

**THE STATE SCHOOL AID ACT OF 1979 (EXCERPT)**  
**Act 94 of 1979**

\*\*\*\*\* 388.1622f.added THIS ADDED SECTION IS EFFECTIVE OCTOBER 1, 2011 \*\*\*\*\*

**388.1622f.added Incentive payments to districts meeting financial best practices.**

Sec. 22f. (1) From the appropriation in section 11, there is allocated for 2011-2012 only an amount not to exceed \$154,000,000.00 to provide incentive payments to districts that meet financial best practices under this section. The money allocated in this section represents a portion of the year-end state school aid fund balance for 2010-2011. The amount of the incentive payment is an amount equal to \$100.00 per pupil. A district shall receive an incentive payment under this section if the district satisfies at least 4 of the following requirements not later than June 1, 2012:

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

(b) If a district provides medical, pharmacy, dental, vision, disability, long-term care, or any other type of benefit that would constitute a health care services benefit, to employees and their dependents, the district is the policyholder for each of its insurance policies that covers 1 or more of these benefits. A district that does not directly employ its staff is considered to have satisfied this requirement.

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

(d) The district has obtained competitive bids on the provision of pupil transportation, food service, custodial, or 1 or more other noninstructional services with a value of at least \$50,000.00.

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

(i) Graduation and dropout rates.

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

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

(iv) Elementary and middle school MEAP scores.

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

(vi) General fund balance.

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

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

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

(a) Employee only coverage.

(b) Employee and spouse coverage.

(c) Employee and children coverage.

(d) Full family coverage.

(4) A district that accepts funds allocated under this section acknowledges that the incentive payment

under this section is for 2011-2012 only and that funds will not be appropriated for the purposes of this section for subsequent fiscal years.

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

**History:** Add. 2011, Act 62, Eff. Oct. 1, 2011.