each fiscal year of the estimated contribution
3 rate for the next fiscal year.

4 Sec. 147b. (1) From the appropriation in section 11, there is
5 allocated an amount not to exceed ~~\$133,000,000.00~~ **\$110,000,000.00**
6 for 2011-2012 only for the purposes of this section. The money
7 allocated in this section represents a portion of the year-end
8 school aid fund balance for 2010-2011. Money allocated under this
9 section shall be deposited in the MPSERS retirement obligation
10 reform reserve fund.

11 (2) The MPSERS retirement obligation reform reserve fund is
12 created as a separate account within the state school aid fund. The
13 state treasurer may receive money or other assets from any source
14 for deposit into the MPSERS retirement obligation reform reserve
15 fund. The state treasurer shall direct the investment of the MPSERS
16 retirement obligation reform reserve fund. The state treasurer
17 shall credit to the MPSERS retirement obligation reform reserve
18 fund interest and earnings from the MPSERS retirement obligation
19 reform reserve fund. Money in the MPSERS retirement obligation
20 reform reserve fund at the close of the fiscal year shall remain in
21 the MPSERS retirement obligation reform reserve fund and shall not
22 lapse to the state school aid fund or to the general fund. The
23 department of treasury shall be the administrator of the MPSERS
24 retirement obligation reform reserve fund for auditing purposes.

25 ~~(3) It is the intent of the legislature that the speaker of~~
26 ~~the house of representatives or the senate majority leader, or~~
27 ~~both, shall convene a workgroup to examine retirement obligations~~

~~and potential reforms to the Michigan public school employees' retirement system established under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. The chair of the senate appropriations committee and chair of the house appropriations committee, or his or her designee, each shall be a member of the workgroup, and the workgroup shall report to the speaker of the house of representatives or the senate majority leader, as applicable, by February 1, 2012, on reforms identified, timelines for implementing reforms, and estimated costs and savings~~

~~of the identified reforms.~~ **THE FUNDING ALLOCATED UNDER SUBSECTION (1) SHALL BE DESIGNATED AS A WORK PROJECT FOR THE PURPOSE OF PAYING THE EMPLOYER COST OF IMPLEMENTING PROPOSED SECTION 91A OF SENATE BILL NO. 1040 OF THE 96TH LEGISLATURE, UNTIL THE RESERVE FUND HAS A BALANCE OF \$0.00. THE WORK PROJECT HAS AN ESTIMATED COMPLETION DATE OF SEPTEMBER 30, 2017.**

Sec. 152a. (1) As required by the court in the consolidated cases known as Adair v State of Michigan, Michigan supreme court docket nos. 137424 and 137453, from the state school aid fund money appropriated in section 11 there is allocated for 2011-2012 an amount not to exceed \$34,064,500.00 **AND AN AMOUNT NOT TO EXCEED \$38,000,500.00 FOR 2012-2013** to be used solely for the purpose of paying necessary costs related to the state-mandated collection, maintenance, and reporting of data to this state.

(2) From the allocation in subsection (1), the department shall make payments to districts and intermediate districts in an equal amount per pupil based on the total number of pupils in membership in each district and intermediate district. The

1 department shall not make any adjustment to these payments after
2 the final installment payment under section 17b is made.

3 Enacting section 1. (1) In accordance with section 30 of
4 article I of the state constitution of 1963, under article I of the
5 state school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1896,
6 as amended by this amendatory act and by 2011 PA 62 and 2011 PA
7 299, total state spending on school aid from state sources for
8 fiscal year 2011-2012 is estimated at \$11,062,976,000.00 and state
9 appropriations for school aid to be paid to local units of
10 government for fiscal year 2012-2013 are estimated at
11 \$10,821,769,500.00.

12 (2) In accordance with section 30 of article I of the state
13 constitution of 1963, under article I of the state school aid act
14 of 1979, 1979 PA 94, MCL 388.1601 to 388.1896, as amended by this
15 amendatory act, total state spending on school aid from state
16 sources for fiscal year 2012-2013 is estimated at
17 \$11,005,007,800.00 and state appropriations for school aid to be
18 paid to local units of government for fiscal year 2012-2013 are
19 estimated at \$10,848,711,900.00.

20 Enacting section 2. Sections 11p, 22e, 22f, 32b, 32g, 32j, 32l,
21 40, and 147a of the state school aid act of 1979, 1979 PA 94, MCL
22 388.1611p, 388.1622e, 388.1622f, 388.1632b, 388.1632g, 388.1632j,
23 388.1632l, 388.1640, and 388.1747a, are repealed effective October
24 1, 2012.

25 Enacting section 3. (1) Except as otherwise provided in
26 subsection (2), this amendatory act takes effect October 1, 2012.

27 (2) Sections 11, 99, and 147b of the state school aid act of

1 1979, 1979 PA 94, MCL 388.1611, 388.1699, and 388.1747b, as amended
2 by this amendatory act, take effect upon enactment of this
3 amendatory act.