

**SUBSTITUTE FOR
HOUSE BILL NO. 5314**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 8b, 11, 11a, 11g, 11j, 11k, 11m, 12, 15,
17a, 18, 19, 20, 20d, 20f, 20g, 21f, 22a, 22b, 22d, 22f, 22g, 22i,
22j, 24, 24a, 24c, 25e, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39,
39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99,
99h, 101, 104, 104b, 107, 147, 147b, 147c, 152a, 161, 163, 168,
201, 201a, 202a, 206, 207, 209, 210, 213, 222, 224, 225, 229, 229a,
230, 236, 236a, 236b, 236c, 241, 245, 252, 256, 263, 263a, 264,
265, 265a, 267, 268, 269, 270, 272a, 273, 274, 274a, 276, 277, 278,
279, 280, 281, 282, 283, and 284 (MCL 388.1606, 388.1608b,
388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m,
388.1612, 388.1615, 388.1617a, 388.1618, 388.1619, 388.1620,

388.1620d, 388.1620f, 388.1620g, 388.1621f, 388.1622a, 388.1622b, 388.1622d, 388.1622f, 388.1622g, 388.1622i, 388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1625e, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699h, 388.1701, 388.1704, 388.1704b, 388.1707, 388.1747, 388.1747b, 388.1747c, 388.1752a, 388.1761, 388.1763, 388.1768, 388.1801, 388.1801a, 388.1802a, 388.1806, 388.1807, 388.1809, 388.1810, 388.1813, 388.1822, 388.1824, 388.1825, 388.1829, 388.1829a, 388.1830, 388.1836, 388.1836a, 388.1836b, 388.1836c, 388.1841, 388.1845, 388.1852, 388.1856, 388.1863, 388.1863a, 388.1864, 388.1865, 388.1865a, 388.1867, 388.1868, 388.1869, 388.1870, 388.1872a, 388.1873, 388.1874, 388.1874a, 388.1876, 388.1877, 388.1878, 388.1879, 388.1880, 388.1881, 388.1882, 388.1883, and 388.1884), sections 6, 20, 21f, 24c, 25e, 26a, 74, 104b, and 107 as amended by 2013 PA 130, section 8b as amended by 2007 PA 92, sections 11, 11g, 17a, and 22a as amended and section 20g as added by 2013 PA 97, sections 11a, 11j, 11k, 11m, 12, 15, 18, 19, 20d, 22b, 22d, 22f, 22g, 22i, 22j, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 81, 94a, 98, 99, 101, 104, 147, 147b, 147c, 152a, 201, 201a, 206, 209, 210, 224, 225, 229, 229a, 230, 236, 236a, 236b, 241, 245, 252, 263, 263a, 264, 265, 265a, 267, 268, 269, 270, 273, 274, 274a, 276, 277, 278, 279, 280, 281, and 282 as amended and sections 20f, 99h, 236c, and 272a as added by 2013 PA 60, section 161 as amended by 1990 PA 207, section 163

as amended by 2007 PA 137, section 168 as added by 1993 PA 175, and sections 207, 213, 222, 256, 283, and 284 as amended and section 202a as added by 2012 PA 201, and by adding sections 11r, 31b, 31g, 64b, 94, 95a, 104c, 206a, 207a, and 207b; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

20 (2) "District and high school graduation rate" means the
21 annual completion and pupil dropout rate that is calculated by the

center pursuant to nationally recognized standards.

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

(4) "Membership", except as otherwise provided in this article, means for a district, a public school academy, the education achievement system, or an intermediate district the sum of the product of .90 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year, plus the product of .10 times the final audited count from the supplemental count day for the current school year. A district's, public school academy's, or intermediate district's membership shall be adjusted as provided under section ~~25~~**25E** for pupils who enroll in the district, public school academy, or intermediate district after the pupil membership count day. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit. For the purposes of this section and section 6a, for a school of excellence that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551, and is in compliance with section 553a of the revised school code, MCL

1 380.553a, a pupil's participation in the cyber school's educational
2 program is considered regular daily attendance; for the education
3 achievement system, a pupil's participation in an online
4 educational program of the education achievement system or of an
5 achievement school is considered regular daily attendance; and for
6 a district a pupil's participation in an online course as defined
7 in section 21f is considered regular daily attendance. The amount
8 of the foundation allowance for a pupil in membership is determined
9 under section 20. In making the calculation of membership, all of
10 the following, as applicable, apply to determining the membership
11 of a district, a public school academy, the education achievement
12 system, or an intermediate district:

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

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

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

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

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

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

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

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

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

27 (i) If operations begin before the pupil membership count day

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

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

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

27 (k) In a district, a public school academy, the education

1 achievement system, or an intermediate district operating an
2 extended school year program approved by the superintendent, a
3 pupil enrolled, but not scheduled to be in regular daily attendance
4 on a pupil membership count day, shall be counted.

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

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

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

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

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

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

25 (iii) If a child does not meet the minimum age requirement to be
26 eligible to attend school for that school year under section 1147
27 of the revised school code, MCL 380.1147, but will be 5 years of

1 age not later than December 1 of that school year, the district may
2 count the child in membership for that school year if the parent or
3 legal guardian has notified the district in writing that he or she
4 intends to enroll the child in kindergarten for that school year.

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

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

1 following apply:

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

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

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

1 program or classroom.

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

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

12 (r) Beginning in 2012-2013, full-time equated memberships for
13 pupils in kindergarten shall be determined by dividing the number
14 of instructional hours scheduled and provided per year per
15 kindergarten pupil by the same number used for determining full-
16 time equated memberships for pupils in grades 1 to 12. However, to
17 the extent allowable under federal law, for a district or public
18 school academy that provides evidence satisfactory to the
19 department that it used federal title I money in the 2 immediately
20 preceding school fiscal years to fund full-time kindergarten, full-
21 time equated memberships for pupils in kindergarten shall be
22 determined by dividing the number of class hours scheduled and
23 provided per year per kindergarten pupil by a number equal to 1/2
24 the number used for determining full-time equated memberships for
25 pupils in grades 1 to 12. The change in the counting of full-time
26 equated memberships for pupils in kindergarten that took effect for
27 2012-2013 is not a mandate.

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

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

20 (u) If, as a result of a disciplinary action, a district
21 determines through the district's alternative or disciplinary
22 education program that the best instructional placement for a pupil
23 is in the pupil's home or otherwise apart from the general school
24 population, if that placement is authorized in writing by the
25 district superintendent and district alternative or disciplinary
26 education supervisor, and if the district provides appropriate
27 instruction as described in this subdivision to the pupil at the

1 pupil's home or otherwise apart from the general school population,
2 the district may count the pupil in membership on a pro rata basis,
3 with the proration based on the number of hours of instruction the
4 district actually provides to the pupil divided by the number of
5 hours specified in subdivision (q) for full-time equivalency. For
6 the purposes of this subdivision, a district shall be considered to
7 be providing appropriate instruction if all of the following are
8 met:

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

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

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

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

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

24 (V) ~~(w)~~ If a pupil was enrolled in a public school academy on
25 the pupil membership count day, if the public school academy's
26 contract with its authorizing body is revoked or the public school
27 academy otherwise ceases to operate, and if the pupil enrolls in a

1 district or the education achievement system within 45 days after
2 the pupil membership count day, the department shall adjust the
3 district's or the education achievement system's pupil count for
4 the pupil membership count day to include the pupil in the count.

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

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

1 purposes of this subdivision. The membership figure calculated
2 under this subdivision is the greater of the following:

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

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

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

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

1 services under R 340.1755 or 340.1862 of the Michigan
2 administrative code shall be determined by dividing the number of
3 hours of service scheduled and provided per year per pupil by 180.

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

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

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

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

1 (DD) ~~(ff)~~—For a pupil enrolled in a dropout recovery program
2 that meets the requirements of section 23a, the pupil shall be
3 counted as 1/12 of a full-time equated membership for each month
4 that the district operating the program reports that the pupil was
5 enrolled in the program and was in full attendance. However, a
6 pupil counted under this subdivision shall not be counted as more
7 than 1.0 FTE in a fiscal year. The district operating the program
8 shall report to the center the number of pupils who were enrolled
9 in the program and were in full attendance for a month not later
10 than the tenth day of the next month. A district shall not report a
11 pupil as being in full attendance for a month unless both of the
12 following are met:

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

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

24 (5) "Public school academy" means that term as defined in
25 **SECTION 5 OF** the revised school code, **MCL 380.5**.

26 (6) "Pupil" means a person in membership in a public school. A
27 district must have the approval of the pupil's district of

1 residence to count the pupil in membership, except approval by the
2 pupil's district of residence is not required for any of the
3 following:

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

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

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

10 (d) A pupil enrolled in a district other than the pupil's
11 district of residence under an intermediate district schools of
12 choice pilot program as described in section 91a or former section
13 91 if the intermediate district and its constituent districts have
14 been exempted from section 105.

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

18 (f) A pupil who has made an official written complaint or
19 whose parent or legal guardian has made an official written
20 complaint to law enforcement officials and to school officials of
21 the pupil's district of residence that the pupil has been the
22 victim of a criminal sexual assault or other serious assault, if
23 the official complaint either indicates that the assault occurred
24 at school or that the assault was committed by 1 or more other
25 pupils enrolled in the school the pupil would otherwise attend in
26 the district of residence or by an employee of the district of
27 residence. A person who intentionally makes a false report of a

1 crime to law enforcement officials for the purposes of this
2 subdivision is subject to section 411a of the Michigan penal code,
3 1931 PA 328, MCL 750.411a, which provides criminal penalties for
4 that conduct. As used in this subdivision:

5 (i) "At school" means in a classroom, elsewhere on school
6 premises, on a school bus or other school-related vehicle, or at a
7 school-sponsored activity or event whether or not it is held on
8 school premises.

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

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

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

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

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

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

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

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

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

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

12 (k) An expelled pupil who has been denied reinstatement by the
13 expelling district and is reinstated by another school board under
14 section 1311 or 1311a of the revised school code, MCL 380.1311 and
15 380.1311a.

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

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

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

26 (o) A pupil who enrolls in a district other than the pupil's
27 district of residence as a result of the pupil's school not making

1 adequate yearly progress under the no child left behind act of
2 2001, Public Law 107-110.

3 (p) An online learning pupil enrolled in a district other than
4 the pupil's district of residence as an eligible pupil under
5 section 21f.

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

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

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

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

22 (i) Fourth Wednesday in July.

23 (ii) First Wednesday in October.

24 (iii) Second Wednesday in February.

25 (iv) Fourth Wednesday in April.

26 (8) "Pupils in grades K to 12 actually enrolled and in regular
27 daily attendance" means pupils in grades K to 12 in attendance and

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

1 a period of time in 1 day when pupils and a certificated teacher or
2 legally qualified substitute teacher are together and instruction
3 is taking place.

4 (9) "Rule" means a rule promulgated pursuant to the
5 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
6 24.328.

7 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
8 380.1852.

9 (11) "School district of the first class", "first class school
10 district", and "district of the first class" mean a district that
11 had at least ~~60,000~~ 40,000 pupils in membership for the immediately
12 preceding fiscal year.

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

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

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

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

22 (16) "Tuition pupil" means a pupil of school age attending
23 school in a district other than the pupil's district of residence
24 for whom tuition may be charged to the district of residence.

25 Tuition pupil does not include a pupil who is a special education
26 pupil, a pupil described in subsection (6)(c) to (p), or a pupil
27 whose parent or guardian voluntarily enrolls the pupil in a

1 district that is not the pupil's district of residence. A pupil's
2 district of residence shall not require a high school tuition
3 pupil, as provided under section 111, to attend another school
4 district after the pupil has been assigned to a school district.

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

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

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

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

23 Sec. 8b. (1) The department shall assign a district code to
24 each public school academy that is authorized under the revised
25 school code and is eligible to receive funding under this ~~act~~
26 **ARTICLE** within 30 days after a contract is submitted to the
27 department by the authorizing body of a public school academy.

(2) If the department does not assign a district code to a public school academy within the 30-day period described in subsection (1), the district code the department shall use to make payments under this ~~act~~ **ARTICLE** to the newly authorized public school academy shall be a number that is equivalent to the sum of the last district code assigned to a public school academy located in the same county as the newly authorized public school academy plus 1. However, if there is not an existing public school academy located in the same county as the newly authorized public school academy, then the district code the department shall use to make payments under this ~~act~~ **ARTICLE** to the newly authorized public school academy shall be a 5-digit number that has the county code in which the public school academy is located as its first 2 digits, 9 as its third digit, 0 as its fourth digit, and 1 as its fifth digit. If the number of public school academies in a county grows to exceed 100, the third digit in this 5-digit number shall then be ~~8~~ **7** for the public school academies in excess of 100.

Sec. 11. (1) ~~For the fiscal year ending September 30, 2013, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,928,614,200.00 from the state school aid fund and the sum of \$282,400,000.00 from the general fund. For the fiscal year ending September 30, 2014, 2015, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,211,382,300.00~~ **\$11,748,867,400.00** from the state school aid fund, the sum of ~~\$156,000,000.00~~ **\$18,000,000.00** from the MPSERS retirement obligation reform reserve fund created

1 under section 147b, and the sum of ~~\$234,900,000.00~~ **\$180,000,000.00**
2 from the general fund. In addition, all other available federal
3 funds, except those otherwise appropriated under section 11p, are
4 appropriated for the fiscal year ending ~~September 30, 2013 and for~~
5 ~~the fiscal year ending~~ September 30, ~~2014~~. **2015.**

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

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

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

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

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

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

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

27 (3) Money available in the school aid stabilization fund may

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

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

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

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

26 (7) For ~~2013-2014~~, **2014-2015**, in addition to the
27 appropriations in section 11, there is appropriated from the school

1 aid stabilization fund to the state school aid fund the amount
2 necessary to fully fund the allocations under this article.

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

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

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

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

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

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

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

27 (b) Second, to pay debt service on other limited tax

1 obligations.

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

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

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

13 (7) If a district eligible for payments under this section is
14 dissolved under section 12 of the revised school code, MCL 380.12,
15 the payment otherwise due to the dissolved district under this
16 section shall be paid instead to the intermediate district of the
17 dissolved district. The intermediate district of the dissolved
18 district shall perform any functions and responsibilities of the
19 board and other officers of the dissolved district necessary under
20 this section on behalf of the dissolved district. As used in this
21 subsection, "dissolved district" and "receiving district" mean
22 those terms as defined in section 20.

23 Sec. 11j. From the appropriation in section 11, there is
24 allocated an amount not to exceed ~~\$131,660,000.00 for 2013-2014~~
25 **\$142,600,000.00 FOR 2014-2015** for payments to the school loan bond
26 redemption fund in the department of treasury on behalf of
27 districts and intermediate districts. Notwithstanding section 296

1 or any other provision of this act, funds allocated under this
2 section are not subject to proration and shall be paid in full.

3 Sec. 11k. For ~~2013-2014~~, **2014-2015**, there is appropriated from
4 the general fund to the school loan revolving fund an amount equal
5 to the amount of school bond loans assigned to the Michigan finance
6 authority, not to exceed the total amount of school bond loans held
7 in reserve as long-term assets. As used in this section, "school
8 loan revolving fund" means that fund created in section 16c of the
9 shared credit rating act, 1985 PA 227, MCL 141.1066c.

10 Sec. 11m. From the appropriations in section 11, there is
11 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed
12 \$4,000,000.00 for fiscal year cash-flow borrowing costs solely
13 related to the state school aid fund established by section 11 of
14 article IX of the state constitution of 1963.

15 **SEC. 11R. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS**
16 **ALLOCATED AN AMOUNT NOT TO EXCEED \$10,000,000.00 TO BE DEPOSITED**
17 **INTO THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND CREATED UNDER**
18 **THIS SECTION FOR THE PURPOSE OF FUNDING GRANTS UNDER THIS SECTION.**

19 **(2) THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND IS CREATED**
20 **AS A SEPARATE ACCOUNT WITHIN THE STATE SCHOOL AID FUND. THE STATE**
21 **TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM ANY SOURCE FOR**
22 **DEPOSIT INTO THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND. THE**
23 **STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE DISTRESSED**
24 **DISTRICTS EMERGENCY GRANT FUND AND SHALL CREDIT TO THE DISTRESSED**
25 **DISTRICTS EMERGENCY GRANT FUND INTEREST AND EARNINGS FROM THE FUND.**

26 **(3) SUBJECT TO SUBSECTION (4), A DISTRICT IS ELIGIBLE TO**
27 **RECEIVE A GRANT FROM THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND**

1 IF EITHER OF THE FOLLOWING APPLIES:

2 (A) THE DISTRICT HAS ADOPTED A RESOLUTION AUTHORIZING THE
3 VOLUNTARY DISSOLUTION OF THE DISTRICT APPROVED BY THE STATE
4 TREASURER UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,
5 BUT THE DISSOLUTION HAS NOT YET TAKEN EFFECT UNDER THAT SECTION.

6 (B) THE DISTRICT IS A RECEIVING DISTRICT UNDER SECTION 12 OF
7 THE REVISED SCHOOL CODE, MCL 380.12, AND THE DISTRICT ENROLLS
8 PUPILS WHO WERE PREVIOUSLY ENROLLED IN A DISTRICT THAT WAS
9 DISSOLVED UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,
10 IN THE IMMEDIATELY PRECEDING SCHOOL YEAR.

11 (4) A DISTRICT RECEIVING FUNDS UNDER SECTION 20G IS NOT
12 ELIGIBLE TO RECEIVE FUNDS UNDER THIS SECTION.

13 (5) THE AMOUNT OF A GRANT UNDER THIS SECTION SHALL BE
14 DETERMINED BY THE STATE TREASURER AFTER CONSULTATION WITH THE
15 SUPERINTENDENT OF PUBLIC INSTRUCTION, BUT SHALL NOT EXCEED THE
16 ESTIMATED AMOUNT OF REMAINING DISTRICT COSTS IN EXCESS OF AVAILABLE
17 REVENUES, INCLUDING, BUT NOT LIMITED TO, PAYROLL, BENEFITS,
18 RETIREMENT SYSTEM CONTRIBUTIONS, PUPIL TRANSPORTATION, FOOD
19 SERVICES, SPECIAL EDUCATION, BUILDING SECURITY, AND OTHER COSTS
20 NECESSARY TO ALLOW THE DISTRICT TO OPERATE SCHOOLS DIRECTLY AND
21 PROVIDE PUBLIC EDUCATION SERVICES UNTIL THE END OF THE CURRENT
22 SCHOOL FISCAL YEAR. FOR A DISTRICT THAT MEETS THE ELIGIBILITY
23 CRITERIA UNDER SUBSECTION (3) (B), THE AMOUNT OF THE GRANT SHALL BE
24 DETERMINED IN THE SAME MANNER AS TRANSITION COSTS UNDER SECTION
25 20G.

26 (6) BEFORE DISBURSING FUNDS UNDER THIS SECTION, THE STATE
27 TREASURER SHALL NOTIFY THE HOUSE AND SENATE APPROPRIATIONS

1 SUBCOMMITTEES ON SCHOOL AID AND THE HOUSE AND SENATE FISCAL
2 AGENCIES. THE NOTIFICATION SHALL INCLUDE, BUT NOT BE LIMITED TO,
3 THE DISTRICT RECEIVING FUNDS UNDER THIS SECTION, THE AMOUNT OF THE
4 FUNDS AWARDED UNDER THIS SECTION, AN EXPLANATION OF THE DISTRICT
5 CONDITIONS THAT NECESSITATE FUNDING UNDER THIS SECTION, AND THE
6 INTENDED USE OF FUNDS DISBURSED UNDER THIS SECTION.

7 (7) MONEY IN THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND AT
8 THE CLOSE OF A FISCAL YEAR SHALL REMAIN IN THE DISTRESSED DISTRICTS
9 EMERGENCY GRANT FUND AND SHALL NOT LAPSE TO THE STATE SCHOOL AID
10 FUND OR TO THE GENERAL FUND.

11 Sec. 12. It is the intent of the legislature to appropriate
12 and allocate for the fiscal year ending September 30, ~~2015~~—2016 the
13 same amounts of money from the same sources for the same purposes
14 as are appropriated and allocated under this article for the fiscal
15 year ending September 30, ~~2014~~—2015, as adjusted for changes in
16 pupil membership, taxable values, special education costs, interest
17 costs, **RETIREMENT COSTS**, and available revenue. These adjustments
18 will be determined after the January ~~2014~~—2015 consensus revenue
19 estimating conference.

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

1 article, state aid overpayments to a district, other than
2 overpayments in payments for special education or special education
3 transportation, may be recovered from any payment made under this
4 article other than a special education or special education
5 transportation payment, from the proceeds of a loan to the district
6 under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to
7 141.942, or from the proceeds of millage levied or pledged under
8 section 1211 of the revised school code, MCL 380.1211. State aid
9 overpayments made in special education or special education
10 transportation payments may be recovered from subsequent special
11 education or special education transportation payments, from the
12 proceeds of a loan to the district under the emergency municipal
13 loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds
14 of millage levied or pledged under section 1211 of the revised
15 school code, MCL 380.1211.

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

1 authorized under this article if the district would otherwise
2 experience a significant hardship in satisfying its financial
3 obligations.

4 (3) If, **BASED ON AN AUDIT BY THE DEPARTMENT OR THE**
5 **DEPARTMENT'S DESIGNEE OR** because of ~~the receipt of~~ new or updated
6 ~~data,~~ **INFORMATION RECEIVED BY THE DEPARTMENT,** the department
7 determines ~~during a fiscal year~~ that the amount paid to a district
8 or intermediate district under this article for **THE CURRENT FISCAL**
9 **YEAR OR** a prior fiscal year was incorrect, ~~under the law in effect~~
10 ~~for that year,~~ the department ~~may~~ **SHALL** make the appropriate
11 deduction or payment in the district's or intermediate district's
12 allocation ~~for the fiscal year in which the determination is made.~~
13 **IN THE NEXT APPORTIONMENT AFTER THE ADJUSTMENT IS FINALIZED.** The
14 deduction or payment shall be calculated according to the law in
15 effect in the fiscal year in which the ~~improper~~ **INCORRECT** amount
16 was paid. If the district does not receive an allocation for the
17 fiscal year or if the allocation is not sufficient to pay the
18 amount of any deduction, the amount of any deduction otherwise
19 applicable shall be satisfied from the proceeds of a loan to the
20 district under the emergency municipal loan act, 1980 PA 243, MCL
21 141.931 to 141.942, or from the proceeds of millage levied or
22 pledged under section 1211 of the revised school code, MCL
23 380.1211, as determined by the department.

24 (4) **THE DEPARTMENT MAY CONDUCT AUDITS, OR MAY DIRECT AUDITS BY**
25 **DESIGNEE OF THE DEPARTMENT, FOR THE CURRENT FISCAL YEAR AND THE**
26 **IMMEDIATELY PRECEDING 3 FISCAL YEARS OF ALL RECORDS RELATED TO A**
27 **PROGRAM FOR WHICH A DISTRICT OR INTERMEDIATE DISTRICT HAS RECEIVED**

1 **FUNDS UNDER THIS ARTICLE.**

2 (5) ~~(4)~~—Expenditures made by the department under this article
3 that are caused by the write-off of prior year accruals may be
4 funded by revenue from the write-off of prior year accruals.

5 (6) ~~(5)~~—In addition to funds appropriated in section 11 for
6 all programs and services, there is appropriated for ~~2013-2014~~
7 **2014-2015** for obligations in excess of applicable appropriations an
8 amount equal to the collection of overpayments, but not to exceed
9 amounts available from overpayments.

10 Sec. 17a. (1) The department may withhold all or part of any
11 payment that a district or intermediate district is entitled to
12 receive under this ~~act~~**ARTICLE** to the extent the withholdings are a
13 component part of a plan, developed and implemented pursuant to the
14 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
15 141.2821, **THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243, MCL**
16 **141.931 TO 141.942, THE LOCAL FINANCIAL STABILITY AND CHOICE ACT,**
17 **2012 PA 436, MCL 141.1541 TO 141.1575,** or other statutory
18 authority, for financing an outstanding obligation upon which the
19 district or intermediate district defaulted **OR FOR OTHER FINANCIAL**
20 **OBLIGATIONS OF THE DISTRICT OR INTERMEDIATE DISTRICT.** Amounts
21 withheld shall be used to pay, on behalf of the district or
22 intermediate district, unpaid amounts or subsequently due amounts,
23 or both, of principal and interest on the outstanding obligation
24 upon which the district or intermediate district defaulted.

25 (2) The state treasurer may withhold all or part of any
26 payment that a district or intermediate district is entitled to
27 receive under this ~~act~~**ARTICLE** to the extent authorized or required

1 under section 15 of the school bond qualification, approval, and
2 loan act, 2005 PA 92, MCL 388.1935, **THE EMERGENCY MUNICIPAL LOAN**
3 **ACT, 1980 PA 243, MCL 141.931 TO 141.942, THE LOCAL FINANCIAL**
4 **STABILITY AND CHOICE ACT, 2012 PA 436, MCL 141.1541 TO 141.1575, OR**
5 **OTHER STATUTORY AUTHORITY.**

6 (3) Under an agreement entered into by a district or
7 intermediate district assigning all or a portion of the payment
8 that it is eligible to receive under this ~~act~~ **ARTICLE** to the
9 Michigan finance authority or to the trustee of a pooled
10 arrangement or pledging the amount for payment of an obligation it
11 incurred with the Michigan finance authority or with the trustee of
12 a pooled arrangement, the state treasurer shall transmit to the
13 Michigan finance authority or a trustee designated by the Michigan
14 finance authority or to the trustee of a pooled arrangement **OR**
15 **OTHER DESIGNATED DEPOSITORY** the amount of the payment that is
16 assigned or pledged under the agreement.

17 (4) If a district or intermediate district for which an
18 emergency manager ~~has been appointed pursuant to~~ **IS IN PLACE UNDER**
19 the local financial stability and choice act, 2012 PA 436, MCL
20 141.1541 to 141.1575, or that has an approved deficit elimination
21 plan **OR AN APPROVED ENHANCED DEFICIT ELIMINATION PLAN** under section
22 102, enters into or has entered into an agreement described in
23 subsection (3) pursuant to section 1225(2) of the revised school
24 code, MCL 380.1225, whether the obligation was issued before or
25 after the effective date of this subsection, the portion of state
26 school aid paid or to be paid on behalf of the district or
27 intermediate district directly to the Michigan finance authority,

1 or to a trustee designated by the Michigan finance authority, for
2 the sole purpose of paying the principal of and interest on the
3 obligation is subject to a lien and trust that is a statutory lien
4 and trust, paramount and superior to all other liens and interests
5 of any kind, for the sole purpose of paying the principal of and
6 interest on the obligation. The statutory lien and trust applies to
7 the state school aid received or to be received by the Michigan
8 finance authority, or trustee designated by the Michigan finance
9 authority, on behalf of the district or intermediate district,
10 immediately upon the later of the effective date of this subsection
11 or the time when the state school aid is allocated to the district
12 or intermediate district, but is subject to any subsequent
13 reduction of the state school aid allocation by operation of law or
14 executive order. The lien and trust imposed by this section with
15 respect to state school aid has a priority as established in the
16 agreement, except that the agreement shall not impair any existing
17 lien and trust previously created pursuant to this section,
18 including any lien and trust applicable to a multi-year repayment
19 agreement under section 1225 of the revised school code, MCL
20 380.1225. Except as otherwise provided in this subsection, the lien
21 and trust created under this subsection for the benefit of holders
22 of the obligation issued pursuant to this section is valid and
23 binding against a party having a claim of any kind in tort,
24 contract, or otherwise against the district or intermediate
25 district that has issued the obligation secured by a pledge of
26 state school aid pursuant to this section, regardless of whether
27 that party has notice of the pledge. A pledge made pursuant to this

1 section for the benefit of the holders of obligations or others is
2 perfected without delivery, recording, or notice. The state school
3 aid paid or to be paid on behalf of a district or intermediate
4 district to the Michigan finance authority, or trustee designated
5 by the Michigan finance authority, shall be held in trust for the
6 sole benefit of the holders of the obligation issued pursuant to
7 this section or section 1225 of the revised school code, MCL
8 380.1225, and is exempt from being levied upon, taken, sequestered,
9 or applied toward paying the debts or liabilities of the district
10 or intermediate district other than for payment of the obligation
11 to which the lien applies. However, nothing in this subsection
12 alters the ability of the state treasurer to withhold state school
13 aid from a district or intermediate district as provided by law.

14 (5) Notwithstanding the payment dates prescribed by this ~~act~~
15 **ARTICLE** for distributions under this ~~act~~, **ARTICLE**, the state
16 treasurer may advance all or part of a payment that is dedicated
17 for distribution or for which the appropriation authorizing the
18 payment has been made if and to the extent, under the terms of an
19 agreement entered into by a district or intermediate district and
20 the Michigan finance authority, the payment that the district or
21 intermediate district is eligible to receive has been assigned to
22 or pledged for payment of an obligation it incurred with the
23 Michigan finance authority.

24 (6) This section does not require the state to make an
25 appropriation to any school district or intermediate school
26 district and shall not be construed as creating an indebtedness of
27 the state, and any agreement made pursuant to this section shall

1 contain a statement to that effect.

2 (7) As used in this section, "trustee of a pooled arrangement"
3 means the trustee of a trust approved by the state treasurer and,
4 subject to the conditions and requirements of that approval,
5 established for the purpose of offering for sale, as part of a
6 pooled arrangement, certificates representing undivided interests
7 in notes issued by districts or intermediate districts under
8 section 1225 of the revised school code, MCL 380.1225.

9 (8) If a trustee applies to the state treasurer for approval
10 of a trust for the purposes of this section, the state treasurer
11 shall approve or disapprove the trust within 10 days after receipt
12 of the application.

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, other supplies, and any other school
19 operating expenditures defined in section 7. However, not more than
20 20% of the total amount received by a district **UNDER SECTIONS 22A**
21 **AND 22B** or **RECEIVED BY AN** intermediate district under ~~this article~~
22 **SECTION 81** may be transferred by the board to either the capital
23 projects fund or to the debt retirement fund for debt service. The
24 money shall not be applied or taken for a purpose other than as
25 provided in this section. The department shall determine the
26 reasonableness of expenditures and may withhold from a recipient of
27 funds under this article the apportionment otherwise due upon a

1 violation by the recipient.

2 (2) Within ~~30~~15 days after a board adopts its annual
3 operating budget for the following school fiscal year, or after a
4 board adopts a subsequent revision to that budget, the district
5 shall make all of the following available through a link on its
6 website home page, or may make the information available through a
7 link on its intermediate district's website home page, in a form
8 and manner 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 **(G) ANY DEFICIT ELIMINATION PLAN OR ENHANCED DEFICIT**
22 **ELIMINATION PLAN THE DISTRICT WAS REQUIRED TO SUBMIT UNDER THIS**
23 **ARTICLE.**

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

1 (4) For the ~~purpose~~**PURPOSES** of determining the reasonableness
2 of expenditures, **WHETHER A DISTRICT OR INTERMEDIATE DISTRICT HAS**
3 **RECEIVED THE PROPER AMOUNT OF FUNDS UNDER THIS ARTICLE,** and whether
4 a violation of this article has occurred, all of the following
5 apply:

6 (a) The department shall require that each district and
7 intermediate district have an audit of the district's or
8 intermediate district's financial and pupil accounting records
9 conducted at least annually, **AND AT SUCH OTHER TIMES AS DETERMINED**
10 **BY THE DEPARTMENT,** at the expense of the district or intermediate
11 district, as applicable. ~~THE AUDITS MUST BE PERFORMED~~ by a
12 certified public accountant or by the intermediate district
13 superintendent, as may be required by the department, or in the
14 case of a district of the first class by a certified public
15 accountant, the intermediate superintendent, or the auditor general
16 of the city. **A DISTRICT OR INTERMEDIATE DISTRICT SHALL RETAIN THESE**
17 **RECORDS FOR THE CURRENT FISCAL YEAR AND FROM AT LEAST THE 3**
18 **IMMEDIATELY PRECEDING FISCAL YEARS.**

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

1 fiscal year varies from the district's membership for the
2 immediately preceding fiscal year by less than 5%.

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

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

11 (e) All of the following shall be done not later than November
12 ~~15~~-1 each year:

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

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

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

21 (f) The annual financial audit reports and pupil accounting
22 procedures reports shall be available to the public in compliance
23 with the freedom of information act, 1976 PA 442, MCL 15.231 to
24 15.246.

25 (g) Not later than January 31 of each year, the department
26 shall notify the state budget director and the legislative
27 appropriations subcommittees responsible for review of the school

1 aid budget of districts and intermediate districts that have not
2 filed an annual financial audit and pupil accounting procedures
3 report required under this section for the school year ending in
4 the immediately preceding fiscal year.

5 (5) By November ~~15~~ 1 of each year, each district and
6 intermediate district shall submit to the center, in a manner
7 prescribed by the center, annual comprehensive financial data
8 consistent with accounting manuals and charts of accounts approved
9 and published by the department. For an intermediate district, the
10 report shall also contain the website address where the department
11 can access the report required under section 620 of the revised
12 school code, MCL 380.620. The department shall ensure that the
13 prescribed Michigan public school accounting manual chart of
14 accounts includes standard conventions to distinguish expenditures
15 by allowable fund function and object. The functions shall include
16 at minimum categories for instruction, pupil support, instructional
17 staff support, general administration, school administration,
18 business administration, transportation, facilities operation and
19 maintenance, facilities acquisition, and debt service; and shall
20 include object classifications of salary, benefits, including
21 categories for active employee health expenditures, purchased
22 services, supplies, capital outlay, and other. Districts shall
23 report the required level of detail consistent with the manual as
24 part of the comprehensive annual financial report.

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

1 the manner prescribed by the department.

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

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

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

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

22 (11) Not later than September 1, ~~2014~~, **2015**, if a district or
23 intermediate district offers online learning, the district or
24 intermediate district shall submit to the department a report that
25 details the per-pupil costs of operating the online learning. The
26 report shall include at least all of the following information
27 concerning the operation of online learning for the school fiscal

1 year ending June 30, ~~2014~~**2015**:

2 (a) The name of the district operating the online learning and
3 of each district that enrolled students in the online learning.

4 (b) The total number of students enrolled in the online
5 learning and the total number of membership pupils enrolled in the
6 online learning.

7 (c) For each pupil who is enrolled in a district other than
8 the district offering online learning, the name of that district.

9 (d) The district in which the pupil was enrolled before
10 enrolling in the district offering online learning.

11 (e) The number of participating students who had previously
12 dropped out of school.

13 (f) The number of participating students who had previously
14 been expelled from school.

15 (g) The total cost to enroll a student in the program. This
16 cost shall be reported on a per-pupil, per-course, per-semester or
17 trimester basis. The total shall include costs broken down by cost
18 for training, personnel, hardware and software, payment to each
19 online learning provider, and other costs associated with operating
20 online learning.

21 (h) The name of each online education provider contracted by
22 the district and the state in which each online education provider
23 is headquartered.

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 establish and maintain a statewide P-20 longitudinal
4 data system.

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

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

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

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

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

17 (7) It is the intent of the legislature to implement not later
18 than ~~2014-2015~~, **2016-2017**, statewide standard reporting
19 requirements for education data approved by the department in
20 conjunction with the center. The department shall work with the
21 center, intermediate districts, districts, and other interested
22 stakeholders to develop recommendations on the implementation of
23 this policy change. A district or intermediate district shall
24 implement the statewide standard reporting requirements not later
25 than 2014-2015 or when a district or intermediate district updates
26 its education data reporting system, whichever is later.

27 Sec. 20. (1) For ~~2013-2014~~, **2014-2015**, **BOTH OF THE FOLLOWING**

1 **APPLY:**

2 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, the
3 basic foundation allowance is ~~\$8,049.00~~ **\$8,105.00**.

4 (B) THE MINIMUM FOUNDATION ALLOWANCE IS **\$7,188.00**.

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

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

12 (a) For a district that had a foundation allowance for the
13 immediately preceding state fiscal year that was ~~at least equal to~~
14 ~~the sum of \$7,108.00 plus the total dollar amount of all~~
15 ~~adjustments made from 2006-2007 to the immediately preceding state~~
16 ~~fiscal year in the lowest foundation allowance among all districts,~~
17 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**
18 **FISCAL YEAR**, but less than the basic foundation allowance for the
19 immediately preceding state fiscal year, the district shall receive
20 a foundation allowance in an amount equal to the sum of ~~the greater~~
21 ~~of \$6,966.00 or the district's foundation allowance for the~~
22 immediately preceding state fiscal year plus the difference between
23 twice the dollar amount of the adjustment from the immediately
24 preceding state fiscal year to the current state fiscal year made
25 in the basic foundation allowance and ~~[(the dollar amount of the~~
26 ~~adjustment from~~ **DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE**
27 **FOR THE CURRENT STATE FISCAL YEAR AND BASIC FOUNDATION ALLOWANCE**

1 ~~FOR the immediately preceding state fiscal year to the current~~
 2 ~~state fiscal year made in the basic foundation allowance minus~~
 3 ~~\$10.00) \$20.00)~~ times (the difference between the district's
 4 foundation allowance for the immediately preceding state fiscal
 5 year and the ~~sum of \$7,108.00 plus the total dollar amount of all~~
 6 ~~adjustments made from 2006-2007 to the immediately preceding state~~
 7 ~~fiscal year in the lowest foundation allowance among all districts)~~
 8 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**
 9 **FISCAL YEAR)** divided by the difference between the basic foundation
 10 allowance for the current state fiscal year and the ~~sum of~~
 11 ~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
 12 ~~2006-2007 to the immediately preceding state fiscal year in the~~
 13 ~~lowest foundation allowance among all districts]~~. For 2011-2012,
 14 ~~for a district that had a foundation allowance for the immediately~~
 15 ~~preceding state fiscal year that was at least equal to the sum of~~
 16 ~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
 17 ~~2006-2007 to the immediately preceding state fiscal year in the~~
 18 ~~lowest foundation allowance among all districts, but less than the~~
 19 ~~basic foundation allowance for the immediately preceding state~~
 20 ~~fiscal year, the district shall receive a foundation allowance in~~
 21 ~~an amount equal to the district's foundation allowance for 2010-~~
 22 ~~2011, minus \$470.00. MINIMUM FOUNDATION ALLOWANCE FOR THE~~
 23 **IMMEDIATELY PRECEDING STATE FISCAL YEAR]**. However, the foundation
 24 allowance for a district that had less than the basic foundation
 25 allowance for the immediately preceding state fiscal year shall not
 26 exceed the basic foundation allowance for the current state fiscal
 27 year. **FOR THE PURPOSES OF THIS SUBDIVISION, FOR 2014-2015, THE**

1 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**
2 **FISCAL YEAR SHALL BE CONSIDERED TO BE \$7,076.00.**

3 (b) Except as otherwise provided in this subsection, for a
4 district that in the immediately preceding state fiscal year had a
5 foundation allowance in an amount ~~at least equal~~ to the amount of
6 the basic foundation allowance for the immediately preceding state
7 fiscal year, the district shall receive a foundation allowance for
8 ~~2011-2012-2014-2015~~ in an amount equal to the ~~district's BASIC~~
9 foundation allowance for ~~2010-2011, minus \$470.00.2014-2015.~~

10 (c) ~~Except as otherwise provided in subdivision (d), for~~ **FOR** a
11 district that ~~in the 1994-95 state fiscal year~~ had a foundation
12 allowance **FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR THAT WAS**
13 greater than ~~\$6,500.00, THE BASIC FOUNDATION ALLOWANCE FOR THE~~
14 **IMMEDIATELY PRECEDING STATE FISCAL YEAR**, the district's foundation
15 allowance is an amount equal to the sum of the district's
16 foundation allowance for the immediately preceding state fiscal
17 year plus the lesser of the increase in the basic foundation
18 allowance for the current state fiscal year, as compared to the
19 immediately preceding state fiscal year, or the product of the
20 district's foundation allowance for the immediately preceding state
21 fiscal year times the percentage increase in the United States
22 consumer price index in the calendar year ending in the immediately
23 preceding fiscal year as reported by the May revenue estimating
24 conference conducted under section 367b of the management and
25 budget act, 1984 PA 431, MCL 18.1367b. ~~Except as otherwise provided~~
26 ~~in subdivision (d), for 2011-2012, for a district that in the 1994-~~
27 ~~1995 state fiscal year had a foundation allowance greater than~~

~~\$6,500.00, the district's foundation allowance is an amount equal to the district's foundation allowance for the 2010-2011 fiscal year minus \$470.00.~~

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

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

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

(E) ~~(g)~~ For a district that received a payment under section 22c as that section was in effect for ~~2006-2007~~, **2013-2014**, the district's ~~2006-2007~~ **2013-2014** foundation allowance shall be considered to have been an amount equal to the sum of the district's actual ~~2006-2007~~ **2013-2014** foundation allowance as otherwise calculated under this section plus the per pupil amount

1 of the district's equity payment for ~~2006-2007-2013-2014~~ under
 2 section 22c as that section was in effect for ~~2006-2007-2013-2014~~.

3 ~~—— (h) For 2012-2013, for a district that had a foundation~~
 4 ~~allowance for the 2011-2012 state fiscal year of less than~~
 5 ~~\$6,966.00, the district's foundation allowance is an amount equal~~
 6 ~~to \$6,966.00.~~

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

~~certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts~~ **LOCAL PORTION OF THE DISTRICT'S FOUNDATION**

ALLOWANCE divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. For a receiving district, if school operating taxes continue to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, the taxable value per membership pupil of property in the receiving district used for the purposes of this subsection ~~7~~ does not include the taxable value of property within the geographic area of the dissolved district.

(5) The allocation calculated under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. For a pupil enrolled pursuant to section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is

1 enrolled in another district in a grade not offered by the pupil's
2 district of residence, the allocation calculated under this section
3 shall be based on the foundation allowance of the educating
4 district if the educating district's foundation allowance is
5 greater than the foundation allowance of the pupil's district of
6 residence.

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

1 instruction required under section 101(3). The result of this
2 calculation shall not exceed the amount per membership pupil
3 otherwise calculated under this subsection.

4 (7) Except as otherwise provided in this subsection, for
5 pupils attending an achievement school and in membership in the
6 education achievement system, other than special education pupils,
7 the allocation calculated under this section is an amount per
8 membership pupil other than special education pupils equal to the
9 foundation allowance of the district in which the achievement
10 school is located, not to exceed the basic foundation allowance.
11 Notwithstanding section 101, for an achievement school that begins
12 operation after the pupil membership count day, the amount per
13 membership pupil calculated under this subsection shall be adjusted
14 by multiplying that amount per membership pupil by the number of
15 hours of pupil instruction provided by the achievement school after
16 it begins operations, as determined by the department, divided by
17 the minimum number of hours of pupil instruction required under
18 section 101(3). The result of this calculation shall not exceed the
19 amount per membership pupil otherwise calculated under this
20 subsection. For the purposes of this subsection, if a public school
21 is transferred from a district to the state school reform/redesign
22 district or the achievement authority under section 1280c of the
23 revised school code, MCL 380.1280c, that public school is
24 considered to be an achievement school within the education
25 achievement system and not a school that is part of a district, and
26 a pupil attending that public school is considered to be in
27 membership in the education achievement system and not in

1 membership in the district that operated the school before the
2 transfer.

3 (8) Subject to subsection (4), for a district that is formed
4 or reconfigured after June 1, 2002 by consolidation of 2 or more
5 districts or by annexation, the resulting district's foundation
6 allowance under this section beginning after the effective date of
7 the consolidation or annexation shall be the lesser of the sum of
8 the average of the foundation allowances of each of the original or
9 affected districts, calculated as provided in this section,
10 weighted as to the percentage of pupils in total membership in the
11 resulting district who reside in the geographic area of each of the
12 original or affected districts plus \$100.00 or the highest
13 foundation allowance among the original or affected districts. This
14 subsection does not apply to a receiving district unless there is a
15 subsequent consolidation or annexation that affects the district.

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

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

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

1 and an index as follows:

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

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

1 senate subcommittees responsible for school aid appropriations not
2 later than 7 days after the conclusion of the revenue conference.

3 (c) The index shall be calculated by multiplying the pupil
4 membership factor by the revenue adjustment factor. If a consensus
5 index is not determined at the revenue estimating conference, the
6 principals of the revenue estimating conference shall report their
7 estimates to the house and senate subcommittees responsible for
8 school aid appropriations not later than 7 days after the
9 conclusion of the revenue conference.

10 ~~—— (12) For a district that received a grant under former section~~
11 ~~32e for 2001-2002, the district's foundation allowance for 2002-~~
12 ~~2003 and each succeeding fiscal year shall be adjusted to be an~~
13 ~~amount equal to the sum of the district's foundation allowance, as~~
14 ~~otherwise calculated under this section, plus the quotient of 100%~~
15 ~~of the amount of the grant award to the district for 2001-2002~~
16 ~~under former section 32e divided by the number of pupils in the~~
17 ~~district's membership for 2001-2002 who were residents of and~~
18 ~~enrolled in the district. All of the following apply to districts~~
19 ~~receiving a foundation allowance adjustment under this subsection:~~

20 ~~—— (a) Except as otherwise provided in this subdivision, a~~
21 ~~district qualifying for a foundation allowance adjustment under~~
22 ~~this subsection shall use the funds resulting from this adjustment~~
23 ~~for at least 1 of grades K to 3 for purposes allowable under former~~
24 ~~section 32e as in effect for 2001-2002. For an individual school or~~
25 ~~schools operated by a district qualifying for a foundation~~
26 ~~allowance adjustment under this subsection that have been~~
27 ~~determined by the department to meet the adequate yearly progress~~

~~standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subdivision. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.~~

~~—— (b) A district receiving an adjustment under this subsection shall not receive as a result of this adjustment an amount that exceeds 68.5% of the amount the district received as a result of this adjustment for 2010-2011.~~

~~—— (c) Notwithstanding subsection (8), for a district that is formed or reconfigured by consolidation of 2 or more districts, 1 of which received an adjustment under this subsection for 2012-2013, the resulting district's foundation allowance for 2013-2014~~

~~and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the resulting district's foundation allowance as calculated under subsection (8) excluding any adjustment calculated under this subsection plus [(the original district's adjustment under this subsection in 2012-2013 times the number of pupils in the original district's membership for 2012-2013) divided by the number of pupils in the resulting district's membership for 2013-2014].~~

~~—— (d) Beginning in 2013-2014, for a district that received an adjustment for the immediately preceding fiscal year and that had a foundation allowance as adjusted by this subsection for the immediately preceding fiscal year equal to \$6,966.00, the district shall not receive an adjustment under this section for the current fiscal year.~~

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

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

(14) ~~(15)~~ As used in this section:

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

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

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

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

10 (e) "Dissolved district" means a district that loses its
11 organization, has its territory attached to 1 or more other
12 districts, and is dissolved as provided under section 12 of the
13 revised school code, MCL 380.12.

14 (f) "Immediately preceding state fiscal year" means the state
15 fiscal year immediately preceding the current state fiscal year.

16 **(G) "LOCAL PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE"**
17 **MEANS AN AMOUNT THAT IS EQUAL TO THE DIFFERENCE BETWEEN (THE SUM OF**
18 **THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF ALL**
19 **PROPERTY IN THE DISTRICT THAT IS NONEXEMPT PROPERTY TIMES THE**
20 **DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS**
21 **EXCEEDING 12, THE PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL**
22 **OF PROPERTY IN THE DISTRICT THAT IS COMMERCIAL PERSONAL PROPERTY**
23 **TIMES THE CERTIFIED MILLS MINUS 12 MILLS) AND (THE QUOTIENT OF THE**
24 **PRODUCT OF THE CAPTURED ASSESSED VALUATION UNDER TAX INCREMENT**
25 **FINANCING ACTS TIMES THE DISTRICT'S CERTIFIED MILLS DIVIDED BY THE**
26 **DISTRICT'S MEMBERSHIP EXCLUDING SPECIAL EDUCATION PUPILS).**

27 **(H) ~~(g)~~**—"Local school operating revenue" means school

operating taxes levied under section 1211 of the revised school code, MCL 380.1211. For a receiving district, if school operating taxes are to be levied on behalf of a dissolved district that has been attached in whole or in part to the receiving district to satisfy debt obligations of the dissolved district under section 12 of the revised school code, MCL 380.12, local school operating revenue does not include school operating taxes levied within the geographic area of the dissolved district.

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

(J) ~~(i)~~—"Maximum public school academy allocation", except as otherwise provided in this subdivision, means the maximum per-pupil allocation as calculated by adding the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the ~~dollar amount of the adjustment from~~ **AMOUNT OF THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND THE BASIC FOUNDATION FOR** the immediately preceding state fiscal year ~~to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from~~ **AMOUNT OF THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND THE BASIC FOUNDATION FOR** the immediately preceding state fiscal year ~~to the current state fiscal year made in the basic foundation allowance minus \$10.00)~~ **\$20.00)** times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding

1 state fiscal year and the ~~sum of \$7,108.00 plus the total dollar~~
 2 ~~amount of all adjustments made from 2006-2007 to the immediately~~
 3 ~~preceding state fiscal year in the lowest per pupil allocation~~
 4 ~~among all public school academies)~~ **MINIMUM FOUNDATION ALLOWANCE FOR**
 5 **THE IMMEDIATELY PRECEDING STATE FISCAL YEAR)** divided by the
 6 difference between the basic foundation allowance for the current
 7 state fiscal year and the ~~sum of \$7,108.00 plus the total dollar~~
 8 ~~amount of all adjustments made from 2006-2007 to the immediately~~
 9 ~~preceding state fiscal year in the lowest per pupil allocation~~
 10 ~~among all public school academies]~~ **MINIMUM FOUNDATION ALLOWANCE FOR**
 11 **THE IMMEDIATELY PRECEDING STATE FISCAL YEAR]**. FOR THE PURPOSES OF
 12 THIS SUBDIVISION, FOR 2014-2015, THE MINIMUM FOUNDATION ALLOWANCE
 13 FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR SHALL BE CONSIDERED
 14 TO BE \$7,076.00.

15 (K) ~~(j)~~—"Membership" means the definition of that term under
 16 section 6 as in effect for the particular fiscal year for which a
 17 particular calculation is made.

18 (I) ~~(k)~~—"Nonexempt property" means property that is not a
 19 principal residence, qualified agricultural property, qualified
 20 forest property, supportive housing property, industrial personal
 21 property, or commercial personal property.

22 (M) ~~(l)~~—"Principal residence", "qualified agricultural
 23 property", "qualified forest property", "supportive housing
 24 property", "industrial personal property", and "commercial personal
 25 property" mean those terms as defined in section 1211 of the
 26 revised school code, MCL 380.1211.

27 (N) ~~(m)~~—"Receiving district" means a district to which all or

1 part of the territory of a dissolved district is attached under
2 section 12 of the revised school code, MCL 380.12.

3 (O) ~~(n)~~—"School operating purposes" means the purposes
4 included in the operation costs of the district as prescribed in
5 sections 7 and 18 and purposes authorized under section 1211 of the
6 revised school code, MCL 380.1211.

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

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

17 (R) ~~(q)~~—"Taxable value per membership pupil" means taxable
18 value, as certified by the ~~department of treasury,~~ **COUNTY TREASURER**
19 **AND REPORTED TO THE DEPARTMENT,** for the calendar year ending in the
20 current state fiscal year divided by the district's membership
21 excluding special education pupils for the school year ending in
22 the current state fiscal year.

23 Sec. 20d. In making the final determination required under
24 former section 20a of a district's combined state and local revenue
25 per membership pupil in 1993-94 and in making calculations under
26 section 20 for ~~2013-2014,~~ **2014-2015,** the department and the
27 department of treasury shall comply with all of the following:

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

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

1 had pupils attending the intermediate district center program
 2 operated by the district that had the adjustment shall be
 3 calculated as if their combined state and local revenue per
 4 membership pupil for 1993-94 included resident pupils attending the
 5 center program and excluded nonresident pupils attending the center
 6 program.

7 Sec. 20f. (1) From the funds appropriated in section 11, there
 8 is allocated an amount not to exceed \$6,000,000.00 for ~~2013-2014~~
 9 **2014-2015** for payments to eligible districts under this section. A
 10 district is eligible for funding under this section **IF THE DISTRICT**
 11 **RECEIVED A PAYMENT UNDER THIS SECTION AS IT WAS IN EFFECT FOR 2013-**
 12 **2014. A DISTRICT WAS ELIGIBLE FOR FUNDING IN 2013-2014** if the sum
 13 of the following ~~is~~ **WAS** less than \$5.00:

14 (a) The increase in the district's foundation allowance or per
 15 pupil payment as calculated under section 20 from 2012-2013 to
 16 2013-2014.

17 (b) The district's equity payment per membership pupil under
 18 section 22c **FOR 2013-2014.**

19 (c) The quotient of the district's allocation under section
 20 147a for 2012-2013 divided by the district's membership pupils for
 21 2012-2013 minus the quotient of the district's allocation under
 22 section 147a for 2013-2014 divided by the district's membership
 23 pupils for 2013-2014.

24 (2) The amount allocated to each eligible district under this
 25 section is an amount per membership pupil equal to ~~\$5.00 minus the~~
 26 ~~sum of the following.~~ **THE AMOUNT PER MEMBERSHIP PUPIL THE DISTRICT**
 27 **RECEIVED IN 2013-2014.**

~~1 (a) The increase in the district's foundation allowance or per
2 pupil payment as calculated under section 20 from 2012-2013 to
3 2013-2014.~~

~~4 (b) The district's equity payment per membership pupil under
5 section 22c.~~

~~6 (c) The quotient of the district's allocation under section
7 147a for 2012-2013 divided by the district's membership pupils for
8 2012-2013 minus the quotient of the district's allocation under
9 section 147a for 2013-2014 divided by the district's membership
10 pupils for 2013-2014.~~

**(3) IF THE ALLOCATION UNDER SUBSECTION (1) IS INSUFFICIENT TO
FULLY FUND PAYMENTS AS OTHERWISE CALCULATED UNDER THIS SECTION, THE
DEPARTMENT SHALL PRORATE PAYMENTS UNDER THIS SECTION ON AN EQUAL
PER-PUPIL BASIS.**

Sec. 20g. (1) From the ~~general fund money~~ **FUNDS** appropriated
under section 11, there is allocated an amount not to exceed
\$2,200,000.00 for ~~2013-2014~~ **2014-2015** for grants to eligible
districts **THAT FIRST RECEIVED PAYMENTS UNDER THIS SECTION IN 2013-**
2014 for transition costs related to the enrollment of pupils who
were previously enrolled in a district that was dissolved under
section 12 of the revised school code, MCL 380.12. ~~It is the intent
of the legislature to continue this transition funding~~ **PAYMENTS
UNDER THIS SECTION SHALL CONTINUE** for a total of 4 fiscal years
following the dissolution of a district, **AFTER WHICH THE PAYMENTS
SHALL CEASE.**

(2) A receiving school district, as that term is defined in
section 12 of the revised school code, MCL 380.12, is an eligible

1 district under this section.

2 (3) The amount allocated to each eligible district under this
3 section is an amount equal to the product of the number of
4 membership pupils enrolled in the eligible district who were
5 previously enrolled in the dissolved district in the school year
6 immediately preceding the dissolution, or who reside in the
7 geographic area of the dissolved district and are entering
8 kindergarten, times 10.0% of the lesser of the foundation allowance
9 of the eligible district as calculated under section 20 or the
10 basic foundation allowance under section 20(1).

11 Sec. 21f. (1) A pupil enrolled in a district in any of grades
12 5-7 to 12 is eligible to enroll in an online course as provided for
13 in this section. ~~However, this section does not apply to a pupil~~
14 ~~enrolled in a school of excellence that is a cyber school, as~~
15 ~~defined in section 551 of the revised school code, MCL 380.551.~~

16 (2) With the consent of the pupil's parent or legal guardian,
17 a district shall enroll an eligible pupil in up to 2 online courses
18 as requested by the pupil during an academic term, semester, or
19 trimester. ~~It is the intent of the legislature to consider~~
20 ~~increasing the limit on the number of online courses that a pupil~~
21 ~~may enroll in beginning in 2014-2015 for pupils who have~~
22 ~~demonstrated previous success with online courses. UNLESS THE PUPIL~~
23 ~~IS NEWLY ENROLLED IN THE DISTRICT, THE REQUEST FOR ONLINE COURSE~~
24 ~~ENROLLMENT MUST BE MADE IN THE ACADEMIC TERM, SEMESTER, OR~~
25 ~~TRIMESTER IMMEDIATELY PRECEDING THE ENROLLMENT. A DISTRICT MAY NOT~~
26 ~~ESTABLISH ADDITIONAL REQUIREMENTS THAT WOULD PROHIBIT A PUPIL FROM~~
27 ~~TAKING AN ONLINE COURSE. IF A PUPIL HAS DEMONSTRATED PREVIOUS~~

1 **SUCCESS WITH ONLINE COURSES AND THE SCHOOL LEADERSHIP AND THE**
2 **PUPIL'S PARENT OR LEGAL GUARDIAN DETERMINE THAT IT IS IN THE BEST**
3 **INTEREST OF THE PUPIL, A PUPIL MAY BE ENROLLED IN MORE THAN 2**
4 **ONLINE COURSES IN A SPECIFIC ACADEMIC TERM, SEMESTER, OR TRIMESTER.**

5 Consent of the pupil's parent or legal guardian is not required if
6 the pupil is at least age 18 or is an emancipated minor.

7 (3) An eligible pupil may enroll in an online course published
8 in the pupil's educating district's catalog of online courses
9 described in subsection (7)(a) or the statewide catalog of online
10 courses maintained by the Michigan virtual university pursuant to
11 section 98.

12 (4) A district shall determine whether or not it has capacity
13 to accept applications for enrollment from nonresident applicants
14 in online courses and may use that limit as the reason for refusal
15 to enroll an applicant. If the number of nonresident applicants
16 eligible for acceptance in an online course does not exceed the
17 capacity of the district to provide the online course, the district
18 shall accept for enrollment all of the nonresident applicants
19 eligible for acceptance. If the number of nonresident applicants
20 exceeds the district's capacity to provide the online course, the
21 district shall use a random draw system, subject to the need to
22 abide by state and federal antidiscrimination laws and court
23 orders.

24 (5) A district may deny a pupil enrollment in an online course
25 if any of the following apply, as determined by the district:

26 (a) The pupil has previously gained the credits provided from
27 the completion of the online course.

1 (b) The online course is not capable of generating academic
2 credit.

3 (c) The online course is inconsistent with the remaining
4 graduation requirements or career interests of the pupil.

5 (d) The pupil does not possess the prerequisite knowledge and
6 skills to be successful in the online course or has demonstrated
7 failure in previous online coursework in the same subject.

8 (e) The online course is of insufficient quality or rigor. A
9 district that denies a pupil enrollment for this reason shall make
10 a reasonable effort to assist the pupil to find an alternative
11 course in the same or a similar subject that is of acceptable rigor
12 and quality.

13 **(F) THE COST OF THE ONLINE COURSE EXCEEDS THE AMOUNT**
14 **IDENTIFIED IN SUBSECTION (8).**

15 **(G) THE ONLINE COURSE ENROLLMENT REQUEST DOES NOT OCCUR WITHIN**
16 **THE SAME TIMELINES ESTABLISHED BY THE DISTRICT FOR ENROLLMENT AND**
17 **SCHEDULE CHANGES FOR REGULAR COURSES.**

18 (6) If a pupil is denied enrollment in an online course by a
19 district, the pupil may appeal the denial by submitting a letter to
20 the superintendent of the intermediate district in which the
21 pupil's educating district is located. The letter of appeal shall
22 include the reason provided by the district for not enrolling the
23 pupil and the reason why the pupil is claiming that the enrollment
24 should be approved. The intermediate district superintendent or
25 designee shall respond to the appeal within 5 days after it is
26 received. If the intermediate district superintendent or designee
27 determines that the denial of enrollment does not meet 1 or more of

1 the reasons specified in subsection (5), the district shall allow
2 the pupil to enroll in the online course.

3 (7) To offer or provide an online course **UNDER THIS SECTION**, a
4 district **OR INTERMEDIATE DISTRICT** shall do all of the following:

5 (a) Provide the Michigan virtual university with the course
6 syllabus in a form and method prescribed by the Michigan virtual
7 university for inclusion in a statewide online course catalog. The
8 district **OR INTERMEDIATE DISTRICT** shall also provide on its
9 publicly accessible website a link to the course syllabi for all of
10 the online courses offered by the district **OR INTERMEDIATE DISTRICT**
11 and a link to the statewide catalog of online courses maintained by
12 the Michigan virtual university.

13 (b) Offer the online course on an open entry and exit method,
14 or aligned to a semester, trimester, or accelerated academic term
15 format.

16 (C) **NOT LATER THAN OCTOBER 1, 2014, PROVIDE THE MICHIGAN**
17 **VIRTUAL UNIVERSITY WITH THE NUMBER OF ENROLLMENTS IN EACH ONLINE**
18 **COURSE THE DISTRICT OR INTERMEDIATE DISTRICT OFFERED TO PUPILS**
19 **PURSUANT TO THIS SECTION IN THE IMMEDIATELY PRECEDING SCHOOL YEAR,**
20 **AND THE NUMBER OF ENROLLMENTS IN WHICH THE PUPIL EARNED 60% OR MORE**
21 **OF THE TOTAL COURSE POINTS FOR EACH ONLINE COURSE.**

22 (8) For a pupil enrolled in 1 or more online courses published
23 in the pupil's educating district's catalog of online courses under
24 subsection (7) or in the statewide catalog of online courses
25 maintained by the Michigan virtual university, the district shall
26 use foundation allowance or per pupil funds calculated under
27 section 20 to pay for the expenses associated with the online

1 course or courses. The district shall pay 80% of the cost of the
 2 online course upon enrollment and 20% upon completion as determined
 3 by the district. A district is not required to pay toward the cost
 4 of an online course an amount that exceeds ~~1/12~~ **6.25%** of the
 5 ~~district's MINIMUM~~ foundation allowance or per pupil payment **FOR**
 6 **THE CURRENT FISCAL YEAR** as calculated under section 20. ~~per~~
 7 ~~semester or an amount that exceeds 1/18 of the district's~~
 8 ~~foundation allowance or per pupil payment as calculated under~~
 9 ~~section 20 per trimester.~~

10 (9) An online learning pupil shall have the same rights and
 11 access to technology in his or her ~~educating~~ **PRIMARY** district's
 12 school facilities as all other pupils enrolled in the ~~educating~~
 13 **PUPIL'S PRIMARY** district.

14 (10) If a pupil successfully completes an online course, as
 15 determined by the **PUPIL'S PRIMARY** district, the pupil's **PRIMARY**
 16 district shall grant appropriate academic credit for completion of
 17 the course and shall count that credit toward completion of
 18 graduation and subject area requirements. A pupil's school record
 19 and transcript shall identify the online course title as it appears
 20 in the online course syllabus.

21 (11) The enrollment of a pupil in 1 or more online courses
 22 shall not result in a pupil being counted as more than 1.0 full-
 23 time equivalent pupils under this ~~act~~ **ARTICLE**.

24 (12) **A PUPIL ENROLLED IN 1 OR MORE ONLINE COURSES UNDER THIS**
 25 **SECTION SHALL NOT BE COUNTED UNDER THE PUPIL TRANSFER PROCESS UNDER**
 26 **SECTION 25E.**

27 (13) ~~(12)~~ As used in this section:

1 (a) "Online course" means a course of study that is capable of
2 generating a credit or a grade, that is provided in an interactive
3 internet-connected learning environment, in which pupils are
4 separated from their teachers by time or location, or both, and in
5 which a teacher who holds a valid Michigan teaching certificate is
6 responsible for determining appropriate instructional methods for
7 each pupil, diagnosing learning needs, assessing pupil learning,
8 prescribing intervention strategies, reporting outcomes, and
9 evaluating the effects of instruction and support strategies.

10 (b) "Online course syllabus" means a document that includes
11 all of the following:

12 (i) The state academic standards addressed in an online course.

13 (ii) The online course content outline.

14 (iii) The online course required assessments.

15 (iv) The online course prerequisites.

16 (v) Expectations for actual instructor contact time with the
17 online learning pupil and other pupil-to-instructor communications.

18 (vi) Academic support available to the online learning pupil.

19 (vii) The online course learning outcomes and objectives.

20 (viii) The name of the institution or organization providing the
21 online content.

22 (ix) The name of the institution or organization providing the
23 online instructor.

24 (x) The course titles assigned by the district **OR INTERMEDIATE**
25 **DISTRICT** and the course titles and course codes from the national
26 center for education statistics (NCES) school codes for the
27 exchange of data (SCED).

1 (xi) The number of eligible nonresident pupils that will be
2 accepted by the district **OR INTERMEDIATE DISTRICT** in the online
3 course.

4 (xii) The results of the online course quality review using the
5 guidelines and model review process published by the Michigan
6 virtual university.

7 (c) "Online learning pupil" means a pupil enrolled in 1 or
8 more online courses.

9 **(D) "PRIMARY DISTRICT" MEANS THE DISTRICT THAT ENROLLS THE**
10 **PUPIL AND REPORTS THE PUPIL AS A FULL-TIME EQUATED PUPIL FOR PUPIL**
11 **MEMBERSHIP PURPOSES.**

12 Sec. 22a. (1) From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$5,630,000,000.00 for 2012-2013~~
14 ~~and there is allocated an amount not to exceed \$5,536,700,000.00~~
15 ~~for 2013-2014~~ **\$5,403,000,000.00 FOR 2014-2015** for payments to
16 districts and qualifying public school academies to guarantee each
17 district and qualifying public school academy an amount equal to
18 its 1994-95 total state and local per pupil revenue for school
19 operating purposes under section 11 of article IX of the state
20 constitution of 1963. Pursuant to section 11 of article IX of the
21 state constitution of 1963, this guarantee does not apply to a
22 district in a year in which the district levies a millage rate for
23 school district operating purposes less than it levied in 1994.
24 However, subsection (2) applies to calculating the payments under
25 this section. Funds allocated under this section that are not
26 expended in the state fiscal year for which they were allocated, as
27 determined by the department, may be used to supplement the

1 allocations under sections 22b and 51c in order to fully fund those
2 calculated allocations for the same fiscal year.

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

8 (a) Except as otherwise provided in this subsection, the state
9 portion of a district's 1994-95 foundation allowance is an amount
10 equal to the district's 1994-95 foundation allowance or \$6,500.00,
11 whichever is less, minus the difference between the sum of the
12 product of the taxable value per membership pupil of all property
13 in the district that is nonexempt property times the district's
14 certified mills and, for a district with certified mills exceeding
15 12, the product of the taxable value per membership pupil of
16 property in the district that is commercial personal property times
17 the certified mills minus 12 mills and the quotient of the ad
18 valorem property tax revenue of the district captured under tax
19 increment financing acts divided by the district's membership. For
20 a district that has a millage reduction required under section 31
21 of article IX of the state constitution of 1963, the state portion
22 of the district's foundation allowance shall be calculated as if
23 that reduction did not occur. For a receiving district, if school
24 operating taxes are to be levied on behalf of a dissolved district
25 that has been attached in whole or in part to the receiving
26 district to satisfy debt obligations of the dissolved district
27 under section 12 of the revised school code, MCL 380.12, taxable

1 value per membership pupil of all property in the receiving
2 district that is nonexempt property and taxable value per
3 membership pupil of property in the receiving district that is
4 commercial personal property do not include property within the
5 geographic area of the dissolved district; ad valorem property tax
6 revenue of the receiving district captured under tax increment
7 financing acts does not include ad valorem property tax revenue
8 captured within the geographic boundaries of the dissolved district
9 under tax increment financing acts; and certified mills do not
10 include the certified mills of the dissolved district.

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

1 that has been attached in whole or in part to the receiving
2 district to satisfy debt obligations of the dissolved district
3 under section 12 of the revised school code, MCL 380.12, ad valorem
4 property tax revenue captured under tax increment financing acts do
5 not include ad valorem property tax revenue captured within the
6 geographic boundaries of the dissolved district under tax increment
7 financing acts.

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

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

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

1 reside in the geographic area of each of the original districts. If
2 an affected district's 1994-95 foundation allowance is less than
3 the 1994-95 basic foundation allowance, the amount of that
4 district's 1994-95 foundation allowance shall be considered for the
5 purpose of calculations under this subsection to be equal to the
6 amount of the 1994-95 basic foundation allowance. This subsection
7 does not apply to a receiving district unless there is a subsequent
8 consolidation or annexation that affects the district.

9 (6) As used in this section:

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

14 (b) "Certified mills" means the lesser of 18 mills or the
15 number of mills of school operating taxes levied by the district in
16 1993-94.

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

19 (d) "Current year hold harmless school operating taxes per
20 pupil" means the per pupil revenue generated by multiplying a
21 district's 1994-95 hold harmless millage by the district's current
22 year taxable value per membership pupil. For a receiving district,
23 if school operating taxes are to be levied on behalf of a dissolved
24 district that has been attached in whole or in part to the
25 receiving district to satisfy debt obligations of the dissolved
26 district under section 12 of the revised school code, MCL 380.12,
27 taxable value per membership pupil does not include the taxable

1 value of property within the geographic area of the dissolved
2 district.

3 (e) "Dissolved district" means a district that loses its
4 organization, has its territory attached to 1 or more other
5 districts, and is dissolved as provided under section 12 of the
6 revised school code, MCL 380.12.

7 (f) "Hold harmless millage" means, for a district with a 1994-
8 95 foundation allowance greater than \$6,500.00, the number of mills
9 by which the exemption from the levy of school operating taxes on a
10 homestead, qualified agricultural property, qualified forest
11 property, supportive housing property, industrial personal
12 property, and commercial personal property could be reduced as
13 provided in section 1211 of the revised school code, MCL 380.1211,
14 and the number of mills of school operating taxes that could be
15 levied on all property as provided in section 1211(2) of the
16 revised school code, MCL 380.1211, as certified by the department
17 of treasury for the 1994 tax year. For a receiving district, if
18 school operating taxes are to be levied on behalf of a dissolved
19 district that has been attached in whole or in part to the
20 receiving district to satisfy debt obligations of the dissolved
21 district under section 12 of the revised school code, MCL 380.12,
22 school operating taxes do not include school operating taxes levied
23 within the geographic area of the dissolved district.

24 (g) "Homestead", "qualified agricultural property", "qualified
25 forest property", "supportive housing property", "industrial
26 personal property", and "commercial personal property" mean those
27 terms as defined in section 1211 of the revised school code, MCL

1 380.1211.

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

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

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

12 (k) "Receiving district" means a district to which all or part
13 of the territory of a dissolved district is attached under section
14 12 of the revised school code, MCL 380.12.

15 (l) "School operating taxes" means local ad valorem property
16 taxes levied under section 1211 of the revised school code, MCL
17 380.1211, and retained for school operating purposes as defined in
18 section 20.

19 (m) "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 (n) "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. For a receiving district, if school
11 operating taxes are to be levied on behalf of a dissolved district
12 that has been attached in whole or in part to the receiving
13 district to satisfy debt obligations of the dissolved district
14 under section 12 of the revised school code, MCL 380.12, mills do
15 not include mills within the geographic area of the dissolved
16 district.

17 (ii) For the number of mills of school operating taxes that may
18 be levied on all property as provided in section 1211(2) of the
19 revised school code, MCL 380.1211, the taxable value of all
20 property for the calendar year ending in the current state fiscal
21 year. For a receiving district, if school operating taxes are to be
22 levied on behalf of a dissolved district that has been attached in
23 whole or in part to the receiving district to satisfy debt
24 obligations of the dissolved district under section 12 of the
25 revised school code, MCL 380.12, school operating taxes do not
26 include school operating taxes levied within the geographic area of
27 the dissolved district.

1 Sec. 22b. (1) From the appropriation in section 11, there is
2 allocated an amount not to exceed ~~\$3,215,000,000.00 for 2012-2013~~
3 ~~and there is allocated an amount not to exceed \$3,373,700,000.00~~
4 ~~for 2013-2014~~ **\$3,569,000,000.00 FOR 2014-2015** for discretionary
5 nonmandated payments to districts under this section. Funds
6 allocated under this section that are not expended in the state
7 fiscal year for which they were allocated, as determined by the
8 department, may be used to supplement the allocations under
9 sections 22a and 51c in order to fully fund those calculated
10 allocations for the same fiscal year.

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

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

18 (a) Comply with section 1280b of the revised school code, MCL
19 380.1280b.

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

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

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

27 (e) Comply with section 21f.

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

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

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

19 (7) It is the intent of the legislature that all
20 constitutional obligations of this state have been fully funded
21 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by
22 an entity receiving funds under this article that challenges the
23 legislative determination of the adequacy of this funding or
24 alleges that there exists an unfunded constitutional requirement,
25 the state budget director may escrow or allocate from the
26 discretionary funds for nonmandated payments under this section the
27 amount as may be necessary to satisfy the claim before making any

1 payments to districts under subsection (2). If funds are escrowed,
2 the escrowed funds are a work project appropriation and the funds
3 are carried forward into the following fiscal year. The purpose of
4 the work project is to provide for any payments that may be awarded
5 to districts as a result of litigation. The work project shall be
6 completed upon resolution of the litigation.

7 (8) If the local claims review board or a court of competent
8 jurisdiction makes a final determination that this state is in
9 violation of section 29 of article IX of the state constitution of
10 1963 regarding state payments to districts, the state budget
11 director shall use work project funds under subsection (7) or
12 allocate from the discretionary funds for nonmandated payments
13 under this section the amount as may be necessary to satisfy the
14 amount owed to districts before making any payments to districts
15 under subsection (2).

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

24 (10) If payments resulting from a final determination by the
25 local claims review board or a court of competent jurisdiction that
26 there has been a violation of section 29 of article IX of the state
27 constitution of 1963 exceed the amount allocated for discretionary

1 nonmandated payments under this section, the legislature shall
2 provide for adequate funding for this state's constitutional
3 obligations at its next legislative session.

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

22 Sec. 22d. (1) From the appropriation in section 11, an amount
23 not to exceed ~~\$2,584,600.00~~ **\$2,025,000.00** is allocated for ~~2013-~~
24 ~~2014-2014-2015~~ for supplemental payments to rural districts under
25 this section.

26 (2) From the allocation under subsection (1), there is
27 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed

1 ~~\$957,300.00~~ **\$750,000.00** for payments under this subsection to
2 districts that meet all of the following:

3 (a) Operates grades K to 12.

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

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

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

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

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

27 (4) Subject to subsection (6), from the allocation in

subsection (1), there is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed ~~\$1,627,300.00~~ **\$1,275,000.00** for payments under this subsection to districts that meet all of the following:

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

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

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

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

Sec. 22f. (1) From the appropriation in section 11, there is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed ~~\$80,000,000.00~~ **\$78,700,000.00** to provide incentive payments to districts that meet best practices under this section. Payments received under this section may be used for any purpose for which payments under sections 22a and 22b may be used.

(2) The amount of the incentive payment under this section is an amount equal to \$52.00 per pupil. A district shall receive an incentive payment under this section if the district satisfies at least 7 of the following requirements not later than June 1, ~~2014+~~ **2015:**

(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

1 dependents, the district is the policyholder for each of its
2 insurance policies that covers 1 or more of these benefits. A
3 district that does not directly employ its staff or a district with
4 a voluntary employee beneficiary association that pays no more than
5 the maximum per employee contribution amount and that contributes
6 no more than the maximum employer contribution percentage of total
7 annual costs for the medical benefit plans as described in sections
8 3 and 4 of the publicly funded health insurance contribution act,
9 2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied
10 this requirement.

11 (b) The district has obtained competitive bids on the
12 provision of pupil transportation, food service, custodial, or 1 or
13 more other noninstructional services for ~~2013-2014.~~ **2014-2015.** In
14 comparing competitive bids to the current costs of providing 1 or
15 more of these services, a district shall exclude the unfunded
16 accrued liability costs for retirement and other benefits from the
17 district's current costs.

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

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

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

~~5 (i) Supports attendance of district pupils under the
6 postsecondary enrollment options act, MCL 388.511 to 388.524, or
7 under the career and technical preparation act, MCL 388.1901 to
8 388.1913, consistent with provisions under section 21b.~~

~~9 (ii) Offers college level equivalent courses, as defined in
10 section 1471 of the revised school code, MCL 380.1471.~~

~~11 (iii) Participates in a middle college. For the purposes of this
12 subparagraph, "middle college" means a series of courses and other
13 requirements and conditions that allow a pupil to graduate with a
14 high school diploma and a certificate or degree from a community
15 college or state public university.~~

~~16 (iv) Provides other opportunities to pupils that allow those
17 pupils to graduate with a high school diploma and also complete
18 coursework that a postsecondary institution normally applies toward
19 satisfaction of degree requirements.~~

~~20 (v) If a district does not offer any high school grades, the
21 district informs all pupils and parents of the opportunities that
22 are available for postsecondary options during high school.~~

~~23 (f) The district offers online courses or blended learning
24 opportunities to all eligible pupils. In order to satisfy this
25 requirement, a district must make all eligible pupils and their
26 parents or guardians aware of these opportunities and must publish
27 an online course syllabus as described in section 21f for each~~

~~online course that the district offers. For the purposes of this subdivision.~~

~~—— (i) "Blended learning" means a hybrid instructional delivery model where pupils are provided content, instruction, and assessment in part at a supervised educational facility away from home where the pupil and a teacher with a valid Michigan teaching certificate are in the same physical location and in part through internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.~~

~~—— (ii) "Online course" means a course of study that is capable of generating a credit or a grade, that is provided in an interactive internet-connected learning environment, in which pupils are separated from their teachers by time or location, or both, and in which a teacher with a valid Michigan teaching certificate is responsible for determining appropriate instructional methods for each pupil, diagnosing learning needs, assessing pupil learning, prescribing intervention strategies, reporting outcomes, and evaluating the effects of instruction and support strategies.~~

(D) ~~(g)~~ The district provides to parents and community members a dashboard or report card demonstrating the district's efforts to manage its finances responsibly. The dashboard or report card shall include revenue and expenditure projections for the district for ~~fiscal year 2013-2014 and fiscal year 2014-2015~~ **AND FISCAL YEAR 2015-2016**, a listing of all debt service obligations, detailed by project, including anticipated fiscal year ~~2013-2014~~ **2014-2015** payment for each project, a listing of total outstanding debt, and at least all of the following for the 3 most recent school years

1 for which the data are available:

2 (i) Graduation and dropout rates.

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

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

6 (iv) Elementary and middle school MEAP scores.

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

9 (vi) General fund balance.

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

11 (E) THE DISTRICT COMPLIES WITH A METHOD OF COMPENSATION FOR
12 TEACHERS AND SCHOOL ADMINISTRATORS THAT INCLUDES JOB PERFORMANCE
13 AND ACCOMPLISHMENTS AS A SIGNIFICANT FACTOR IN DETERMINING
14 COMPENSATION, AS REQUIRED UNDER SECTION 1250 OF THE REVISED SCHOOL
15 CODE, MCL 380.1250.

16 (F) THE DISTRICT'S COLLECTIVE BARGAINING AGREEMENTS,
17 INCLUDING, BUT NOT LIMITED TO, APPENDICES, ADDENDA, LETTERS OF
18 AGREEMENT, OR ANY OTHER DOCUMENTS REFLECTING AGREEMENTS WITH
19 COLLECTIVE BARGAINING REPRESENTATIVES, DO NOT CONTAIN ANY
20 PROVISIONS PERTAINING TO, RELATING TO, OR THAT ARE OTHERWISE
21 CONTRARY TO THE PROHIBITED SUBJECTS OF BARGAINING ENUMERATED IN
22 SECTION 15(3) OF 1947 PA 336, MCL 423.215.

23 (G) THE DISTRICT IMPLEMENTS THE MICHIGAN COMPREHENSIVE
24 GUIDANCE AND COUNSELING PROGRAM.

25 (h) The district provides physical education or provides
26 health education.

27 (3) If the department determines that a district has

1 intentionally submitted false information in order to qualify for
 2 an incentive payment under this section, the district forfeits an
 3 amount equal to the amount it received under this section from its
 4 total state school aid for ~~2014-2015-2015-2016~~.

5 (4) If the department determines that funds allocated under
 6 this section will remain unexpended after the initial allocation of
 7 \$52.00 per pupil to eligible districts under subsection (2), the
 8 remaining unexpended amount is allocated on an equal per pupil
 9 basis to districts that meet the requirements of subsection (2) and
 10 that have a foundation allowance, as calculated under section 20,
 11 in an amount that is less than the basic foundation allowance under
 12 that section.

13 Sec. 22g. (1) From the funds appropriated in section 11, there
 14 is allocated for ~~2013-2014-2014-2015~~ only an amount not to exceed
 15 \$5,000,000.00 for competitive assistance grants to districts and
 16 intermediate districts.

17 (2) Funds received under this section may be used for
 18 reimbursement of transition costs associated with **THE CONSOLIDATION**
 19 **OF OPERATIONS OR SERVICES BETWEEN 2 OR MORE DISTRICTS, INTERMEDIATE**
 20 **DISTRICTS, OR OTHER LOCAL UNITS OF GOVERNMENT OR** the consolidation
 21 of districts or intermediate districts. Grant funding shall be
 22 available for consolidations that occur on or after June 1, ~~2013-~~
 23 **2014**. The department shall develop an application process and
 24 method of grant distribution.

25 Sec. 22i. (1) From the ~~state school aid fund money~~ **FUNDS**
 26 appropriated in section 11, there is allocated for ~~2013-2014-2014-~~
 27 **2015** an amount not to exceed ~~\$45,000,000.00-~~ **\$50,000,000.00** for the

1 technology infrastructure grant program for districts or
2 intermediate districts on behalf of their constituent districts.
3 Funds received under this subsection shall be used for the
4 development or improvement of a district's technology
5 infrastructure, the shared services consolidation of technology and
6 data, and hardware in preparation for the planned implementation in
7 2014-2015 of online ~~growth~~-assessments.

8 (2) The department shall develop a competitive application
9 process and method of grant distribution to eligible districts and
10 intermediate districts that demonstrate need for grants under
11 subsection (1). The department may consult with the department of
12 technology, management, and budget during the grant process and
13 grant distribution. Grants to districts shall not exceed
14 \$2,000,000.00 per district. A grant to an intermediate district on
15 behalf of its constituent districts shall not exceed \$2,000,000.00
16 per constituent district. To receive a grant under subsection (1),
17 an intermediate district shall demonstrate that a grant awarded to
18 the intermediate district on behalf of its constituent districts
19 would provide savings compared to providing grants to individual
20 districts.

21 ~~—— (3) From the general fund money appropriated in section 11,~~
22 ~~there is allocated an amount not to exceed \$5,000,000.00 for 2013-~~
23 ~~2014 to be awarded through a competitive bid process to a single~~
24 ~~provider of whole school technology as described in this~~
25 ~~subsection. The department shall issue a single request for~~
26 ~~proposal with application rules written and administered by the~~
27 ~~department, and with a focus on economic and geographic diversity.~~

~~To be eligible to receive the grant under this section, a provider shall meet all of the following:~~

~~—— (a) Agrees to submit evaluation criteria in a form and manner determined by the department.~~

~~—— (b) Provides at least all of the following:~~

~~—— (i) One to one mobile devices.~~

~~—— (ii) Laptop or desktop computers for each classroom.~~

~~—— (iii) On and off campus filtering.~~

~~—— (iv) Wireless networks and peripherals.~~

~~—— (v) Wireless audio equipment.~~

~~—— (vi) Operating software.~~

~~—— (vii) Instructional software.~~

~~—— (viii) Repairs and replacements.~~

~~—— (ix) Professional development.~~

~~—— (x) Ongoing support.~~

(3) FROM THE AMOUNT ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED FOR 2014-2015 AN AMOUNT NOT TO EXCEED \$3,500,000.00 FOR COMPETITIVE GRANTS TO CONSORTIA CONSISTING OF 2 OR MORE INTERMEDIATE DISTRICTS OR A COMBINATION OF 2 OR MORE INTERMEDIATE DISTRICTS AND DISTRICTS. FUNDS RECEIVED UNDER THIS SUBSECTION MAY BE USED FOR COSTS ASSOCIATED WITH THE DEPLOYMENT OF SHARED TECHNOLOGY AND DATA SERVICE CENTERS SERVING LARGE NUMBERS OF INTERMEDIATE DISTRICTS AND DISTRICTS. THE DEPARTMENT SHALL DEVELOP A COMPETITIVE APPLICATION PROCESS AND GRANT DISTRIBUTION METHOD BASED ON THE DESIGN OF TECHNOLOGY AND DATA SERVICE CENTERS FUNDED UNDER THIS SECTION AS IT WAS IN EFFECT FOR 2013-2014. THE AMOUNT OF A GRANT TO A CONSORTIUM SHALL NOT EXCEED \$1,000,000.00. AN APPLYING

1 CONSORTIUM SHALL INCLUDE SPECIFICATIONS ON PROVIDING A SINGLE
2 STUDENT DATA SYSTEM FOR USE BY THE ENTIRE CONSORTIUM NOT LATER THAN
3 JUNE 30, 2016. THE DEPARTMENT SHALL PRIORITIZE FUNDING TO THOSE
4 APPLICATIONS DEMONSTRATING HIGH LEVELS OF PARTICIPATION BY
5 INTERMEDIATE DISTRICTS AND DISTRICTS AND BY THE NUMBER OF PUPILS
6 THAT WOULD BE INCLUDED IN A SINGLE STUDENT DATA SYSTEM.

7 (4) THE FUNDS ALLOCATED UNDER SUBSECTION (3) ARE A WORK
8 PROJECT APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2014-2015 ARE
9 CARRIED FORWARD INTO 2015-2016. THE PURPOSE OF THE WORK PROJECT IS
10 TO CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION
11 (3). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER
12 30, 2016.

13 Sec. 22j. (1) From the appropriation in section 11, there is
14 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
15 ~~\$46,400,000.00~~ **\$51,100,000.00** to provide separate incentive
16 payments to districts that meet student academic performance
17 funding goals under subsections (2) to (5). Payments received under
18 this section may be used for any purpose for which payments under
19 sections 22a and 22b may be used.

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

26 (3) An amount not to exceed 30% of the maximum per pupil
27 amount allocated under subsection (2) shall be used to make

1 performance incentive payments to qualifying districts under this
2 subsection based on pupil performance on state assessments in
3 mathematics in grades 3 to 8. The amount of a payment under this
4 subsection is an amount equal to \$30.00 per pupil for all pupils in
5 membership in a qualifying district. The department shall determine
6 the qualifying districts under this subsection as follows:

7 (a) Using a model determined by the department that
8 incorporates the most recent cut scores adopted for the Michigan
9 educational assessment program for each pupil in grades 3 to 8 in
10 the ~~2011-2012~~ **2012-2013** school year, the department shall calculate
11 a point score using a metric that assigns points to each of those
12 pupils as follows:

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

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

19 (iii) For each pupil who began the school year not performing
20 proficiently in mathematics and who maintains his or her level of
21 proficiency, as determined by the department, over the school year,
22 1 point.

23 (iv) For each pupil who began the school year performing
24 proficiently in mathematics and who maintains his or her level of
25 proficiency, as determined by the department, over the school year,
26 2 points.

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

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

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

6 (b) The department shall then calculate a district average for
7 this metric for the ~~2011-2012~~ **2012-2013** school year by totaling the
8 number of points for all pupils in grades 3 to 8 under subdivision
9 (a) and dividing that total by the number of those pupils.

10 (c) A district is a qualifying district for the payment under
11 this subsection if the district average for the ~~2011-2012~~ **2012-2013**
12 school year under subdivision (b) is at least equal to a factor of
13 1.5, and the district tested at least 95% of its pupils in
14 mathematics, and the district had at least 30 full academic year
15 pupils in grades 3 to 8 with a performance level change designation
16 in mathematics.

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

25 (a) Using a model determined by the department that
26 incorporates the most recent cut scores adopted for the Michigan
27 educational assessment program for each pupil in grades 3 to 8 in

1 the ~~2011-2012-2012-2013~~ school year, the department shall calculate
2 a point score using a metric that assigns points to each of those
3 pupils as follows:

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

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

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

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

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

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

22 (b) The department shall then calculate a district average for
23 this metric for the ~~2011-2012-2012-2013~~ school year by totaling the
24 number of points for all pupils in grades 3 to 8 under subdivision
25 (a) and dividing that total by the number of those pupils.

26 (c) A district is a qualifying district for the payment under
27 this subsection if the district average for the ~~2011-2012-2012-2013~~

1 school year under subdivision (b) is at least equal to a factor of
2 1.5, and the district tested at least 95% of its pupils in reading,
3 and the district had at least 30 full academic year pupils in
4 grades 3 to 8 reading with a performance level change designation
5 in reading.

6 (5) An amount not to exceed 40% of the maximum per pupil
7 amount allocated under subsection (2) shall be used to make
8 performance incentive payments to qualifying districts under this
9 subsection for high school improvement using a metric based on the
10 positive trend over a 4-year period in the percentage of high
11 school pupils in the district testing as proficient in all tested
12 subject areas on the state assessments of high school pupils. The
13 amount of a payment under this subsection is an amount equal to
14 \$40.00 per pupil for all pupils in membership in the district. The
15 department shall determine the qualifying districts under this
16 subsection as follows:

17 (a) Calculate a linear regression of the percentage of high
18 school pupils in the district testing as proficient in all tested
19 subject areas on state assessments of high school pupils on school
20 year over the 4-year period ending with the ~~2011-2012-2012-2013~~
21 school year as adjusted for changes in cut scores most recently
22 adopted for the Michigan merit examination.

23 (b) Calculate a statewide average for all districts operating
24 a high school of the linear regression of the percentage of high
25 school pupils testing as proficient in all tested subject areas on
26 state assessments of high school pupils on school year over the 4-
27 year period ending with the ~~2011-2012-2012-2013~~ school year, as

1 adjusted for changes in cut scores most recently adopted for the
2 Michigan merit examination as the base year for all comparisons.

3 (c) A district is a qualifying district for the payment under
4 this subsection if the district's linear regression over the 4-year
5 period ending with the ~~2011-2012-2012-2013~~ school year under
6 subdivision (a) is at least equal to the statewide average linear
7 regression over the 4-year period ending with the base year under
8 subdivision (b), and the district's linear regression over the 4-
9 year period ending with the ~~2011-2012-2012-2013~~ school year under
10 subdivision (a) is positive, and the district tested 95% of high
11 school pupils in each tested subject on state assessments, and the
12 district had at least 20 full academic year pupils take all tested
13 subjects on state assessments of high school pupils over each of
14 the most recent 4 years.

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

19 Sec. 24. (1) From the appropriation in section 11, there is
20 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
21 \$8,000,000.00 for payments to the educating district or
22 intermediate district for educating pupils assigned by a court or
23 the department of human services to reside in or to attend a
24 juvenile detention facility or child caring institution licensed by
25 the department of human services and approved by the department to
26 provide an on-grounds education program. The amount of the payment
27 under this section to a district or intermediate district shall be

1 calculated as prescribed under subsection (2).

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

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

22 (b) "Department's approved per pupil allocation" for a
23 district or intermediate district shall be determined by dividing
24 the total amount allocated under this section for a fiscal year by
25 the full-time equated membership total for all pupils approved by
26 the department to be funded under this section for that fiscal year
27 for the district or intermediate district.

1 (3) A district or intermediate district educating pupils
2 described in this section at a residential child caring institution
3 may operate, and receive funding under this section for, a
4 department-approved on-grounds educational program for those pupils
5 that is longer than 181 days, but not longer than 233 days, if the
6 child caring institution was licensed as a child caring institution
7 and offered in 1991-92 an on-grounds educational program that was
8 longer than 181 days but not longer than 233 days and that was
9 operated by a district or intermediate district.

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

12 Sec. 24a. From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$2,167,500.00~~ **\$2,195,500.00** for
14 ~~2013-2014-2014-2015~~ for payments to intermediate districts for
15 pupils who are placed in juvenile justice service facilities
16 operated by the department of human services. Each intermediate
17 district shall receive an amount equal to the state share of those
18 costs that are clearly and directly attributable to the educational
19 programs for pupils placed in facilities described in this section
20 that are located within the intermediate district's boundaries. The
21 intermediate districts receiving payments under this section shall
22 cooperate with the department of human services to ensure that all
23 funding allocated under this section is utilized by the
24 intermediate district and department of human services for
25 educational programs for pupils described in this section. Pupils
26 described in this section are not eligible to be funded under
27 section 24. However, a program responsibility or other fiscal

responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed \$1,500,000.00 for ~~2013-2014-2014-~~ **2015** for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is administered by the department of military and veterans affairs. Both of the following apply to a district receiving payments under this section:

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

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

Sec. 25e. (1) ~~The center shall work with the department, districts, and intermediate districts to develop a~~ **THE** pupil membership transfer application and a pupil transfer process **ADMINISTERED BY THE CENTER** under this section **SHALL BE USED FOR PROCESSING PUPIL TRANSFERS.** ~~The center shall complete development of this pupil membership transfer application not later than November 1, 2013.~~

(2) If a pupil counted in membership for the pupil membership

1 count day transfers from a district or intermediate district to
2 enroll in another district or intermediate district after the pupil
3 membership count day and before the supplemental count day and, due
4 to the pupil's enrollment and attendance status as of the pupil
5 membership count day, the pupil was not counted in membership in
6 the educating district or intermediate district, the educating
7 district or intermediate district may report the enrollment and
8 attendance information to the center through the pupil transfer
9 process within 30 days after the transfer or within 30 days after
10 the ~~sixth Wednesday after the pupil membership count day,~~

11 **SUBMISSION DATE**, whichever is later. Pupil transfers may be
12 submitted no earlier than the first day after the certification
13 deadline for the pupil membership count day and before the
14 supplemental count day. Upon receipt of the transfer information
15 under this subsection indicating that a pupil has enrolled and is
16 in attendance in an educating district or intermediate district as
17 described in this subsection, the pupil transfer process shall do
18 the following:

19 (a) Notify the district in which the pupil was previously
20 enrolled.

21 (b) Notify both the pupil auditing staff of the intermediate
22 district in which the educating district is located and the pupil
23 auditing staff of the intermediate district in which the district
24 that previously enrolled the pupil is located. The pupil auditing
25 staff shall ~~approve or~~ **INVESTIGATE A REPRESENTATIVE SAMPLE BASED ON**
26 **REQUIRED AUDIT SAMPLE SIZES IN THE PUPIL AUDITING MANUAL AND MAY**
27 deny the pupil membership transfer.

1 (c) Aggregate the districtwide changes and notify the
2 department for use in adjusting the state aid payment system.

3 (3) The department shall do all of the following:

4 (a) Adjust the membership calculation for each district or
5 intermediate district in which the pupil was previously counted in
6 membership or that previously received an adjustment in its
7 membership calculation under this section due to a change in the
8 pupil's enrollment and attendance so that the district's or
9 intermediate district's membership is prorated to allow the
10 district or intermediate district to receive for each school day,
11 as determined by the financial calendar furnished by the center, in
12 which the pupil was enrolled and in attendance in the district or
13 intermediate district an amount equal to $1/105$ of a full-time
14 equated membership claimed in the fall pupil membership count. The
15 district or intermediate district shall receive a prorated
16 foundation allowance in an amount equal to the product of the
17 adjustment under this subdivision for the district or intermediate
18 district multiplied by the foundation allowance or per pupil
19 payment as calculated under section 20 for the district or
20 intermediate district. The foundation allowance or per pupil
21 payment shall be adjusted by the pupil's full-time equated status
22 as affected by the membership definition under section 6(4).

23 (b) Adjust the membership calculation for the educating
24 district or intermediate district in which the pupil is enrolled
25 and is in attendance so that the district's or intermediate
26 district's membership is increased to allow the district or
27 intermediate district to receive an amount equal to the difference

1 between the full-time equated membership claimed in the fall pupil
2 membership count and the sum of the adjustments calculated under
3 subdivision (a) for each district or intermediate district in which
4 the pupil was previously enrolled and in attendance. The educating
5 district or intermediate district shall receive a prorated
6 foundation allowance in an amount equal to the product of the
7 adjustment under this subdivision for the educating district or
8 intermediate district multiplied by the foundation allowance or per
9 pupil payment as calculated under section 20 for the educating
10 district or intermediate district. The foundation allowance or per
11 pupil payment shall be adjusted by the pupil's full-time equated
12 status as affected by the membership definition under section 6(4).

13 (4) The changes in calculation of state school aid required
14 under subsection (3) shall take effect as of the date that the
15 pupil becomes enrolled and in attendance in the educating district
16 or intermediate district, and the department shall base all
17 subsequent payments under this article for the fiscal year to the
18 affected districts or intermediate districts on this recalculation
19 of state school aid.

20 (5) If a pupil enrolls in an educating district or
21 intermediate district as described in subsection (2), the district
22 or intermediate district in which the pupil is counted in
23 membership or another educating district or intermediate district
24 that received an adjustment in its membership calculation under
25 subsection (3), if any, and the educating district or intermediate
26 district shall provide to the center and the department all
27 information they require to comply with this section.

1 (6) NOT LATER THAN DECEMBER 1, 2014, THE CENTER IN CONJUNCTION
2 WITH THE DEPARTMENT SHALL REPORT TO THE LEGISLATURE DATA RELATED TO
3 THE IMPLEMENTATION OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
4 THE NUMBER OF TRANSFER TRANSACTIONS AND THE NET CHANGE IN PUPIL
5 MEMBERSHIPS IN 2013-2014 BY DISTRICT AND INTERMEDIATE DISTRICT.

6 (7) A PUPIL ENROLLED IN 1 OR MORE ONLINE COURSES UNDER SECTION
7 21F SHALL NOT BE COUNTED OR TRANSFERRED UNDER THE PUPIL TRANSFER
8 PROCESS UNDER THIS SECTION.

9 (8) ~~(6)~~As used in this section: ~~,"educating~~

10 (A) **EDUCATING** district or intermediate district" means the
11 district or intermediate district in which a pupil enrolls after
12 the pupil membership count day or after an adjustment was made in
13 another district's or intermediate district's membership
14 calculation under this section due to the pupil's enrollment and
15 attendance.

16 (B) "PUPIL" MEANS THAT TERM AS DEFINED UNDER SECTION 6 AND
17 ALSO CHILDREN RECEIVING EARLY CHILDHOOD SPECIAL EDUCATION PROGRAMS
18 AND SERVICES.

19 Sec. 26a. ~~(1)~~From the ~~state school aid fund appropriation~~
20 **FUNDS APPROPRIATED** in section 11, there is allocated an amount not
21 to exceed \$26,300,000.00 for ~~2013-2014~~**2014-2015** to reimburse
22 districts and intermediate districts pursuant to section 12 of the
23 Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes
24 levied in ~~2013-2014~~. The allocations shall be made not later than
25 60 days after the department of treasury certifies to the
26 department and to the state budget director that the department of
27 treasury has received all necessary information to properly

1 determine the amounts due to each eligible recipient.

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

12 Sec. 26b. (1) From the appropriation in section 11, there is
13 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
14 ~~\$4,009,500.00~~ **\$4,210,000.00** for payments to districts, intermediate
15 districts, and community college districts for the portion of the
16 payment in lieu of taxes obligation that is attributable to
17 districts, intermediate districts, and community college districts
18 pursuant to section 2154 of the natural resources and environmental
19 protection act, 1994 PA 451, MCL 324.2154.

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

24 Sec. 26c. (1) From the appropriation in section 11, there is
25 allocated an amount not to exceed ~~\$209,400.00 for 2012-2013 and an~~
26 ~~amount not to exceed \$266,200.00 for 2013-2014~~ **\$293,100.00 FOR**
27 **2014-2015** to the promise zone fund created in subsection (3).

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

6 (3) The promise zone fund is created as a separate account
7 within the state school aid fund to be used solely for the purposes
8 of the Michigan promise zone authority act, 2008 PA 549, MCL
9 390.1661 to 390.1679. All of the following apply to the promise
10 zone fund:

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

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

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

23 Sec. 31a. (1) From the state school aid fund money
24 appropriated in section 11, there is allocated for ~~2013-2014-2014-~~
25 **2015** an amount not to exceed \$317,695,500.00 for payments to
26 eligible districts, eligible public school academies, and the
27 education achievement system ~~under this section. Subject to~~

~~subsection (14), the amount of the additional allowance under this section, other than funding under subsection (6) or (7), shall be based on the number of actual pupils in membership in the district or public school academy or the education achievement system who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769i, and reported to the department not later than the fifth Wednesday after the pupil membership count day of the immediately preceding fiscal year and adjusted not later than December 31 of the immediately preceding fiscal year in the form and manner prescribed by the center. However, for a public school academy that began operations as a public school academy, or for an achievement school that began operations as an achievement school, after the pupil membership count day of the immediately preceding school year, the basis for the additional allowance under this section shall be the number of actual pupils in membership in the public school academy or the education achievement system who met the income eligibility criteria for free breakfast, lunch, or milk in the current state fiscal year, as determined under the Richard B. Russell national school lunch act and reported to the department not later than the fifth Wednesday after the pupil membership count day.~~

FOR THE PURPOSES OF ENSURING THAT PUPILS ARE PROFICIENT IN READING BY THE END OF GRADE 3 AND THAT HIGH SCHOOL GRADUATES ARE CAREER AND COLLEGE READY.

(2) To be eligible to receive funding under this section, other than funding under subsection (6) or (7), a district or

1 public school academy that has not been previously determined to be
2 eligible or the education achievement system shall apply to the
3 department, in a form and manner prescribed by the department, and
4 a district or public school academy or the education achievement
5 system must meet all of the following:

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

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

16 (3) Except as otherwise provided in this subsection, an
17 eligible district or eligible public school academy or the
18 education achievement system shall receive under this section for
19 each membership pupil in the district or public school academy or
20 the education achievement system who met the income eligibility
21 criteria for free breakfast, lunch, or milk, as determined under
22 the Richard B. Russell national school lunch act, **42 USC 1751 TO**
23 **1769**, and as reported to the department **IN THE FORM AND MANNER**
24 **PRESCRIBED BY THE DEPARTMENT** not later than the fifth Wednesday
25 after the pupil membership count day of the immediately preceding
26 fiscal year and adjusted not later than December 31 of the
27 immediately preceding fiscal year, an amount per pupil equal to

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

22 (4) Except as otherwise provided in this section, a district
23 or public school academy, or the education achievement system,
24 receiving funding under this section shall use that money only to
25 provide instructional programs and direct noninstructional
26 services, including, but not limited to, medical, **MENTAL HEALTH**, or
27 counseling services, for at-risk pupils; for school health clinics;

1 and for the purposes of subsection (5), (6), ~~or~~ (7), **OR (10)**. In
2 addition, a district that is a school district of the first class
3 or a district or public school academy in which at least 50% of the
4 pupils in membership met the income eligibility criteria for free
5 breakfast, lunch, or milk in the immediately preceding state fiscal
6 year, as determined and reported as described in subsection ~~(1)~~,
7 **(3)**, or the education achievement system if it meets this
8 requirement, may use not more than 20% of the funds it receives
9 under this section for school security. A district, the public
10 school academy, or the education achievement system shall not use
11 any of that money for administrative costs or to supplant another
12 program or other funds, except for funds allocated to the district
13 or public school academy or the education achievement system under
14 this section in the immediately preceding year and already being
15 used by the district or public school academy or the education
16 achievement system for at-risk pupils. The instruction or direct
17 noninstructional services provided under this section may be
18 conducted before or after regular school hours or by adding extra
19 school days to the school year and may include, but are not limited
20 to, tutorial services, early childhood programs to serve children
21 age 0 to 5, and reading programs as described in former section 32f
22 as in effect for 2001-2002. A tutorial method may be conducted with
23 paraprofessionals working under the supervision of a certificated
24 teacher. The ratio of pupils to paraprofessionals shall be between
25 10:1 and 15:1. Only 1 certificated teacher is required to supervise
26 instruction using a tutorial method. As used in this subsection,
27 "to supplant another program" means to take the place of a

1 previously existing instructional program or direct
2 noninstructional services funded from a funding source other than
3 funding under this section.

4 (5) Except as otherwise provided in subsection (12), a
5 district or public school academy that receives funds under this
6 section and that operates a school breakfast program under section
7 1272a of the revised school code, MCL 380.1272a, or the education
8 achievement system if it operates a school breakfast program, shall
9 use from the funds received under this section an amount, not to
10 exceed \$10.00 per pupil for whom the district or public school
11 academy or the education achievement system receives funds under
12 this section, necessary to pay for costs associated with the
13 operation of the school breakfast program.

14 (6) From the funds allocated under subsection (1), there is
15 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
16 \$3,557,300.00 to support child and adolescent health centers. These
17 grants shall be awarded for 5 consecutive years beginning with
18 2003-2004 in a form and manner approved jointly by the department
19 and the department of community health. Each grant recipient shall
20 remain in compliance with the terms of the grant award or shall
21 forfeit the grant award for the duration of the 5-year period after
22 the noncompliance. To continue to receive funding for a child and
23 adolescent health center under this section a grant recipient shall
24 ensure that the child and adolescent health center has an advisory
25 committee and that at least one-third of the members of the
26 advisory committee are parents or legal guardians of school-aged
27 children. A child and adolescent health center program shall

1 recognize the role of a child's parents or legal guardian in the
2 physical and emotional well-being of the child. Funding under this
3 subsection shall be used to support child and adolescent health
4 center services provided to children up to age 21. If any funds
5 allocated under this subsection are not used for the purposes of
6 this subsection for the fiscal year in which they are allocated,
7 those unused funds shall be used that fiscal year to avoid or
8 minimize any proration that would otherwise be required under
9 subsection (14) for that fiscal year.

10 (7) From the funds allocated under subsection (1), there is
11 allocated for ~~2013-2014~~**2014-2015** an amount not to exceed
12 \$5,150,000.00 for the state portion of the hearing and vision
13 screenings as described in section 9301 of the public health code,
14 1978 PA 368, MCL 333.9301. A local public health department shall
15 pay at least 50% of the total cost of the screenings. The frequency
16 of the screenings shall be as required under R 325.13091 to R
17 325.13096 and R 325.3271 to R 325.3276 of the Michigan
18 administrative code. Funds shall be awarded in a form and manner
19 approved jointly by the department and the department of community
20 health. Notwithstanding section 17b, payments to eligible entities
21 under this subsection shall be paid on a schedule determined by the
22 department.

23 (8) Each district or public school academy receiving funds
24 under this section and the education achievement system shall
25 submit to the department by July 15 of each fiscal year a report,
26 not to exceed 10 pages, on the usage by the district or public
27 school academy or the education achievement system of funds under

1 this section, which report shall include ~~at least a~~ brief
2 description of each program conducted **OR SERVICES PERFORMED** by the
3 district or public school academy or the education achievement
4 system using funds under this section, the amount of funds under
5 this section allocated to each of those programs ~~, the number of~~
6 ~~at-risk pupils eligible for free or reduced price school lunch who~~
7 ~~were served by each of those programs, and~~ **OR SERVICES**, the total
8 number of at-risk pupils served by each of those programs **OR**
9 **SERVICES, AND THE DATA NECESSARY FOR THE DEPARTMENT AND THE**
10 **DEPARTMENT OF HUMAN SERVICES TO VERIFY MATCHING FUNDS FOR THE**
11 **TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM.** If a district or
12 public school academy or the education achievement system does not
13 comply with this subsection, the department shall withhold an
14 amount equal to the August payment due under this section until the
15 district or public school academy or the education achievement
16 system complies with this subsection. If the district or public
17 school academy or the education achievement system does not comply
18 with this subsection by the end of the state fiscal year, the
19 withheld funds shall be forfeited to the school aid fund.

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

27 (10) Subject to subsections (5), (6), **AND** (7), ~~(12), and (13),~~

1 a district may use up to 100% of the funds it receives under this
2 ~~section to reduce the ratio of pupils to teachers in grades K-12,~~
3 ~~or any combination of those grades, in school buildings in which~~
4 ~~the percentage of pupils described in subsection (1) exceeds the~~
5 ~~district's aggregate percentage of those pupils. Subject to~~
6 ~~subsections (5), (6), (7), (12), and (13), a district may use up to~~
7 ~~100% of the funds it receives under this section to reduce the~~
8 ~~ratio of pupils to teachers in grades K-12, or any combination of~~
9 ~~those grades, in school buildings in which the percentage of pupils~~
10 ~~described in subsection (1) is at least 60% of the district's~~
11 ~~aggregate percentage of those pupils and at least 30% of the total~~
12 ~~number of pupils enrolled in the school building.~~ **TO IMPLEMENT**
13 **SCHOOLWIDE REFORM IN SCHOOLS WITH 40% OR MORE OF THEIR PUPILS**
14 **IDENTIFIED AS AT-RISK PUPILS BY PROVIDING SUPPLEMENTAL**
15 **INSTRUCTIONAL OR NONINSTRUCTIONAL SERVICES CONSISTENT WITH THE**
16 **SCHOOL IMPROVEMENT PLAN.**

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

22 (12) For an individual school or schools operated by a
23 district or public school academy receiving funds under this
24 section or the education achievement system that have been
25 determined by the department to meet the adequate yearly progress
26 standards of the no child left behind act of 2001, Public Law 107-
27 110, in both mathematics and English language arts at all

1 applicable grade levels for all applicable subgroups, the district
2 or public school academy or the education achievement system may
3 use not more than 20% of the funds it receives under this section
4 for specific alternative purposes identified by the district or
5 public school academy or the education achievement system that are
6 designed to benefit at-risk pupils in the school, but that may be
7 different from the purposes otherwise allowable under this section.
8 If a district or public school academy or the education achievement
9 system uses funds for alternative purposes allowed under the
10 flexibility provisions under this subsection, the district or
11 public school academy or the education achievement system shall
12 maintain documentation of the amounts used for those alternative
13 purposes and shall make that information available to the
14 department upon request.

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

20 ~~—— (a) Monitors individual pupil learning and provides specific~~
21 ~~support or learning strategies to pupils as early as possible in~~
22 ~~order to reduce the need for special education placement. The~~
23 ~~program shall include literacy and numeracy supports, sensory motor~~
24 ~~skill development, behavior supports, instructional consultation~~
25 ~~for teachers, and the development of a parent/school learning plan.~~
26 ~~Specific support or learning strategies may include support in or~~
27 ~~out of the general classroom in areas including reading, writing,~~

1 ~~math, visual memory, motor skill development, behavior, or language~~
2 ~~development. These would be provided based on an understanding of~~
3 ~~the individual child's learning needs.~~

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

16 (13) ~~(14)~~ If necessary, and before any proration required
17 under section 296, the department shall prorate payments under this
18 section by reducing the amount of the per pupil payment under this
19 section by a dollar amount calculated by determining the amount by
20 which the amount necessary to fully fund the requirements of this
21 section exceeds the maximum amount allocated under this section and
22 then dividing that amount by the total statewide number of pupils
23 who met the income eligibility criteria for free breakfast, lunch,
24 or milk in the immediately preceding fiscal year, as described in
25 subsection ~~(1)~~-(3) .

26 (14) ~~(15)~~ If a district is formed by consolidation after June
27 1, 1995, and if 1 or more of the original districts was not

1 eligible before the consolidation for an additional allowance under
2 this section, the amount of the additional allowance under this
3 section for the consolidated district shall be based on the number
4 of pupils described in subsection (1) enrolled in the consolidated
5 district who reside in the territory of an original district that
6 was eligible before the consolidation for an additional allowance
7 under this section. **IN ADDITION, IF A DISTRICT IS DISSOLVED**
8 **PURSUANT TO SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, THE**
9 **INTERMEDIATE DISTRICT TO WHICH THE DISSOLVED SCHOOL DISTRICT WAS**
10 **CONSTITUENT SHALL DETERMINE THE ESTIMATED NUMBER OF PUPILS THAT**
11 **MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR**
12 **MILK, AS DESCRIBED UNDER SUBSECTION (3), ENROLLED IN EACH OF THE**
13 **OTHER DISTRICTS WITHIN THE INTERMEDIATE DISTRICT AND PROVIDE THAT**
14 **ESTIMATE TO THE DEPARTMENT FOR THE PURPOSES OF DISTRIBUTING FUNDS**
15 **UNDER THIS SECTION WITHIN 60 DAYS AFTER THE SCHOOL DISTRICT IS**
16 **DECLARED DISSOLVED.**

17 (15) ~~(16)~~ As used in this section, "at-risk pupil" means a
18 pupil for whom the district has documentation that the pupil meets
19 ~~at least 2~~ **ANY** of the following criteria: ~~is a victim of child~~
20 ~~abuse or neglect; is below grade level in English language arts or~~
21 ~~mathematics; is a pregnant teenager or teenage parent; is eligible~~
22 ~~for a federal free or reduced price lunch subsidy; has atypical~~
23 ~~behavior or attendance patterns; or has a family history of school~~
24 ~~failure, incarceration, or substance abuse. At risk pupil also~~
25 ~~includes all pupils in a priority school as defined in the~~
26 ~~elementary and secondary education act of 2001 flexibility request~~
27 ~~approved by the United States department of education. For pupils~~

~~for whom the results of at least the applicable Michigan education assessment program (MEAP) test have been received, at risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of level 2 on the most recent MEAP English language arts, mathematics, science test, or social studies for which results for the pupil have been received. For pupils for whom the results of the Michigan merit examination have been received, at risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve proficiency on the reading, writing, mathematics, science, or social studies components of the most recent Michigan merit examination for which results for the pupil have been received. For pupils in grades K-3, at risk pupil also includes a pupil who is at risk of not meeting the district's core academic curricular objectives in English language arts or mathematics.~~

(A) THE PUPIL IS ENROLLED IN A PRIORITY OR PRIORITY-SUCCESSOR SCHOOL, AS DEFINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 2001 FLEXIBILITY WAIVER APPROVED BY THE UNITED STATES DEPARTMENT OF EDUCATION.

(B) THE PUPIL IS ENROLLED IN A FOCUS SCHOOL, AS DEFINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 2001 FLEXIBILITY WAIVER APPROVED BY THE UNITED STATES DEPARTMENT OF EDUCATION AND IS IN THE BOTTOM 30% OF ACHIEVEMENT AS DETERMINED BY THE DEPARTMENT.

(C) THE PUPIL DID NOT ACHIEVE A SCORE OF AT LEAST PROFICIENT ON 2 OR MORE STATE-ADMINISTERED ASSESSMENTS FOR ENGLISH LANGUAGE ARTS, MATHEMATICS, SCIENCE, OR SOCIAL STUDIES.

(D) THE PUPIL DID NOT RECEIVE A SATISFACTORY SCORE ON 2 OR

1 MORE LOCALLY ADMINISTERED ASSESSMENTS THAT ARE ALIGNED WITH STATE
2 STANDARDS FOR ENGLISH LANGUAGE ARTS, MATHEMATICS, SCIENCE, OR
3 SOCIAL SCIENCES IN GRADES NOT ASSESSED BY THE STATE.

4 (E) IN THE ABSENCE OF STATE OR LOCAL ASSESSMENT DATA, THE
5 PUPIL MEETS AT LEAST 2 OF THE FOLLOWING CRITERIA, AS DOCUMENTED IN
6 A FORM AND MANNER APPROVED BY THE DEPARTMENT:

7 (i) THE PUPIL IS ELIGIBLE FOR FREE BREAKFAST, LUNCH, OR MILK.

8 (ii) THE PUPIL IS ABSENT MORE THAN 10% OF ENROLLED DAYS OR 10
9 SCHOOL DAYS DURING THE SCHOOL YEAR.

10 (iii) THE PUPIL IS HOMELESS.

11 (iv) THE PUPIL IS A MIGRANT.

12 (v) THE PUPIL IS AN ENGLISH LANGUAGE LEARNER.

13 (vi) THE PUPIL IS AN IMMIGRANT.

14 (vii) THE PUPIL DID NOT COMPLETE HIGH SCHOOL IN 4 YEARS AND IS
15 STILL CONTINUING IN SCHOOL AS IDENTIFIED IN THE MICHIGAN COHORT
16 GRADUATION AND DROPOUT REPORT.

17 (16) BEGINNING IN 2014-2015, IF A DISTRICT OR PUBLIC SCHOOL
18 ACADEMY OR THE EDUCATION ACHIEVEMENT SYSTEM CANNOT DEMONSTRATE TO
19 THE SATISFACTION OF THE DEPARTMENT IMPROVEMENT IN THE PERCENTAGE OF
20 AT-RISK PUPILS PROFICIENT IN READING AT THE END OF GRADE 3 AND
21 IMPROVEMENT IN THE PERCENTAGE OF AT-RISK PUPILS THAT ARE CAREER AND
22 COLLEGE READY AS MEASURED BY THE STATE-ADMINISTERED ASSESSMENTS
23 AFTER 3 SUBSEQUENT SCHOOL YEARS, THE DISTRICT OR PUBLIC SCHOOL
24 ACADEMY OR THE EDUCATION ACHIEVEMENT SYSTEM SHALL REVISE ITS SCHOOL
25 IMPROVEMENT PLAN REGARDING THE EXPENDITURE OF FUNDING UNDER THIS
26 SECTION.

27 (17) A district or public school academy that receives funds

1 under this section or the education achievement system may use
2 funds received under this section to provide an anti-bullying or
3 crisis intervention program.

4 SEC. 31B. (1) FROM THE APPROPRIATIONS IN SECTION 11, THERE IS
5 ALLOCATED AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2014-2015 FOR
6 GRANTS TO AT-RISK DISTRICTS FOR IMPLEMENTING A YEAR-ROUND
7 INSTRUCTIONAL PROGRAM.

8 (2) THE DEPARTMENT SHALL SELECT DISTRICTS FOR GRANTS UNDER
9 THIS SECTION FROM AMONG APPLICANT DISTRICTS THAT MEET BOTH OF THE
10 FOLLOWING:

11 (A) THE DISTRICT IS ELIGIBLE IN 2014-2015 FOR THE COMMUNITY
12 ELIGIBILITY OPTION FOR FREE AND REDUCED PRICE LUNCH UNDER 42 USC
13 1759A.

14 (B) THE BOARD OF THE DISTRICT HAS ADOPTED A RESOLUTION STATING
15 THAT THE DISTRICT WILL IMPLEMENT FOR THE FIRST TIME A YEAR-ROUND
16 INSTRUCTIONAL CALENDAR THAT WILL BEGIN IN 2015-2016 FOR AT LEAST 1
17 SCHOOL OPERATED BY THE DISTRICT AND COMMITTING TO PROVIDING THE
18 YEAR-ROUND INSTRUCTIONAL CALENDAR IN EACH OF THOSE SCHOOLS FOR AT
19 LEAST 3 SCHOOL YEARS.

20 (3) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL APPLY
21 TO THE DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE
22 DEPARTMENT NOT LATER THAN DECEMBER 1, 2014. THE DEPARTMENT SHALL
23 SELECT DISTRICTS FOR GRANTS AND MAKE NOTIFICATION NOT LATER THAN
24 FEBRUARY 1, 2015.

25 (4) THE DEPARTMENT SHALL AWARD GRANTS UNDER THIS SECTION ON A
26 COMPETITIVE BASIS, BUT SHALL GIVE PRIORITY BASED SOLELY ON
27 CONSIDERATION OF THE FOLLOWING CRITERIA:

1 (A) GIVING PRIORITY TO DISTRICTS WITH LOWER GENERAL FUND
2 BALANCES AS A PERCENT OF REVENUES.

3 (B) GIVING PRIORITY TO DISTRICTS THAT OPERATE AT LEAST 1
4 SCHOOL THAT HAS BEEN IDENTIFIED BY THE DEPARTMENT AS EITHER A
5 PRIORITY SCHOOL OR A FOCUS SCHOOL.

6 (C) ENSURING THAT GRANT FUNDING INCLUDES BOTH RURAL AND URBAN
7 DISTRICTS.

8 (5) THE AMOUNT OF A GRANT UNDER THIS SECTION TO ANY 1 DISTRICT
9 SHALL NOT EXCEED \$750,000.00.

10 (6) A GRANT PAYMENT UNDER THIS SECTION TO A DISTRICT SHALL BE
11 USED FOR NECESSARY MODIFICATIONS TO INSTRUCTIONAL FACILITIES AND
12 OTHER NONRECURRING COSTS OF PREPARING FOR THE OPERATION OF A YEAR-
13 ROUND INSTRUCTIONAL PROGRAM AS APPROVED BY THE DEPARTMENT.

14 (7) A DISTRICT RECEIVING A GRANT UNDER THIS SECTION IS NOT
15 REQUIRED TO PROVIDE MORE THAN THE MINIMUM NUMBER OF DAYS AND HOURS
16 OF PUPIL INSTRUCTION PRESCRIBED UNDER SECTION 101, BUT SHALL SPREAD
17 AT LEAST THOSE MINIMUM AMOUNTS OF PUPIL INSTRUCTION OVER THE ENTIRE
18 YEAR IN EACH OF ITS SCHOOLS IN WHICH A YEAR-ROUND INSTRUCTIONAL
19 CALENDAR IS IMPLEMENTED. THE DISTRICT SHALL COMMIT TO PROVIDING THE
20 YEAR-ROUND INSTRUCTIONAL CALENDAR IN EACH OF THOSE SCHOOLS FOR AT
21 LEAST 3 SCHOOL YEARS.

22 (8) FOR A DISTRICT RECEIVING A GRANT UNDER THIS SECTION,
23 EXCESSIVE HEAT IS CONSIDERED TO BE A CONDITION NOT WITHIN THE
24 CONTROL OF SCHOOL AUTHORITIES FOR THE PURPOSE OF DAYS OR HOURS
25 BEING COUNTED AS DAYS OR HOURS OF PUPIL INSTRUCTION UNDER SECTION
26 101(4).

27 (9) NOTWITHSTANDING SECTION 17B, GRANT PAYMENTS TO DISTRICTS

1 UNDER THIS SECTION SHALL BE PAID ON A SCHEDULE DETERMINED BY THE
2 DEPARTMENT.

3 Sec. 31d. (1) From the appropriations in section 11, there is
4 allocated an amount not to exceed \$22,495,100.00 for ~~2013-2014~~
5 **2014-2015** for the purpose of making payments to districts and other
6 eligible entities under this section.

7 (2) The amounts allocated from state sources under this
8 section shall be used to pay the amount necessary to reimburse
9 districts for 6.0127% of the necessary costs of the state mandated
10 portion of the school lunch programs provided by those districts.
11 The amount due to each district under this section shall be
12 computed by the department using the methods of calculation adopted
13 by the Michigan supreme court in the consolidated cases known as
14 Durant v State of Michigan, Michigan supreme court docket no.
15 104458-104492.

16 (3) The payments made under this section include all state
17 payments made to districts so that each district receives at least
18 6.0127% of the necessary costs of operating the state mandated
19 portion of the school lunch program in a fiscal year.

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

26 (5) From the federal funds appropriated in section 11, there
27 is allocated for ~~2013-2014~~**2014-2015** all available federal funding,

1 estimated at ~~\$460,000,000.00~~ **\$510,000,000.00** for the national
2 school lunch program and all available federal funding, estimated
3 at \$3,200,000.00 for the emergency food assistance program.

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

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

11 Sec. 31f. (1) From the appropriations in section 11, there is
12 allocated an amount not to exceed \$5,625,000.00 for ~~2013-2014-2014-~~
13 **2015** for the purpose of making payments to districts to reimburse
14 for the cost of providing breakfast.

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

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

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

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

1 average cost shall be determined by the department using costs as
2 reported in a manner approved by the department for the preceding
3 school year.

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

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

10 SEC. 31G. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN
11 SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2014-2015 THE
12 AMOUNT OF \$1,800,000.00 FOR A CONTRACT WITH A SINGLE PROVIDER TO
13 PROVIDE AN ONLINE, RESEARCH-BASED, SECURE, PERSONAL USER HEALTH AND
14 NUTRITION EDUCATION SOFTWARE PLATFORM IN A REPRESENTATIVE SAMPLE OF
15 PILOT SCHOOLS IN THIS STATE, TO INCLUDE SCHOOLS OPERATED BY
16 DISTRICTS, PUBLIC SCHOOL ACADEMIES, AND INTERMEDIATE DISTRICTS, FOR
17 3 SCHOOL YEARS. THE CONTRACT SHALL INCLUDE PLATFORM AND CONTENT
18 DEVELOPMENT AND EVALUATION. THE DEPARTMENT SHALL OVERSEE A
19 COMPETITIVE REQUEST FOR PROPOSALS PROCESS FOR THE CONTRACT, AND THE
20 REQUEST FOR PROPOSALS SHALL INCLUDE, BUT NOT BE LIMITED TO, ALL OF
21 THE FOLLOWING REQUIREMENTS:

22 (A) A MICHIGAN-BASED, PLATFORM-NEUTRAL, TECHNOLOGY-DRIVEN
23 ONLINE PLATFORM THAT DOES NOT REQUIRE ADDITIONAL INFORMATION
24 TECHNOLOGY RESOURCES BEYOND INTERNET ACCESS.

25 (B) A SUSTAINABLE, INTERACTIVE HEALTH AND NUTRITION EDUCATION
26 PLATFORM AND PERSONAL RESPONSIBILITY HEALTH BEHAVIOR RECORD THAT IS
27 COST-NEUTRAL TO ALL PARTICIPANTS, INCLUDING PUPILS, PARENTS,

1 GUARDIANS, AND SCHOOLS, AND THAT REQUIRES AN OPT-IN FROM THE PARENT
2 OR LEGAL GUARDIAN OF EACH PUPIL PARTICIPANT.

3 (C) PERSONAL USE HEALTH BEHAVIOR DATA THAT ARE CUMULATIVE AND
4 ACCESSIBLE IN REAL TIME ONLY TO THE USER AND THOSE AUTHORIZED BY
5 THE USER THROUGH A SECURE ONLINE DASHBOARD THAT MEETS ALL FEDERAL,
6 STATE, AND LOCAL HEALTH INFORMATION AND CHILD ONLINE PRIVACY
7 REQUIREMENTS, INCLUDING, BUT NOT LIMITED TO, BEING IN COMPLIANCE
8 WITH THE CHILDREN'S ONLINE PRIVACY PROTECTION ACT OF 1998, 5 USC
9 6501 TO 6505, AND THE KIDSAFE SEAL PROGRAM.

10 (D) A PROGRAM THAT PROVIDES FOR AGE- AND DEVELOPMENTALLY
11 APPROPRIATE SELF-MONITORING THROUGH THE RECORDING OF HEALTH HABITS,
12 INCLUDING, BUT NOT LIMITED TO, DIETARY INTAKE AND PHYSICAL
13 ACTIVITY, THAT IS CONSISTENT WITH CURRENT, ESTABLISHED STANDARDS
14 FOR WELL-CHILD PREVENTIVE HEALTH CARE, AND THAT PROVIDES A PERSONAL
15 RESPONSIBILITY HEALTH RECORD.

16 (E) A PROGRAM THAT PROMOTES A HEALTHY LIFESTYLE AND REINFORCES
17 POSITIVE HEALTH OUTCOMES WHILE ALIGNING WITH CURRENTLY ESTABLISHED
18 SCHOOL HEALTH CURRICULA, PHYSICAL EDUCATION AND PHYSICAL ACTIVITY
19 CURRICULA, FEDERAL SCHOOL MEAL PROGRAMS, SCHOOL-BASED HEALTH
20 PROGRAMS, CURRENT UNITED STATES DIETARY GUIDELINES FOR AMERICANS,
21 AND ESTABLISHED STATE-FUNDED AND FEDERALLY FUNDED FOOD, NUTRITION,
22 AND HEALTH PROMOTION PROGRAMS. THE OVERALL GOAL OF THE PROGRAM
23 SHALL BE IMPROVED DIETARY INTAKE AND INCREASED PHYSICAL ACTIVITY.

24 (2) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT
25 OVER 3 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION.
26 ANY UNEXPENDED FUNDS FOR 2014-2015 ARE CARRIED FORWARD INTO 2015-
27 2016. THE PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER

1 SUBSECTION (1). THE TOTAL ESTIMATED COST OF THESE PROJECTS IS
2 \$1,800,000.00. THE TENTATIVE ESTIMATED COMPLETION DATE OF THE WORK
3 PROJECT IS SEPTEMBER 30, 2017.

4 (3) THE CONTRACT UNDER SUBSECTION (1) SHALL REQUIRE THE
5 PROVIDER TO SUBMIT A PROGRESS REPORT TO THE LEGISLATURE BY
6 SEPTEMBER 30, 2017. THE REPORT SHALL PROVIDE DETAILS ON THE
7 PROGRAM'S PROGRESS AND IMPACT, INCLUDING, BUT NOT LIMITED TO, ALL
8 OF THE FOLLOWING:

9 (A) INCREASE IN THE NUMBER OF ACTIVE REGISTRANTS IN THE
10 PROGRAM AND IN THE LENGTH OF PARTICIPATION BY REGISTRANTS IN THE
11 PROGRAM.

12 (B) IMPROVEMENT AND INCREASE IN THE NUMBER OF HEALTHY OPTIONS
13 SERVED TO PUPILS BY SCHOOL LUNCH PROGRAMS.

14 (C) INCREASE IN PARTICIPATION BY PUPILS IN SCHOOL ATHLETIC AND
15 PHYSICAL ACTIVITIES.

16 (D) CONTINUED ALIGNMENT WITH THE DEPARTMENT OF COMMUNITY
17 HEALTH'S MICHIGAN HEALTH AND WELLNESS 4X4 PLAN.

18 (4) NOT LATER THAN 1 YEAR AFTER THE COMPLETION OF THE WORK
19 PROJECT UNDER THIS SECTION, THE AUDITOR GENERAL SHALL PERFORM A
20 PERFORMANCE POST-AUDIT OF THE PILOT PROJECT AND SUBMIT A REPORT TO
21 THE LEGISLATURE ON THE EFFECTIVENESS OF THE PROGRAM IN ACHIEVING
22 IMPROVEMENTS IN CHILD HEALTH.

23 Sec. 32d. (1) From the funds appropriated in section 11, there
24 is allocated to eligible intermediate districts and consortia of
25 intermediate districts for great start readiness programs an amount
26 not to exceed ~~\$149,275,000.00~~ **\$214,275,000.00** for ~~2013-2014-2014-~~
27 **2015**. In addition, from the funds appropriated in section 11, there

1 is allocated to the great start readiness reserve fund created
2 under subsection ~~(14)~~ **(16)** an amount not to exceed \$25,000,000.00
3 for ~~2013-2014~~ **2014-2015**. Funds allocated under this section for
4 great start readiness programs shall be used to provide part-day,
5 school-day, or GSRP/head start blended comprehensive free
6 compensatory classroom programs designed to improve the readiness
7 and subsequent achievement of educationally disadvantaged children
8 who meet the participant eligibility and prioritization guidelines
9 as defined by the department. ~~Beginning in 2013-2014, for~~ **FOR** a
10 child to be eligible to participate in a program under this
11 section, the child shall be at least 4, but less than 5, years of
12 age as of the date specified for determining a child's eligibility
13 to attend school under section 1147 of the revised school code, MCL
14 380.1147.

15 (2) Funds allocated under subsection (1) shall be allocated to
16 intermediate districts or consortia of intermediate districts based
17 on the formula in section 39. An intermediate district or
18 consortium of intermediate districts receiving funding under this
19 section shall act as the fiduciary for the great start readiness
20 programs. In order to be eligible to receive funds allocated under
21 this subsection from an intermediate district or consortium of
22 intermediate districts, a district, a consortium of districts, or a
23 public or private for-profit or nonprofit legal entity or agency
24 shall comply with this section and section 39.

25 (3) In addition to the allocation under subsection (1), from
26 the general fund money appropriated under section 11, there is
27 allocated an amount not to exceed \$300,000.00 for ~~2013-2014~~ **2014-**

1 2015 for a competitive grant to continue a longitudinal evaluation
2 of children who have participated in great start readiness
3 programs.

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

9 (a) Participation in a collaborative recruitment and
10 enrollment process to assure that each child is enrolled in the
11 program most appropriate to his or her needs and to maximize the
12 use of federal, state, and local funds.

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

16 (c) Nutritional services for all program participants
17 supported by federal, state, and local resources as applicable.

18 (d) ~~Health~~**PHYSICAL AND DENTAL HEALTH** and developmental
19 screening services for all program participants.

20 (e) Referral services for families of program participants to
21 community social service agencies, **INCLUDING MENTAL HEALTH**
22 **SERVICES**, as appropriate.

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

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

1 (h) Participation in a ~~multidistrict, multiagency, school~~
2 readiness advisory committee convened as a workgroup of the great
3 start collaborative that provides for the involvement of classroom
4 teachers, parents or guardians of program participants, and
5 community, volunteer, and social service agencies and
6 organizations, as appropriate. The advisory committee annually
7 shall review **AND MAKE RECOMMENDATIONS REGARDING** the program
8 components listed in this subsection. ~~and make recommendations for~~
9 ~~changes to the great start readiness program for which it is an~~
10 ~~advisory committee.~~ **THE ADVISORY COMMITTEE ALSO SHALL MAKE**
11 **RECOMMENDATIONS TO THE GREAT START COLLABORATIVE REGARDING OTHER**
12 **COMMUNITY SERVICES DESIGNED TO IMPROVE ALL CHILDREN'S SCHOOL**
13 **READINESS.**

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

16 (j) Participation in this state's great start to quality
17 process with a rating of at least 3 stars.

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

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

23 (b) ~~Ensure~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,**
24 **ENSURE** that at least 90% of the children participating in an
25 eligible great start readiness program for whom the ~~provider~~
26 **INTERMEDIATE DISTRICT** is receiving funds under this section are
27 children who live with families with a household income that is

1 equal to or less than 250% of the federal poverty level. **FOR**
2 **PURPOSES OF THIS SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN**
3 **FOSTER CARE OR WHO ARE EXPERIENCING HOMELESSNESS OR WHO HAVE**
4 **INDIVIDUALIZED EDUCATION PLANS RECOMMENDING PLACEMENT IN AN**
5 **INCLUSIVE PRESCHOOL SETTING SHALL BE CONSIDERED TO LIVE WITH**
6 **FAMILIES WITH HOUSEHOLD INCOME EQUAL TO OR LESS THAN 250% OF THE**
7 **FEDERAL POVERTY LEVEL REGARDLESS OF ACTUAL FAMILY INCOME.**

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

10 (i) Teachers possessing proper training. ~~For programs managed~~
11 ~~directly by a district or intermediate district, A LEAD TEACHER~~
12 **MUST HAVE** a valid teaching certificate ~~and WITH~~ an early childhood
13 (ZA or ZS) endorsement ~~are required. This provision does not apply~~
14 ~~to an eligible child development program. In that situation, a~~
15 ~~teacher must have a valid Michigan teaching certificate with an~~
16 ~~early childhood (ZA or ZS) endorsement, a valid Michigan elementary~~
17 ~~teaching certificate with a child development associate credential,~~
18 or a bachelor's degree in child development **OR EARLY CHILD**
19 **DEVELOPMENT** with specialization in preschool teaching. However, if
20 an applicant demonstrates to the department that it is unable to
21 fully comply with this subparagraph after making reasonable efforts
22 to comply, teachers who have significant but incomplete training in
23 early childhood education or child development may be used if the
24 applicant provides to the department, and the department approves,
25 a plan for each teacher to come into compliance with the standards
26 in this subparagraph. A teacher's compliance plan must be completed
27 within 2 years of the date of employment. Progress toward

1 completion of the compliance plan shall consist of at least 2
2 courses per calendar year.

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

18 (d) Include a program budget that contains only those costs
19 that are not reimbursed or reimbursable by federal funding, that
20 are clearly and directly attributable to the great start readiness
21 program, and that would not be incurred if the program were not
22 being offered. Eligible costs include transportation costs. The
23 program budget shall indicate the extent to which these funds will
24 supplement other federal, state, local, or private funds. Funds
25 received under this section shall not be used to supplant any
26 federal funds received by the applicant to serve children eligible
27 for a federally funded preschool program that has the capacity to

1 serve those children.

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

9 (7) For a grant recipient that enrolls pupils in a GSRP/head
10 start blended program, the grant recipient shall ensure that all
11 head start and GSRP policies and regulations are applied to the
12 blended slots, with adherence to the highest standard from either
13 program, to the extent allowable under federal law.

14 (8) An intermediate district or consortium of intermediate
15 districts receiving a grant under this section **SHALL DESIGNATE AN**
16 **EARLY CHILDHOOD COORDINATOR, AND** may provide services directly or
17 may contract with 1 or more districts or public or private for-
18 profit or nonprofit providers that meet all requirements of
19 subsection (4) and retain for administrative services **PROVIDED BY**
20 **THE INTERMEDIATE DISTRICT** an amount equal to not more than ~~7%~~5% of
21 the grant amount. **EXPENSES INCURRED BY SUBRECIPIENTS ENGAGED BY THE**
22 **INTERMEDIATE DISTRICT TO PROVIDE PROGRAM SERVICES SHALL BE**
23 **CONSIDERED A CONTRACTED PROGRAM FEE FOR SERVICE.** In addition, an
24 intermediate district or consortium of intermediate districts may
25 expend not more than 2% of the total grant amount for **OUTREACH,**
26 recruiting, and public awareness of the program.

27 (9) Each grant recipient shall enroll children identified

1 under subsection (5)(b) according to how far the child's household
2 income is below 250% of the federal poverty level by ranking each
3 applicant child's household income from lowest to highest and
4 dividing the applicant children into quintiles based on how far the
5 child's household income is below 250% of the federal poverty
6 level, and then enrolling children in the quintile with the lowest
7 household income before enrolling children in the quintile with the
8 next lowest household income until slots are completely filled. **FOR**
9 **PURPOSES OF THIS SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN**
10 **FOSTER CARE OR WHO ARE EXPERIENCING HOMELESSNESS OR WHO HAVE**
11 **INDIVIDUALIZED EDUCATION PLANS RECOMMENDING PLACEMENT IN AN**
12 **INCLUSIVE PRESCHOOL SETTING SHALL BE CONSIDERED TO LIVE WITH**
13 **FAMILIES WITH HOUSEHOLD INCOME EQUAL TO OR LESS THAN 250% OF THE**
14 **FEDERAL POVERTY LEVEL REGARDLESS OF ACTUAL FAMILY INCOME.**

15 (10) An intermediate district or consortium of intermediate
16 districts receiving a grant under this section shall conduct a
17 local process to contract with interested and eligible public and
18 private for-profit and nonprofit community-based providers that
19 meet all requirements of subsection (4) for at least 30% of its
20 total slot allocation. **THE INTERMEDIATE DISTRICT OR CONSORTIUM**
21 **SHALL REPORT TO THE DEPARTMENT A DETAILED LIST OF COMMUNITY-BASED**
22 **PROVIDERS BY PROVIDER TYPE, INCLUDING PRIVATE FOR-PROFIT, PRIVATE**
23 **NONPROFIT, HEAD START, AND DISTRICT OR INTERMEDIATE DISTRICT, AND**
24 **THE NUMBER AND PROPORTION OF ITS TOTAL SLOT ALLOCATION ALLOCATED TO**
25 **EACH PROVIDER.** If the intermediate district or consortium is not
26 able to contract for at least 30% of its total slot allocation, the
27 grant recipient shall notify the department and, if the department

1 verifies that the intermediate district or consortium attempted to
2 contract for at least 30% of its total slot allocation and was not
3 able to do so, then the intermediate district or consortium may
4 retain and use all of its allocated slots as provided under this
5 section. TO BE ABLE TO USE THIS EXEMPTION, THE INTERMEDIATE
6 DISTRICT OR CONSORTIUM SHALL DEMONSTRATE TO THE DEPARTMENT THAT THE
7 INTERMEDIATE DISTRICT OR CONSORTIUM INCREASED THE PERCENTAGE OF ITS
8 TOTAL SLOT ALLOCATION FOR WHICH IT CONTRACTS WITH A COMMUNITY-BASED
9 PROVIDER AND THE INTERMEDIATE DISTRICT OR CONSORTIUM SHALL SUBMIT
10 EVIDENCE SATISFACTORY TO THE DEPARTMENT, AND THE DEPARTMENT MUST BE
11 ABLE TO VERIFY THIS EVIDENCE, DEMONSTRATING THAT THE INTERMEDIATE
12 DISTRICT OR CONSORTIUM TOOK MEASURES TO CONTRACT FOR AT LEAST 30%
13 OF ITS TOTAL SLOT ALLOCATION AS REQUIRED UNDER THIS SUBSECTION,
14 INCLUDING, BUT NOT LIMITED TO, AT LEAST ALL OF THE FOLLOWING
15 MEASURES:

16 (A) THE INTERMEDIATE DISTRICT OR CONSORTIUM NOTIFIED EACH
17 LICENSED CHILD CARE CENTER LOCATED IN THE TERRITORY OF THE
18 INTERMEDIATE DISTRICT OR CONSORTIUM AT LEAST TWICE REGARDING THE
19 CENTER'S ELIGIBILITY TO PARTICIPATE. ONE OF THESE NOTIFICATIONS MAY
20 BE MADE ELECTRONICALLY, BUT AT LEAST 1 OF THESE NOTIFICATIONS SHALL
21 BE MADE VIA HARD COPY THROUGH THE UNITED STATES MAIL AT LEAST 90
22 DAYS BEFORE THE INTERMEDIATE DISTRICT'S OR CONSORTIUM'S DEADLINE
23 FOR COMMUNITY-BASED PROVIDER APPLICATIONS.

24 (B) THE INTERMEDIATE DISTRICT OR CONSORTIUM PROVIDED TO EACH
25 LICENSED CHILD CARE CENTER LOCATED IN THE TERRITORY OF THE
26 INTERMEDIATE DISTRICT OR CONSORTIUM INFORMATION REGARDING GREAT
27 START READINESS PROGRAM REQUIREMENTS AND A DESCRIPTION OF THE

1 APPLICATION AND SELECTION PROCESS FOR COMMUNITY-BASED PROVIDERS.

2 (C) THE INTERMEDIATE DISTRICT OR CONSORTIUM PROVIDED A LIST OF
3 COMMUNITY-BASED PROVIDERS WITH A PROGRAM QUALITY ASSESSMENT RATING
4 OF AT LEAST 3 STARS TO THE PUBLIC AND TO PARTICIPATING FAMILIES.

5 (11) IF AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE
6 DISTRICTS RECEIVING A GRANT UNDER THIS SECTION FAILS TO SUBMIT
7 SATISFACTORY EVIDENCE TO DEMONSTRATE ITS EFFORT TO CONTRACT FOR AT
8 LEAST 30% OF ITS TOTAL SLOT ALLOCATION, AS REQUIRED UNDER
9 SUBSECTION (1), THE DEPARTMENT SHALL REDUCE THE SLOTS ALLOCATED TO
10 THE INTERMEDIATE DISTRICT OR CONSORTIUM BY A PERCENTAGE EQUAL TO
11 THE DIFFERENCE BETWEEN THE PERCENTAGE OF AN INTERMEDIATE DISTRICT'S
12 OR CONSORTIUM'S TOTAL SLOT ALLOCATION AWARDED TO COMMUNITY-BASED
13 PROVIDERS AND 30% OF ITS TOTAL SLOT ALLOCATION.

14 (12) IN ORDER TO ASSIST INTERMEDIATE DISTRICTS AND CONSORTIA
15 IN COMPLYING WITH THE REQUIREMENT TO CONTRACT WITH COMMUNITY-BASED
16 PROVIDERS FOR AT LEAST 30% OF THEIR TOTAL SLOT ALLOCATION, THE
17 DEPARTMENT SHALL DO ALL OF THE FOLLOWING:

18 (A) PROVIDE EACH INTERMEDIATE DISTRICT OR CONSORTIUM RECEIVING
19 A GRANT UNDER THIS SECTION WITH THE CONTACT INFORMATION FOR EACH
20 LICENSED CHILD CARE CENTER LOCATED IN THE TERRITORY OF THE
21 INTERMEDIATE DISTRICT OR CONSORTIUM AT LEAST 120 DAYS BEFORE THE
22 INTERMEDIATE DISTRICT'S OR CONSORTIUM'S DEADLINE FOR COMMUNITY-
23 BASED PROVIDER APPLICATIONS.

24 (B) PROVIDE, OR ENSURE THAT AN ORGANIZATION WITH WHICH THE
25 DEPARTMENT CONTRACTS PROVIDES, A COMMUNITY-BASED PROVIDER WITH A
26 PROGRAM QUALITY ASSESSMENT RATING WITHIN 90 DAYS OF THE PROVIDER'S
27 HAVING SUBMITTED A REQUEST AND SELF-ASSESSMENT.

1 (C) NOT LATER THAN NOVEMBER 1 OF EACH YEAR, COMPILE THE
2 RESULTS OF THE INFORMATION REPORTED BY EACH INTERMEDIATE DISTRICT
3 OR CONSORTIUM UNDER SUBSECTION (10) AND REPORT TO THE LEGISLATURE A
4 LIST BY INTERMEDIATE DISTRICT OR CONSORTIUM WITH THE NUMBER AND
5 PERCENTAGE OF EACH INTERMEDIATE DISTRICT'S OR CONSORTIUM'S TOTAL
6 SLOT ALLOCATION ALLOCATED TO COMMUNITY-BASED PROVIDERS BY PROVIDER
7 TYPE, INCLUDING PRIVATE FOR-PROFIT, PRIVATE NONPROFIT, HEAD START,
8 AND DISTRICT OR INTERMEDIATE DISTRICT.

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

22 (14) ~~(12)~~—As used in this section:

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

26 (b) "Part-day program" means a program that operates at least
27 4 days per week, 30 weeks per year, for at least 3 hours of

1 teacher-child contact time per day but for fewer hours of teacher-
2 child contact time per day than a school-day program.

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

8 (15) ~~(13)~~ An intermediate district or consortium of
9 intermediate districts receiving funds under this section shall
10 establish a sliding scale of tuition rates based upon household
11 income for children participating in an eligible great start
12 readiness program who live with families with a household income
13 that is more than 250% of the federal poverty level to be used by
14 all of its providers, as approved by the department. A grant
15 recipient shall charge tuition according to that sliding scale of
16 tuition rates on a uniform basis for any child who does not meet
17 the income eligibility requirements under this section.

18 (16) ~~(14)~~ The great start readiness reserve fund is created as
19 a separate account within the state school aid fund established by
20 section 11 of article IX of the state constitution of 1963. Money
21 available in the great start readiness reserve fund may not be
22 expended for ~~2013-2014~~ **2014-2015** unless transferred by the
23 legislature not later than January 31, ~~2014-2015~~ to the allocation
24 under subsection (1) for great start readiness programs. Money in
25 the great start readiness reserve fund shall be expended only for
26 purposes for which state school aid fund money may be expended. The
27 state treasurer shall direct the investment of the great start

1 readiness reserve fund. The state treasurer shall credit to the
2 great start readiness reserve fund interest and earnings from fund
3 investments. Money in the great start readiness reserve fund at the
4 close of a fiscal year shall remain in the great start readiness
5 reserve fund and shall not lapse to the unreserved school aid fund
6 balance or the general fund.

7 (17) FROM THE AMOUNT APPROPRIATED IN SUBSECTION (1), THERE IS
8 ALLOCATED AN AMOUNT NOT TO EXCEED \$10,000,000.00 FOR REIMBURSEMENT
9 OF TRANSPORTATION COSTS FOR CHILDREN ATTENDING GREAT START
10 READINESS PROGRAMS FUNDED UNDER THIS SECTION. TO RECEIVE
11 REIMBURSEMENT UNDER THIS SUBSECTION, NOT LATER THAN NOVEMBER 1,
12 2014, A PROGRAM FUNDED UNDER THIS SECTION THAT PROVIDES
13 TRANSPORTATION SHALL SUBMIT TO THE INTERMEDIATE DISTRICT THAT IS
14 THE FISCAL AGENT FOR THE PROGRAM A PROJECTED TRANSPORTATION BUDGET.
15 THE AMOUNT OF THE REIMBURSEMENT FOR TRANSPORTATION UNDER THIS
16 SUBSECTION SHALL BE THE LESSER OF THE PROJECTED TRANSPORTATION
17 BUDGET OR \$150.00 MULTIPLIED BY THE NUMBER OF SLOTS FUNDED FOR THE
18 PROGRAM UNDER THIS SECTION. IF THE AMOUNT ALLOCATED UNDER THIS
19 SUBSECTION IS INSUFFICIENT TO FULLY REIMBURSE THE TRANSPORTATION
20 COSTS FOR ALL PROGRAMS THAT PROVIDE TRANSPORTATION AND SUBMIT THE
21 REQUIRED INFORMATION, THE REIMBURSEMENT SHALL BE PRORATED IN AN
22 EQUAL AMOUNT PER SLOT FUNDED. PAYMENTS SHALL BE MADE TO THE
23 INTERMEDIATE DISTRICT THAT IS THE FISCAL AGENT FOR EACH PROGRAM,
24 AND THE INTERMEDIATE DISTRICT SHALL THEN REIMBURSE THE PROGRAM
25 PROVIDER FOR TRANSPORTATION COSTS AS PRESCRIBED UNDER THIS
26 SUBSECTION.

27 Sec. 32p. (1) From the school aid fund appropriation in

1 section 11, there is allocated an amount not to exceed
2 \$10,900,000.00 to intermediate districts for ~~2013-2014~~ **2014-2015**
3 for the purpose of providing early childhood funding to
4 intermediate school districts in block grants, supporting the
5 activities under subsection (2), and providing early childhood
6 programs for children from birth through age 8. ~~Beginning in 2013-~~
7 ~~2014, the~~ **THE** funding provided to each intermediate district under
8 this section shall be determined by the distribution formula
9 established by the department's office of great start to provide
10 equitable funding statewide. In order to receive funding under this
11 section, each intermediate district shall provide an application to
12 the office of great start not later than September 15 of the
13 immediately preceding fiscal year indicating the activities planned
14 to be provided.

15 (2) Each intermediate district or consortium of intermediate
16 districts that receives funding under this section shall convene a
17 local great start collaborative and a parent coalition. The goal of
18 each great start collaborative and parent coalition shall be to
19 ensure the coordination and expansion of local early childhood
20 infrastructure and programs that allow every child in the community
21 to achieve the following outcomes:

22 (a) Children born healthy.

23 (b) Children healthy, thriving, and developmentally on track
24 from birth to third grade.

25 (c) Children developmentally ready to succeed in school at the
26 time of school entry.

27 (d) Children prepared to succeed in fourth grade and beyond by

1 reading proficiently by the end of third grade.

2 (3) Each local great start collaborative and parent coalition
3 shall convene ~~a workgroup to serve as a school readiness advisory~~
4 ~~committee as required under section 32d and shall~~ **WORKGROUPS TO**
5 **MAKE RECOMMENDATIONS ABOUT COMMUNITY SERVICES DESIGNED TO ACHIEVE**
6 **THE OUTCOMES DESCRIBED IN SUBSECTION (2) AND TO** ensure that its
7 local great start system includes the following supports for
8 children from birth through age 8:

9 (a) Physical health.

10 (b) Social-emotional health.

11 (c) Family supports and basic needs.

12 (d) Parent education and child advocacy.

13 (e) Early education and care.

14 (4) Not later than December 1 of each year, each intermediate
15 district shall provide a report to the department detailing the
16 activities actually provided during the immediately preceding
17 school year and the families and children actually served. The
18 department shall compile and summarize these reports and submit its
19 summary to the house and senate appropriations subcommittees on
20 school aid and to the house and senate fiscal agencies **NOT LATER**
21 **THAN FEBRUARY 15 OF EACH YEAR.** ~~The block grants allocated under~~
22 ~~this section implement legislative intent language for this purpose~~
23 ~~enacted in 2011 PA 62.~~

24 (5) An intermediate district or consortium of intermediate
25 districts that receives funding under this section may carry over
26 any unexpended funds received under this section into the next
27 fiscal year and may expend those unused funds ~~in~~ **THROUGH JUNE 30 OF**

1 the next fiscal year. A recipient of a grant shall return any
2 unexpended grant funds to the department in the manner prescribed
3 by the department not later than September 30 of the next fiscal
4 year after the fiscal year in which the funds are received.

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

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

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

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

26 (d) The estimated number of children who meet the criteria of
27 section 32d who will remain unserved after the applicant and

1 community early childhood programs have met their funded
2 enrollments. The applicant shall maintain a waiting list of
3 identified unserved eligible children who would be served when
4 openings are available.

5 (2) ~~An~~ **AFTER NOTIFICATION OF FUNDING ALLOCATIONS, AN** applicant
6 receiving funds under section 32d shall also submit ~~a final~~
7 ~~application~~ **AN IMPLEMENTATION PLAN** for approval, in a form and
8 manner prescribed by the department, by a date specified by the
9 department, that details how the applicant complies with the
10 program components established by the department pursuant to
11 section 32d.

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

24 (4) The initial allocation for each fiscal year to each
25 eligible applicant under section 32d shall be determined by
26 multiplying the number of children determined by the formula under
27 subsection (3) or the number of children the applicant indicates it

1 will be able to serve under subsection (1)(c), whichever is less,
2 by \$3,625.00 and shall be distributed among applicants in
3 decreasing order of concentration of eligible children as
4 determined by the formula under subsection (3). If the number of
5 children an applicant indicates it will be able to serve under
6 subsection (1)(c) includes children able to be served in a school-
7 day program, then the number able to be served in a school-day
8 program shall be doubled for the purposes of making this
9 calculation of the lesser of the number of children determined by
10 the formula under subsection (3) and the number of children the
11 applicant indicates it will be able to serve under subsection
12 (1)(c) and determining the amount of the initial allocation to the
13 applicant under section 32d. A district may contract with a head
14 start agency to serve children enrolled in head start with a
15 school-day program by blending head start funds with a part-day
16 great start readiness program allocation. All head start and great
17 start readiness program policies and regulations apply to the
18 blended program.

19 (5) If funds allocated for eligible applicants or to the great
20 start readiness reserve fund under section 32d remain after the
21 initial allocation under subsection (4), the allocation under this
22 subsection shall be distributed to each eligible applicant under
23 section 32d in decreasing order of concentration of eligible
24 children as determined by the formula under subsection (3). The
25 allocation shall be determined by multiplying the number of
26 children each district within the applicant's service area served
27 in the immediately preceding fiscal year or the number of children

1 the applicant indicates it will be able to serve under subsection
2 (1)(c), whichever is less, minus the number of children for which
3 the applicant received funding in subsection (4) by \$3,625.00.

4 (6) If funds allocated for eligible applicants or to the great
5 start readiness reserve fund under section 32d remain after the
6 allocations under subsections (4) and (5), remaining funds shall be
7 distributed to each eligible applicant under section 32d in
8 decreasing order of concentration of eligible children as
9 determined by the formula under subsection (3). If the number of
10 children the applicant indicates it will be able to serve under
11 subsection (1)(c) exceeds the number of children for which funds
12 have been received under subsections (4) and (5), the allocation
13 under this subsection shall be determined by multiplying the number
14 of children the applicant indicates it will be able to serve under
15 subsection (1)(c) less the number of children for which funds have
16 been received under subsections (4) and (5) by \$3,625.00 until the
17 funds allocated for eligible applicants in section 32d are
18 distributed.

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

27 (8) If, taking into account the total amount to be allocated

1 to the applicant as calculated under this section, an applicant
2 determines that it is able to include additional eligible children
3 in the great start readiness program without additional funds under
4 section 32d, the applicant may include additional eligible children
5 but shall not receive additional funding under section 32d for
6 those children.

7 Sec. 39a. (1) From the federal funds appropriated in section
8 11, there is allocated for ~~2013-2014~~ **2014-2015** to districts,
9 intermediate districts, and other eligible entities all available
10 federal funding, estimated at ~~\$811,828,500.00,~~ **\$807,969,900.00** for
11 the federal programs under the no child left behind act of 2001,
12 Public Law 107-110. These funds are allocated as follows:

13 (a) An amount estimated at ~~\$10,808,600.00~~ **\$8,000,000.00** to
14 provide students with drug- and violence-prevention programs and to
15 implement strategies to improve school safety, funded from DED-
16 OESE, drug-free schools and communities funds.

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

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

24 (d) An amount estimated at \$10,286,500.00 for the Michigan
25 charter school subgrant program, funded from DED-OESE, charter
26 school funds.

27 (e) An amount estimated at \$2,393,500.00 for rural and low

1 income schools, funded from DED-OESE, rural and low income school
2 funds.

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

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

10 (h) An amount estimated at ~~\$40,050,000.00~~ **\$39,000,000.00** for
11 the purpose of providing high-quality extended learning
12 opportunities, after school and during the summer, for children in
13 low-performing schools, funded from DED-OESE, twenty-first century
14 community learning center funds.

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

18 (2) From the federal funds appropriated in section 11, there
19 is allocated for ~~2013-2014~~ **2014-2015** to districts, intermediate
20 districts, and other eligible entities all available federal
21 funding, estimated at ~~\$31,700,000.00~~ **\$31,300,000.00** for the
22 following programs that are funded by federal grants:

23 (a) An amount estimated at ~~\$600,000.00~~ **\$200,000.00** for
24 acquired immunodeficiency syndrome education grants, funded from
25 HHS - center for disease control, AIDS funding.

26 (b) An amount estimated at \$2,600,000.00 to provide services
27 to homeless children and youth, funded from DED-OVAE, homeless

1 children and youth funds.

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

5 ~~—— (3) To the extent allowed under federal law, the funds~~
6 ~~allocated under subsection (1) (f) and (i) may be used for 1 or more~~
7 ~~reading improvement programs that meet at least 1 of the following:~~

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

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

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

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

26 (3) ~~(4)~~ All federal funds allocated under this section shall
27 be distributed in accordance with federal law and with flexibility

1 provisions outlined in Public Law 107-116, and in the education
2 flexibility partnership act of 1999, Public Law 106-25.
3 Notwithstanding section 17b, payments of federal funds to
4 districts, intermediate districts, and other eligible entities
5 under this section shall be paid on a schedule determined by the
6 department.

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

12 (5) ~~(6)~~—As used in this section:

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

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

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

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

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

22 Sec. 41. (1) From the appropriation in section 11, there is
23 allocated an amount not to exceed \$1,200,000.00 for ~~2013-2014-2014-~~
24 **2015** to applicant districts and intermediate districts offering
25 programs of instruction for pupils of limited English-speaking
26 ability under section 1153 of the revised school code, MCL
27 380.1153. Subject to subsection (2), reimbursement shall be on a

1 per-pupil basis and shall be based on the number of pupils of
2 limited English-speaking ability in membership on the pupil
3 membership count day. Funds allocated under this section shall be
4 used solely for instruction in speaking, reading, writing, or
5 comprehension of English. A pupil shall not be counted under this
6 section or instructed in a program under this section for more than
7 3 years.

8 (2) A district or intermediate district shall not receive
9 funds under this section if it allows pupils to participate in the
10 program of instruction who are not residing in the United States
11 legally.

12 Sec. 51a. (1) From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$952,569,100.00 for 2012-2013 and~~
14 ~~there is allocated an amount not to exceed \$980,446,100.00 for~~
15 ~~2013-2014~~ **\$938,946,100.00 FOR 2014-2015** from state sources and all
16 available federal funding under sections 611 to 619 of part B of
17 the individuals with disabilities education act, 20 USC 1411 to
18 1419, estimated at ~~\$365,000,000.00 for 2012-2013, and estimated at~~
19 ~~\$370,000,000.00 for 2013-2014,~~ **2014-2015**, plus any carryover
20 federal funds from previous year appropriations. The allocations
21 under this subsection are for the purpose of reimbursing districts
22 and intermediate districts for special education programs,
23 services, and special education personnel as prescribed in article
24 3 of the revised school code, MCL 380.1701 to 380.1766; net tuition
25 payments made by intermediate districts to the Michigan schools for
26 the deaf and blind; and special education programs and services for
27 pupils who are eligible for special education programs and services

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

18 (2) From the funds allocated under subsection (1), there is
19 allocated the amount necessary, estimated at ~~\$251,000,000.00 for~~
20 ~~2012-2013, and estimated at \$257,800,000.00~~ **\$252,000,000.00** for
21 ~~2013-2014,~~ **2014-2015**, for payments toward reimbursing districts and
22 intermediate districts for 28.6138% of total approved costs of
23 special education, excluding costs reimbursed under section 53a,
24 and 70.4165% of total approved costs of special education
25 transportation. Allocations under this subsection shall be made as
26 follows:

27 (a) The initial amount allocated to a district under this

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

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

25 (3) From the funds allocated under subsection (1), there is
26 allocated ~~each fiscal year for 2012-2013 and for 2013-2014~~ **FOR**
27 **2014-2015** an amount not to exceed \$1,000,000.00 to make payments to

1 districts and intermediate districts under this subsection. If the
2 amount allocated to a district or intermediate district for a
3 fiscal year under subsection (2)(b) is less than the sum of the
4 amounts allocated to the district or intermediate district for
5 1996-97 under sections 52 and 58, there is allocated to the
6 district or intermediate district for the fiscal year an amount
7 equal to that difference, adjusted by applying the same proration
8 factor that was used in the distribution of funds under section 52
9 in 1996-97 as adjusted to the district's or intermediate district's
10 necessary costs of special education used in calculations for the
11 fiscal year. This adjustment is to reflect reductions in special
12 education program operations or services between 1996-97 and
13 subsequent fiscal years. Adjustments for reductions in special
14 education program operations or services shall be made in a manner
15 determined by the department and shall include adjustments for
16 program or service shifts.

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

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

9 (5) State funds shall be allocated on a total approved cost
10 basis. Federal funds shall be allocated under applicable federal
11 requirements, except that an amount not to exceed \$3,500,000.00 may
12 be allocated by the department ~~each fiscal year for 2012-2013 and~~
13 ~~for 2013-2014~~ **FOR 2014-2015** to districts, intermediate districts,
14 or other eligible entities on a competitive grant basis for
15 programs, equipment, and services that the department determines to
16 be designed to benefit or improve special education on a statewide
17 scale.

18 (6) From the amount allocated in subsection (1), there is
19 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~
20 ~~for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** to reimburse 100% of
21 the net increase in necessary costs incurred by a district or
22 intermediate district in implementing the revisions in the
23 administrative rules for special education that became effective on
24 July 1, 1987. As used in this subsection, "net increase in
25 necessary costs" means the necessary additional costs incurred
26 solely because of new or revised requirements in the administrative
27 rules minus cost savings permitted in implementing the revised

1 rules. Net increase in necessary costs shall be determined in a
2 manner specified by the department.

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

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

26 (b) Beginning with the 2004-2005 fiscal year, a district or
27 intermediate district that employed special education support

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

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

1 calculations and resulting reimbursement under this subdivision
2 shall be prorated on an equal percentage basis. This reimbursement
3 shall not be made after 2014-2015.

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

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

1 reported by the constituent district to remove the cost associated
2 with that specific service.

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

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

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

20 (11) From the funds allocated in subsection (1), there is
21 allocated the amount necessary, estimated at ~~\$4,300,000.00 for~~
22 ~~2012-2013, and estimated at \$4,300,000.00 for 2013-2014,~~
23 **\$3,300,000.00 FOR 2014-2015**, to pay the foundation allowances for
24 pupils described in this subsection. The allocation to a district
25 under this subsection shall be calculated by multiplying the number
26 of pupils described in this subsection who are counted in
27 membership in the district times the foundation allowance under

1 section 20 of the pupil's district of residence, not to exceed the
2 basic foundation allowance under section 20 for the current fiscal
3 year, or, for a pupil described in this subsection who is counted
4 in membership in a district that is a public school academy, times
5 an amount equal to the amount per membership pupil under section
6 20(6) or, for a pupil described in this subsection who is counted
7 in membership in the education achievement system, times an amount
8 equal to the amount per membership pupil under section 20(7). The
9 allocation to an intermediate district under this subsection shall
10 be calculated in the same manner as for a district, using the
11 foundation allowance under section 20 of the pupil's district of
12 residence, not to exceed the basic foundation allowance under
13 section 20 for the current fiscal year. This subsection applies to
14 all of the following pupils:

15 (a) Pupils described in section 53a.

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

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

23 (12) If it is determined that funds allocated under subsection
24 (2) or (11) or under section 51c will not be expended, funds up to
25 the amount necessary and available may be used to supplement the
26 allocations under subsection (2) or (11) or under section 51c in
27 order to fully fund those allocations. After payments under

1 subsections (2) and (11) and section 51c, the remaining
2 expenditures from the allocation in subsection (1) shall be made in
3 the following order:

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

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

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

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

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

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

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

1 the payment of the added costs of special education programs and
2 services for the pupil.

3 Sec. 51c. As required by the court in the consolidated cases
4 known as Durant v State of Michigan, Michigan supreme court docket
5 no. 104458-104492, from the allocation under section 51a(1), there
6 is allocated ~~each fiscal year for 2012-2013 and for 2013-2014~~ **FOR**
7 **2014-2015**, the amount necessary, estimated at ~~\$642,000,000.00 for~~
8 ~~2012-2013, and estimated at \$662,200,000.00 for 2013-2014,~~
9 **\$630,500,000.00** for payments to reimburse districts for 28.6138% of
10 total approved costs of special education excluding costs
11 reimbursed under section 53a, and 70.4165% of total approved costs
12 of special education transportation. Funds allocated under this
13 section that are not expended in the state fiscal year for which
14 they were allocated, as determined by the department, may be used
15 to supplement the allocations under sections 22a and 22b in order
16 to fully fund those calculated allocations for the same fiscal
17 year.

18 Sec. 51d. (1) From the federal funds appropriated in section
19 11, there is allocated for ~~2013-2014~~ **2014-2015**, all available
20 federal funding, estimated at \$74,000,000.00, for special education
21 programs **AND SERVICES** that are funded by federal grants. All
22 federal funds allocated under this section shall be distributed in
23 accordance with federal law. Notwithstanding section 17b, payments
24 of federal funds to districts, intermediate districts, and other
25 eligible entities under this section shall be paid on a schedule
26 determined by the department.

27 (2) From the federal funds allocated under subsection (1), the

1 following amounts are allocated for ~~2013-2014~~ **2014-2015**:

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (5) Not more than ~~\$13,500,000.00~~ **\$10,500,000.00** of the
27 allocation for ~~2013-2014~~ **2014-2015** in section 51a(1) shall be

1 allocated under this section.

2 Sec. 54. Each intermediate district shall receive an amount
3 per pupil for each pupil in attendance at the Michigan schools for
4 the deaf and blind. The amount shall be proportionate to the total
5 instructional cost at each school. Not more than \$1,688,000.00 of
6 the allocation for ~~2013-2014~~**2014-2015** in section 51a(1) shall be
7 allocated under this section.

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

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

13 (b) "Millage levied" means the millage levied for special
14 education pursuant to part 30 of the revised school code, MCL
15 380.1711 to 380.1743, including a levy for debt service
16 obligations.

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

23 (2) From the allocation under section 51a(1), there is
24 allocated an amount not to exceed \$37,758,100.00 for ~~2013-2014~~
25 **2014-2015** to reimburse intermediate districts levying millages for
26 special education pursuant to part 30 of the revised school code,
27 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the

1 reimbursement shall be limited as if the funds were generated by
 2 these millages and governed by the intermediate district plan
 3 adopted pursuant to article 3 of the revised school code, MCL
 4 380.1701 to 380.1766. As a condition of receiving funds under this
 5 section, an intermediate district distributing any portion of
 6 special education millage funds to its constituent districts shall
 7 submit for departmental approval and implement a distribution plan.

8 (3) Reimbursement for those millages levied in ~~2012-2013-2013-~~
 9 ~~2014~~ shall be made in ~~2013-2014-2014-2015~~ at an amount per ~~2012-~~
 10 ~~2013-2013-2014~~ membership pupil computed by subtracting from
 11 ~~\$169,900.00-\$172,200.00~~ the ~~2012-2013-2013-2014~~ taxable value
 12 behind each membership pupil and multiplying the resulting
 13 difference by the ~~2012-2013-2013-2014~~ millage levied.

14 (4) The amount paid to a single intermediate district under
 15 this section shall not exceed 62.9% of the total amount allocated
 16 under subsection (2).

17 (5) The amount paid to a single intermediate district under
 18 this section shall not be less than 75% of the amount allocated to
 19 the intermediate district under this section for the immediately
 20 preceding fiscal year.

21 Sec. 61a. (1) From the appropriation in section 11, there is
 22 allocated an amount not to exceed ~~\$26,611,300.00-\$27,611,300.00~~ for
 23 ~~2013-2014-2014-2015~~ to reimburse on an added cost basis districts,
 24 except for a district that served as the fiscal agent for a
 25 vocational education consortium in the 1993-94 school year, and
 26 secondary area vocational-technical education centers for
 27 secondary-level career and technical education programs according

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

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

24 (3) In addition to the funds allocated in subsection (1), from
25 the appropriation in section 11, there is allocated an amount not
26 to exceed \$1,000,000.00 for ~~2013-2014~~ **2014-2015** to districts or
27 intermediate districts for area career and technical education

1 centers for the purpose of integrating the Michigan merit
2 curriculum content standards under sections 1278a and 1278b of the
3 revised school code, MCL 380.1278a and 380.1278b, into state-
4 approved career and technical education instructional programs for
5 the purpose of awarding academic credit. The department shall
6 determine the allocation to each career and technical education
7 center in a manner that provides for maximum integration of
8 Michigan merit curriculum content standards statewide.

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

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

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

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

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

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

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

14 (2) From the appropriation in section 11, there is allocated
15 an amount not to exceed \$9,190,000.00 for ~~2013-2014~~**2014-2015** to
16 reimburse intermediate districts and area vocational-technical
17 education programs established under section 690(3) of the revised
18 school code, MCL 380.690, levying millages for area vocational-
19 technical education pursuant to sections 681 to 690 of the revised
20 school code, MCL 380.681 to 380.690. The purpose, use, and
21 expenditure of the reimbursement shall be limited as if the funds
22 were generated by those millages.

23 (3) Reimbursement for the millages levied in ~~2012-2013~~**2013-**
24 **2014** shall be made in ~~2013-2014~~**2014-2015** at an amount per ~~2012-~~
25 ~~2013-2013-2014~~ membership pupil computed by subtracting from
26 ~~\$186,500.00~~**\$188,100.00** the ~~2012-2013~~**2013-2014** taxable value
27 behind each membership pupil and multiplying the resulting

1 difference by the ~~2012-2013~~-2013-2014 millage levied.

2 (4) The amount paid to a single intermediate district under
3 this section shall not exceed 38.4% of the total amount allocated
4 under subsection (2).

5 (5) The amount paid to a single intermediate district under
6 this section shall not be less than 75% of the amount allocated to
7 the intermediate district under this section for the immediately
8 preceding fiscal year.

9 SEC. 64B. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
10 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,750,000.00 FOR 2014-2015 FOR
11 SUPPLEMENTAL PAYMENTS TO DISTRICTS THAT SUPPORT THE ATTENDANCE OF
12 DISTRICT PUPILS IN GRADES 9 TO 12 UNDER THE POSTSECONDARY
13 ENROLLMENT OPTIONS ACT, 1996 PA 160, MCL 388.511 TO 388.524, OR
14 UNDER THE CAREER AND TECHNICAL PREPARATION ACT, 2000 PA 258, MCL
15 388.1901 TO 388.1913, CONSISTENT WITH SECTION 21B.

16 (2) TO BE ELIGIBLE FOR PAYMENTS UNDER THIS SECTION, A DISTRICT
17 SHALL DO ALL OF THE FOLLOWING:

18 (A) PROVIDE INFORMATION TO ALL HIGH SCHOOL PUPILS ON
19 POSTSECONDARY ENROLLMENT OPTIONS, INCLUDING ENROLLMENT ELIGIBILITY,
20 THE INSTITUTIONS AND TYPES OF COURSES THAT ARE ELIGIBLE FOR
21 PARTICIPATION, THE DECISION-MAKING PROCESS FOR GRANTING ACADEMIC
22 CREDIT, AND AN EXPLANATION OF ELIGIBLE CHARGES THAT WILL BE PAID BY
23 THE DISTRICT.

24 (B) ENTER INTO A WRITTEN AGREEMENT WITH A POSTSECONDARY
25 INSTITUTION BEFORE THE ENROLLMENT OF DISTRICT PUPILS.

26 (C) AGREE TO PAY ALL ELIGIBLE CHARGES PURSUANT TO SECTION 21B.

27 (D) AWARD HIGH SCHOOL CREDIT FOR THE POSTSECONDARY COURSE IF

1 THE PUPIL SUCCESSFULLY COMPLETES THE COURSE.

2 (3) FUNDS SHALL BE AWARDED TO ELIGIBLE DISTRICTS UNDER THIS
3 SECTION IN THE FOLLOWING MANNER:

4 (A) A PAYMENT OF \$10.00 PER CREDIT, FOR UP TO 3 CREDITS, FOR A
5 CREDIT-BEARING COURSE IN WHICH A PUPIL ENROLLS AT AN ELIGIBLE
6 POSTSECONDARY INSTITUTION DURING THE 2014-2015 SCHOOL YEAR.

7 (B) AN ADDITIONAL PAYMENT OF \$30.00 PER PUPIL PER COURSE
8 IDENTIFIED IN SUBDIVISION (A), IF THE PUPIL SUCCESSFULLY COMPLETES,
9 AND IS AWARDED BOTH HIGH SCHOOL AND POSTSECONDARY CREDIT FOR, THE
10 COURSE DURING THE 2014-2015 SCHOOL YEAR.

11 (4) A DISTRICT REQUESTING PAYMENT UNDER THIS SECTION SHALL
12 SUBMIT AN APPLICATION TO THE DEPARTMENT IN THE FORM AND MANNER
13 PRESCRIBED BY THE DEPARTMENT. NOTWITHSTANDING SECTION 17B, PAYMENTS
14 UNDER THIS SECTION SHALL BE MADE ON A SCHEDULE DETERMINED BY THE
15 DEPARTMENT.

16 Sec. 74. (1) From the amount appropriated in section 11, there
17 is allocated an amount not to exceed ~~\$3,299,000.00 for 2013-2014~~
18 **\$3,316,500.00 FOR 2014-2015** for the purposes of this section.

19 (2) From the allocation in subsection (1), there is allocated
20 for each fiscal year the amount necessary for payments to state
21 supported colleges or universities and intermediate districts
22 providing school bus driver safety instruction pursuant to section
23 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
24 payments shall be in an amount determined by the department not to
25 exceed the actual cost of instruction and driver compensation for
26 each public or nonpublic school bus driver attending a course of
27 instruction. For the purpose of computing compensation, the hourly

1 rate allowed each school bus driver shall not exceed the hourly
2 rate received for driving a school bus. Reimbursement compensating
3 the driver during the course of instruction shall be made by the
4 department to the college or university or intermediate district
5 providing the course of instruction.

6 (3) From the allocation in subsection (1), there is allocated
7 ~~each fiscal year~~ **FOR 2014-2015** the amount necessary to pay the
8 reasonable costs of nonspecial education auxiliary services
9 transportation provided pursuant to section 1323 of the revised
10 school code, MCL 380.1323. Districts funded under this subsection
11 shall not receive funding under any other section of this article
12 for nonspecial education auxiliary services transportation.

13 (4) From the funds allocated in subsection (1), there is
14 allocated an amount not to exceed ~~\$1,674,000.00 for 2013-2014~~
15 **\$1,691,500.00 FOR 2014-2015** for reimbursement to districts and
16 intermediate districts for costs associated with the inspection of
17 school buses and pupil transportation vehicles by the department of
18 state police as required under section 715a of the Michigan vehicle
19 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
20 transportation act, 1990 PA 187, MCL 257.1839. The department of
21 state police shall prepare a statement of costs attributable to
22 each district for which bus inspections are provided and submit it
23 to the department and to an intermediate district serving as
24 fiduciary in a time and manner determined jointly by the department
25 and the department of state police. Upon review and approval of the
26 statement of cost, the department shall forward to the designated
27 intermediate district serving as fiduciary the amount of the

1 reimbursement on behalf of each district and intermediate district
 2 for costs detailed on the statement within 45 days after receipt of
 3 the statement. The designated intermediate district shall make
 4 payment in the amount specified on the statement to the department
 5 of state police within 45 days after receipt of the statement. The
 6 total reimbursement of costs under this subsection shall not exceed
 7 the amount allocated under this subsection. Notwithstanding section
 8 17b, payments to eligible entities under this subsection shall be
 9 paid on a schedule prescribed by the department.

10 Sec. 81. (1) Except as otherwise provided in this section,
 11 from the appropriation in section 11, there is allocated ~~each~~
 12 ~~fiscal year for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** to the
 13 intermediate districts the sum necessary, but not to exceed
 14 ~~\$64,115,100.00 each fiscal year,~~ **\$62,115,000.00** to provide state
 15 aid to intermediate districts under this section.

16 (2) From the allocation in subsection (1), there is allocated
 17 **FOR 2014-2015** an amount not to exceed \$62,108,000.00 for
 18 allocations to each intermediate district ~~for 2012-2013 in an~~
 19 ~~amount equal to 100% of the amount allocated to the intermediate~~
 20 ~~district under this subsection for 2011-2012. From the allocation~~
 21 ~~in subsection (1), there is allocated an amount not to exceed~~
 22 ~~\$62,108,000.00 for allocations to each intermediate district for~~
 23 ~~2013-2014 in an amount equal to 100.0% of the amount allocated to~~
 24 ~~the intermediate district under this subsection for 2012-2013.~~
 25 **SECTION, EXCLUDING THE AMOUNT UNDER SUBSECTION (4), FOR 2013-2014.**
 26 Funding provided under this section shall be used to comply with
 27 requirements of this article and the revised school code that are

1 applicable to intermediate districts, and for which funding is not
2 provided elsewhere in this article, and to provide technical
3 assistance to districts as authorized by the intermediate school
4 board.

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

10 (4) From the allocation in subsection (1), there is allocated
11 to an intermediate district, formed by the consolidation or
12 annexation of 2 or more intermediate districts or the attachment of
13 a total intermediate district to another intermediate school
14 district or the annexation of all of the constituent K-12 districts
15 of a previously existing intermediate school district which has
16 disorganized, an additional allotment of \$3,500.00 each fiscal year
17 for each intermediate district included in the new intermediate
18 district for 3 years following consolidation, annexation, or
19 attachment. From the allocation in subsection (1), there is
20 allocated \$7,000.00 for purposes of this subsection for 2012-2013,
21 for 2013-2014, and for 2014-2015, after which the payment under
22 this subsection will cease.

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

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

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

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

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

12 (e) Comply with section 1230g of the revised school code, MCL
13 380.1230g.

14 (f) Comply with section 761 of the revised school code, MCL
15 380.761.

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

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

27 ~~—— (i) Develop a service consolidation plan in 2012-2013 to reduce~~

~~operating costs that is in compliance with guidelines that were developed by the department for former section 11d as that section was in effect for 2010-2011.~~

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

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

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

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

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

~~—— (ii) The total cost savings to local or other intermediate~~

~~districts that share services with the intermediate district.~~

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

~~—— (iv) The total funds received from levying special education and vocational education millages, and the number of special education and vocational education pupils served with those dollars.~~

~~—— (v) The number and percentage of individualized education programs developed for special education pupils that contain academic goals.~~

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

~~—— (7) From the allocation in subsection (1), there is allocated an amount not to exceed \$2,000,000.00 for 2013-2014 for an incentive payment to each intermediate district that meets best practices as determined by the department under this subsection.~~

~~The amount of the incentive payment is an amount equal to 3.2% of the amount allocated to the intermediate district under subsection (2). An intermediate district is eligible for an incentive payment under this subsection if the intermediate district satisfies at least 5 of the following requirements not later than June 1, 2014:~~

~~—— (a) The intermediate district enters into an agreement with~~

~~the department to comply with all of the following:~~

~~—— (i) If the intermediate district developed a service consolidation plan in 2012-2013, implement the service consolidation plan in 2013-2014 and report to the department not later than February 1, 2014 on the intermediate district's progress in implementing the service consolidation plan.~~

~~—— (ii) If the intermediate district did not develop a service consolidation plan in 2012-2013, develop a service consolidation plan in 2013-2014 to reduce operating costs that is in compliance with guidelines that were developed by the department for former section 11d as that section was in effect for 2010-2011.~~

~~—— (iii) If the intermediate district developed a service consolidation plan in 2013-2014, implement the service consolidation plan in 2014-2015 and report to the department not later than February 1, 2015 on the intermediate district's progress in implementing the service consolidation plan.~~

~~—— (iv) Make the intermediate district's service consolidation plan publicly available on the intermediate district's website.~~

~~—— (b) The intermediate district has obtained competitive bids on the provision of 1 or more noninstructional services for the intermediate district or its constituent districts with a value of at least \$50,000.00. The unfunded accrued liability costs for retirement and other benefits shall be excluded from the intermediate district's current costs for the purpose of comparing competitive bids to the current costs of providing services.~~

~~—— (c) The intermediate district develops a technology plan in accordance with department policy on behalf of all constituent~~

~~districts within the intermediate district that integrates technology into the classroom and prepares teachers to use digital technologies as part of the instructional program of each of its constituent districts. An intermediate district that developed a technology plan in 2012-2013 shall begin implementing that technology plan in 2013-2014.~~

~~—— (d) The intermediate district provides to parents and community members a dashboard or report card demonstrating the intermediate district's efforts to manage its finances responsibly. The dashboard or report card shall include revenue and expenditure projections for the intermediate district for 2013-2014 and 2014-2015, a listing of all debt service obligations, detailed by project, including anticipated 2013-2014 payment for each project, a listing of total outstanding debt, and at least all of the following for the 3 most recent school years for which the data are available:~~

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

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

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

~~—— (iv) The total funds received from levying special education and vocational education millages, and the number of special education and vocational education pupils served with those~~

1 ~~dollars.~~

2 ~~—— (v) The number and percentage of individualized education~~
3 ~~programs developed for special education pupils that contain~~
4 ~~academic goals.~~

5 ~~—— (e) The intermediate district works in a consortium with 1 or~~
6 ~~more other intermediate districts and the center to develop local~~
7 ~~information management system requirements and bid specifications~~
8 ~~that result in a recommended model information system that supports~~
9 ~~interoperability to ensure linkage and connectivity in a manner~~
10 ~~that facilitates the efficient exchange of data among districts,~~
11 ~~intermediate districts, and the center. At a minimum, these~~
12 ~~specifications shall include pupil management systems for both~~
13 ~~general and special education, learning management tools, and~~
14 ~~business services.~~

15 ~~—— (f) If an intermediate district provides medical, pharmacy,~~
16 ~~dental, vision, disability, long term care, or any other type of~~
17 ~~benefit that would constitute a health care services benefit, to~~
18 ~~employees and their dependents, the intermediate district is the~~
19 ~~policyholder for each of its insurance policies that covers 1 or~~
20 ~~more of these benefits. An intermediate district that does not~~
21 ~~directly employ its staff or an intermediate district with a~~
22 ~~voluntary employee beneficiary association that pays no more than~~
23 ~~the maximum per employee contribution amount and that contributes~~
24 ~~no more than the maximum employer contribution percentage of total~~
25 ~~annual costs for the medical benefit plans as described in sections~~
26 ~~3 and 4 of the publicly funded health insurance contribution act,~~
27 ~~2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied~~

1 ~~this requirement.~~

2 SEC. 94. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION
3 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2014-2015 AN AMOUNT
4 NOT TO EXCEED \$250,000.00 FOR EFFORTS TO INCREASE THE NUMBER OF
5 PUPILS WHO PARTICIPATE AND SUCCEED IN ADVANCED PLACEMENT AND
6 INTERNATIONAL BACCALAUREATE PROGRAMS.

7 (2) FROM THE FUNDS ALLOCATED UNDER THIS SECTION, THE
8 DEPARTMENT SHALL AWARD FUNDS TO COVER ALL OR PART OF THE COSTS OF
9 ADVANCED PLACEMENT TEST FEES OR INTERNATIONAL BACCALAUREATE TEST
10 FEES FOR LOW-INCOME PUPILS WHO TAKE AN ADVANCED PLACEMENT OR AN
11 INTERNATIONAL BACCALAUREATE TEST. PAYMENTS SHALL NOT EXCEED \$20.00
12 PER TEST COMPLETED.

13 (3) THE DEPARTMENT SHALL ONLY AWARD FUNDS UNDER THIS SECTION
14 IF THE DEPARTMENT DETERMINES THAT ALL OF FOLLOWING CRITERIA ARE
15 MET:

16 (A) EACH PUPIL FOR WHOM PAYMENT IS MADE MEETS ELIGIBILITY
17 REQUIREMENTS OF THE FEDERAL ADVANCED PLACEMENT TEST FEE PROGRAM
18 UNDER SECTION 1701 OF THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC
19 LAW 107-110.

20 (B) THE TESTS ARE ADMINISTERED BY THE COLLEGE BOARD, THE
21 INTERNATIONAL BACCALAUREATE ORGANIZATION, OR ANOTHER TEST PROVIDER
22 APPROVED BY THE DEPARTMENT.

23 (C) THE PUPIL FOR WHOM PAYMENT IS MADE PAYS AT LEAST \$5.00
24 TOWARD THE COST OF EACH TEST FOR WHICH PAYMENT IS MADE ON BEHALF OF
25 THAT PUPIL.

26 (4) THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR AWARDING
27 FUNDS UNDER THIS SECTION.

1 (5) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION
2 SHALL BE MADE ON A SCHEDULE DETERMINED BY THE DEPARTMENT.

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

7 (a) Coordinate the collection of all data required by state
8 and federal law from districts, intermediate districts, and
9 postsecondary institutions.

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

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

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

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

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

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

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

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

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

9 (2) Each state department, officer, or agency that collects
10 information from districts, intermediate districts, or
11 postsecondary institutions as required under state or federal law
12 shall make arrangements with the center to ensure that the state
13 department, officer, or agency is in compliance with subsection
14 (1). This subsection does not apply to information collected by the
15 department of treasury under the uniform budgeting and accounting
16 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
17 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
18 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
19 388.1939; or section 1351a of the revised school code, MCL
20 380.1351a.

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

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

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

27 (b) Supports interoperability by using standard data

1 structures, data formats, and data definitions to ensure linkage
2 and connectivity in a manner that facilitates the exchange of data
3 among agencies and institutions within the state and between
4 states.

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

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

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

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

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

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

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

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

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

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

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

5 (i) Contains yearly test records of individual students for
6 assessments approved by DED-OESE for accountability purposes under
7 section 1111(b) of the elementary and secondary education act of
8 1965, 20 USC 6311, including information on individual students not
9 tested, by grade and subject.

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

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

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

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

18 (A) Enrollment in remedial coursework.

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

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

24 (5) From the general fund appropriation in section 11, there
25 is allocated an amount not to exceed ~~\$9,535,100.00 for 2013-2014~~
26 **\$12,022,800.00 FOR 2014-2015** to the department of technology,
27 management, and budget to support the operations of the center. In

1 addition, from the federal funds appropriated in section 11 there
2 is allocated for ~~2013-2014~~**2014-2015** the amount necessary,
3 estimated at \$193,500.00, to support the operations of the center
4 and to establish a P-20 longitudinal data system as provided under
5 this section in compliance with the assurance provided to the
6 United States department of education in order to receive state
7 fiscal stabilization funds. The center shall cooperate with the
8 department to ensure that this state is in compliance with federal
9 law and is maximizing opportunities for increased federal funding
10 to improve education in this state.

11 (6) From the funds allocated in subsection (5), there is
12 allocated for ~~2013-2014~~**2014-2015** an amount not to exceed
13 \$850,000.00 for competitive grants to support collaborative efforts
14 on the P-20 longitudinal data system. All of the following apply to
15 grants awarded under this subsection:

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

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

25 (c) An applicant that received a grant under this subsection
26 for the immediately preceding fiscal year shall receive priority
27 for funding under this section. However, after 3 fiscal years of

1 continuous funding, an applicant is required to compete openly with
2 new applicants.

3 ~~—— (7) From the funds allocated in subsection (5), there is~~
4 ~~allocated for 2013-2014 an amount not to exceed \$100,000.00 for the~~
5 ~~center to develop the pupil transfer application as required under~~
6 ~~section 25e.~~

7 (7) ~~(8)~~ Funds allocated under this section that are not
8 expended in the fiscal year in which they were allocated may be
9 carried forward to a subsequent fiscal year and are appropriated
10 for the purposes for which the funds were originally allocated.

11 ~~—— (9) It is the intent of the legislature that, beginning in~~
12 ~~2014-2015, a district shall report to the center by June 30, in a~~
13 ~~manner prescribed by the center, the number of pupils in the~~
14 ~~district who have had 10 or more unexcused absences each school~~
15 ~~year. For pupils in grades 9 to 12, the report shall include both~~
16 ~~the total number of unexcused absences in any single course and the~~
17 ~~total number of unexcused absences in all courses. Each district~~
18 ~~shall define unexcused absence. It is the intent of the legislature~~
19 ~~that a district that reports false information under this~~
20 ~~subsection shall forfeit an amount equal to 5% of its total state~~
21 ~~aid allocation under this act.~~

22 (8) ~~(10)~~ The center may bill departments as necessary in order
23 to fulfill reporting requirements of state and federal law. The
24 center may also enter into agreements to supply custom data,
25 analysis, and reporting to other principal executive departments,
26 state agencies, local units of government, and other individuals
27 and organizations. The center may receive and expend funds in

1 addition to those authorized in subsection (5) to cover the costs
2 associated with salaries, benefits, supplies, materials, and
3 equipment necessary to provide such data, analysis, and reporting
4 services.

5 (9) ~~(11)~~—As used in this section:

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

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

9 **SEC. 95A. FROM THE APPROPRIATION IN SECTION 11, THERE IS**
10 **ALLOCATED FOR 2014-2015 AN AMOUNT NOT TO EXCEED \$100.00 FOR THE**
11 **PURPOSE OF IMPLEMENTING EVALUATION SYSTEMS FOR TEACHERS AND SCHOOL**
12 **ADMINISTRATORS IF THE 97TH LEGISLATURE ENACTS LEGISLATION REQUIRING**
13 **IMPLEMENTATION OF A NEW EDUCATOR EVALUATION SYSTEM.**

14 Sec. 98. (1) From the general fund money appropriated in
15 section 11, there is allocated an amount not to exceed
16 ~~\$9,387,500.00 for 2013-2014~~ **\$7,387,500.00 FOR 2014-2015** for the
17 purposes described in this section.

18 (2) The Michigan virtual university shall operate the Michigan
19 virtual learning research institute. The Michigan virtual learning
20 research institute shall do all of the following:

21 (a) Support and accelerate innovation in education through the
22 following activities:

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

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

1 ~~—— (iii) Research, design, and recommend competency based online~~
2 ~~assessments.~~

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

7 (iv) ~~(v)~~ Based on pupil completion and performance data
8 reported to the department or the center for educational
9 performance and information from cyber schools and other online
10 course providers operating in this state, analyze the effectiveness
11 of online learning delivery models in preparing pupils to be
12 college- and career-ready and publish a report that highlights
13 enrollment totals, completion rates, and the overall impact on
14 pupils. The report shall be submitted to the house and senate
15 appropriations subcommittees on state school aid, the state budget
16 director, the house and senate fiscal agencies, and the department
17 not later than December 1, ~~2014~~-2015.

18 (v) ~~(vi)~~ Before August 31, ~~2014~~, 2015, provide an extensive
19 professional development program to at least 500 educational
20 personnel, including teachers, school administrators, and school
21 board members, that focuses on the effective integration of digital
22 learning into curricula and instruction. Not later than December 1,
23 ~~2014~~, 2015, the Michigan virtual learning research institute shall
24 submit a report to the house and senate appropriations
25 subcommittees on state school aid, the state budget director, the
26 house and senate fiscal agencies, and the department on the number
27 and percentage of teachers, school administrators, and school board

1 members who have received professional development services from
 2 the Michigan virtual university. The report shall also identify
 3 barriers and other opportunities to encourage the adoption of
 4 digital learning in the public education system.

5 (vi) ~~(vii)~~—Identify and share best practices for planning,
 6 implementing, and evaluating online and blended education delivery
 7 models with intermediate districts, districts, and public school
 8 academies to accelerate the adoption of innovative education
 9 delivery models statewide.

10 (b) Provide leadership for this state's system of digital
 11 learning education by doing the following activities:

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

15 (ii) Provide a clearinghouse for research reports, academic
 16 studies, evaluations, and other information related to online
 17 learning.

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

20 (iv) In collaboration with the department and interested
 21 colleges and universities in this state, ~~recommend to the~~
 22 ~~superintendent guidelines and standards for a new teacher~~
 23 ~~endorsement credential~~—**SUPPORT IMPLEMENTATION AND IMPROVEMENTS**

24 related to effective digital learning instruction.

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

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

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

8 (viii) Research and establish an internet-based platform that
9 educators can use to create student-centric learning tools and
10 resources and facilitate a user network that assists educators in
11 using the platform. As part of this initiative, the Michigan
12 virtual university shall work collaboratively with districts and
13 intermediate districts to establish a plan to make available online
14 resources that align to Michigan's K-12 curriculum standards for
15 use by students, educators, and parents.

16 (ix) Create and maintain a public statewide catalog of online
17 learning courses being offered by all public schools in this state.
18 The Michigan virtual learning research institute shall identify and
19 develop a list of nationally recognized best practices for online
20 learning and use this list to ~~provide~~**SUPPORT** reviews of online
21 course vendors, courses, and instructional practices. The Michigan
22 virtual learning research institute shall also provide a mechanism
23 for intermediate districts to use the identified best practices to
24 review content offered by constituent districts. The Michigan
25 virtual learning research institute shall review the online course
26 offerings of the Michigan virtual university, and make the results
27 from these reviews available to the public as part of the statewide

1 catalog. The Michigan virtual learning research institute shall
2 ensure that the statewide catalog is made available to the public
3 on the Michigan virtual university website and ~~linked~~ **SHALL ALLOW**
4 **THE ABILITY TO LINK IT** to each district's website as provided for
5 in section 21f. Beginning in 2014-2015, the statewide catalog shall
6 also contain all of the following:

7 (A) The number of ~~pupils enrolled~~ **ENROLLMENTS** in each online
8 course in the ~~2012-2013~~ **IMMEDIATELY PRECEDING** school year.

9 (B) The number of ~~pupils who successfully completed~~
10 **ENROLLMENTS THAT EARNED 60% OR MORE OF THE TOTAL COURSE POINTS FOR**
11 each online course in the ~~2012-2013~~ **IMMEDIATELY PRECEDING** school
12 year.

13 (C) The completion rate for each online course.

14 (x) **COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE THE NEED AND**
15 **PROCESS FOR INCORPORATING REGISTRATION, PAYMENT SERVICES, AND**
16 **TRANSCRIPT FUNCTIONALITY TO THE STATEWIDE CATALOG.**

17 (xi) **COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE DISTRICT**
18 **LEVEL ACCOUNTABILITY AND TEACHER EFFECTIVENESS ISSUES RELATED TO**
19 **ONLINE LEARNING UNDER SECTION 21F AND MAKE FINDINGS AND**
20 **RECOMMENDATIONS PUBLICLY AVAILABLE.**

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

25 (4) If the course offerings are included in the statewide
26 catalog of online courses under subsection (2) (b) (ix), the Michigan
27 virtual school operated by the Michigan virtual university may

1 offer online course offerings, including, but not limited to, all
2 of the following:

3 (a) Information technology courses.

4 (b) College level equivalent courses, as defined in section
5 1471 of the revised school code, MCL 380.1471.

6 (c) Courses and dual enrollment opportunities.

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

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

10 (f) Special interest courses.

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

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

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

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

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

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

4 (d) The overall course completion rate percentage.

5 (7) The governor may appoint an advisory group for the
6 Michigan virtual learning research institute established under
7 subsection (2). The members of the advisory group shall serve at
8 the pleasure of the governor and shall serve without compensation.
9 The purpose of the advisory group is to make recommendations to the
10 governor, the legislature, and the president and board of the
11 Michigan virtual university that will accelerate innovation in this
12 state's education system in a manner that will prepare elementary
13 and secondary students to be career and college ready and that will
14 promote the goal of increasing the percentage of citizens of this
15 state with high-quality degrees and credentials to at least 60% by
16 2025.

17 (8) Not later than November 1, ~~2013~~, **2014**, the Michigan
18 virtual university shall submit to the house and senate
19 appropriations subcommittees on state school aid, the state budget
20 director, and the house and senate fiscal agencies a detailed
21 budget for the ~~2013-2014~~ **2014-2015** fiscal year that includes a
22 breakdown on its projected costs to deliver online educational
23 services to districts and a summary of the anticipated fees to be
24 paid by districts for those services. Beginning in 2013-2014, not
25 later than February 1, the Michigan virtual university shall submit
26 to the house and senate appropriations subcommittees on state
27 school aid, the state budget director, and the house and senate

1 fiscal agencies a breakdown on its actual costs to deliver online
2 educational services to districts and a summary of the actual fees
3 paid by districts for those services based on audited financial
4 statements for the immediately preceding fiscal year.

5 (9) As used in this section:

6 (a) "Blended learning" means a hybrid instructional delivery
7 model where pupils are provided content, instruction, and
8 assessment, in part at a supervised educational facility away from
9 home where the pupil and a teacher with a valid Michigan teaching
10 certificate are in the same physical location and in part through
11 internet-connected learning environments with some degree of pupil
12 control over time, location, and pace of instruction.

13 (b) "Cyber school" means a full-time instructional program of
14 online courses for pupils that may or may not require attendance at
15 a physical school location.

16 (c) "Digital learning" means instruction delivered via a web-
17 based educational delivery system that uses various information
18 technologies to provide a structured learning environment,
19 including online and blended learning instructional methods.

20 (d) "Online course" means a course of study that is capable of
21 generating a credit or a grade, that is provided in an interactive
22 internet-connected learning environment, in which pupils are
23 separated from their teachers by time or location, or both, and in
24 which a teacher who holds a valid Michigan teaching certificate is
25 responsible for determining appropriate instructional methods for
26 each pupil, diagnosing learning needs, assessing pupil learning,
27 prescribing intervention strategies, reporting outcomes, and

1 evaluating the effects of instruction and support strategies.

2 Sec. 99. (1) From the funds appropriated in section 11, there
3 is allocated for ~~2013-2014~~**2014-2015** an amount not to exceed
4 ~~\$2,850,000.00~~**\$2,750,000.00** from the state school aid fund and an
5 amount not to exceed ~~\$375,000.00~~**\$975,000.00** from the general fund
6 to support the activities and programs of mathematics and science
7 centers and for other purposes as described in this section. In
8 addition, from the federal funds appropriated in section 11, there
9 is allocated for ~~2013-2014~~**2014-2015** an amount estimated at
10 \$5,249,300.00 from DED-OESE, title II, mathematics and science
11 partnership grants.

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

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

27 (4) As part of the technical assistance process, the

1 department shall provide minimum standard guidelines that may be
2 used by the mathematics and science center for providing fair
3 access for qualified pupils and professional staff as prescribed in
4 this section.

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

15 (6) From the funds allocated in subsection (1), there is
16 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
17 \$750,000.00 in a form and manner determined by the department to
18 those centers able to provide curriculum and professional
19 development support to assist districts in implementing the
20 Michigan merit curriculum components for mathematics and science.
21 Funding under this subsection is in addition to funding allocated
22 under subsection (5).

23 (7) From the ~~state school aid~~ **GENERAL** fund money allocated in
24 subsection (1), there is allocated for ~~2013-2014-2014-2015~~ an
25 amount not to exceed \$100,000.00 ~~in a form and manner determined by~~
26 ~~the department to a single mathematics and science center that is a~~
27 ~~participant in~~ **TO** the Michigan STEM partnership, to be used to

1 administer the grant process under this subsection. From the
2 general fund money allocated in subsection (1), there is allocated
3 for ~~2013-2014-2014-2015~~ an amount not to exceed ~~\$375,000.00~~
4 **\$875,000.00** to the Michigan STEM partnership to be used for a
5 competitive grant process to award competitive grants to
6 organizations conducting student-focused, project-based programs
7 and competitions, either in the classroom or extracurricular, in
8 science, technology, engineering, and mathematics subjects such as,
9 but not limited to, robotics, coding, and design-build-test
10 projects, from pre-kindergarten through college level. Funding
11 under this subsection is in addition to funding allocated under
12 subsection (5) and shall be used for connecting mathematics and
13 science centers for science, technology, engineering, and
14 mathematics purposes **AND TO SUPPORT THE GOALS OF THE MICHIGAN STEM**
15 **PARTNERSHIP**. A program receiving funds under section 99h may not
16 receive funds under this subsection.

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

22 (9) Not later than September 30, ~~2013,~~**2018**, the department
23 shall reevaluate and update the comprehensive master plan described
24 in subsection (1).

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

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

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

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

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

15 (13) As used in this section:

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

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

19 Sec. 99h. (1) From the appropriation in section 11, there is
20 allocated an amount not to exceed ~~\$3,000,000.00~~ **\$2,000,000.00** for
21 ~~2013-2014-2014-2015~~ for competitive grants to districts that
22 provide pupils in grades 7 to 12 with expanded opportunities to
23 improve mathematics, science, and technology skills by
24 participating in events hosted by a science and technology
25 development program known as FIRST (for inspiration and recognition
26 of science and technology) robotics.

27 (2) A district applying for a FIRST tech challenge or FIRST

1 robotics competition program grant shall submit an application in a
2 form and manner determined by the department. To be eligible for a
3 grant, a district shall demonstrate in its application that the
4 district has established a partnership for the purposes of the
5 FIRST program with at least 1 sponsor, business entity, higher
6 education institution, or technical school.

7 (3) The department shall distribute the grant funding under
8 this section for the following purposes:

9 ~~(a) Except as otherwise provided in subparagraph (iii), not more~~
10 ~~than \$1,000,000.00 for grants~~ **GRANTS** to districts to pay for
11 stipends of \$1,500.00 for 1 coach per team, distributed as follows:

12 (i) Not more than 500 stipends for coaches of high school
13 teams, including existing teams.

14 (ii) Not more than 100 stipends for coaches of middle school or
15 junior high teams, including existing teams.

16 (iii) If the requests for stipends exceed the numbers of
17 stipends allowed under subparagraphs (i) and (ii), and if there is
18 funding remaining unspent under subdivisions (b) and (c), the
19 department shall use that remaining unspent funding for grants to
20 districts to pay for additional stipends in a manner that expands
21 the geographical distribution of teams.

22 ~~(b) Not more than \$1,000,000.00 for grants~~ **GRANTS** to districts
23 for event registrations, materials, travel costs, and other
24 expenses associated with the preparation for and attendance at
25 FIRST tech challenge and FIRST robotics competitions. Each grant
26 recipient shall provide a local match from other private or local
27 funds for the funds received under this subdivision equal to at

1 least 50% of the costs of participating in an event. The department
2 shall set maximum grant amounts under this subdivision in a manner
3 that maximizes the number of teams that will be able to receive
4 funding.

5 (c) ~~Not more than \$1,000,000.00 for grants~~ **GRANTS** to districts
6 for awards to teams that advance to the state and world
7 championship competitions. The department shall determine an equal
8 amount per team for those teams that advance to the state
9 championship and a second equal award amount to those teams that
10 advance to the world championship.

11 **(4) THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT**
12 **APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2014-2015 ARE CARRIED**
13 **FORWARD INTO 2015-2016. THE PURPOSE OF THE WORK PROJECT IS TO**
14 **CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION (1).**
15 **THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30,**
16 **2017.**

17 Sec. 101. (1) To be eligible to receive state aid under this
18 article, not later than the fifth Wednesday after the pupil
19 membership count day and not later than the fifth Wednesday after
20 the supplemental count day, each district superintendent shall
21 submit to the center and the intermediate superintendent, in the
22 form and manner prescribed by the center, the number of pupils
23 enrolled and in regular daily attendance in the district as of the
24 pupil membership count day and as of the supplemental count day, as
25 applicable, for the current school year. In addition, a district
26 maintaining school during the entire year, as provided under
27 section 1561 of the revised school code, MCL 380.1561, shall submit

1 to the center and the intermediate superintendent, in the form and
2 manner prescribed by the center, the number of pupils enrolled and
3 in regular daily attendance in the district for the current school
4 year pursuant to rules promulgated by the superintendent. Not later
5 than the sixth Wednesday after the pupil membership count day and
6 not later than the sixth Wednesday after the supplemental count
7 day, the district shall certify the data in a form and manner
8 prescribed by the center and file the certified data with the
9 intermediate superintendent. If a district fails to submit and
10 certify the attendance data, as required under this subsection, the
11 center shall notify the department and state aid due to be
12 distributed under this article shall be withheld from the
13 defaulting district immediately, beginning with the next payment
14 after the failure and continuing with each payment until the
15 district complies with this subsection. If a district does not
16 comply with this subsection by the end of the fiscal year, the
17 district forfeits the amount withheld. A person who willfully
18 falsifies a figure or statement in the certified and sworn copy of
19 enrollment shall be punished in the manner prescribed by section
20 161.

21 (2) To be eligible to receive state aid under this article,
22 not later than the twenty-fourth Wednesday after the pupil
23 membership count day and not later than the twenty-fourth Wednesday
24 after the supplemental count day, an intermediate district shall
25 submit to the center, in a form and manner prescribed by the
26 center, the audited enrollment and attendance data for the pupils
27 of its constituent districts and of the intermediate district. If

1 an intermediate district fails to submit the audited data as
2 required under this subsection, state aid due to be distributed
3 under this article shall be withheld from the defaulting
4 intermediate district immediately, beginning with the next payment
5 after the failure and continuing with each payment until the
6 intermediate district complies with this subsection. If an
7 intermediate district does not comply with this subsection by the
8 end of the fiscal year, the intermediate district forfeits the
9 amount withheld.

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

12 (a) Except as otherwise provided in this section, each
13 district shall provide at least 1,098 hours and, beginning in 2010-
14 2011, the required minimum number of days of pupil instruction.

15 ~~Beginning in 2012-2013, the required minimum number of days of~~
16 ~~pupil instruction is 170. Beginning in 2014-2015, the required~~
17 ~~minimum number of days of pupil instruction is 175. However, a~~
18 ~~district shall not provide fewer days of pupil instruction than the~~
19 ~~district provided for 2009-2010. IF A COLLECTIVE BARGAINING~~

20 ~~AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR WAS IN EFFECT~~
21 ~~FOR EMPLOYEES OF A DISTRICT AS OF JUNE 13, 2013, AND IF THAT SCHOOL~~
22 ~~CALENDAR IS NOT IN COMPLIANCE WITH THIS SUBSECTION, THEN THIS~~
23 ~~SUBSECTION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE~~
24 ~~EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT. IF A DISTRICT~~
25 ~~ENTERED INTO A COLLECTIVE BARGAINING AGREEMENT AFTER JUNE 30, 2013~~
26 ~~AND IF THAT COLLECTIVE BARGAINING AGREEMENT DID NOT PROVIDE FOR AT~~
27 ~~LEAST 175 DAYS OF PUPIL INSTRUCTION BEGINNING IN 2014-2015, THEN~~

1 THE DEPARTMENT SHALL WITHHOLD FROM THE DISTRICT'S TOTAL STATE
2 SCHOOL AID AN AMOUNT EQUAL TO 5% OF THE FUNDING THE DISTRICT
3 RECEIVES IN 2014-2015 UNDER SECTIONS 22A AND 22B. A district may
4 apply for a waiver under subsection (9) from the requirements of
5 this subdivision. ~~For 2012-2013 only, if a district is unable to~~
6 ~~provide the required minimum number of days of pupil instruction~~
7 ~~because of school closures occurring before April 20, 2013 due to~~
8 ~~conditions not within the control of school authorities, such as~~
9 ~~severe storms, fires, epidemics, utility power unavailability,~~
10 ~~water or sewer failure, or health conditions as defined by the~~
11 ~~city, county, or state health authorities, but the district does~~
12 ~~provide at least the required minimum number of hours of pupil~~
13 ~~instruction, the district is not subject to the minimum number of~~
14 ~~days of pupil instruction requirement of this subsection. A~~
15 ~~district that uses the 2012-2013 exception from the minimum number~~
16 ~~of days of pupil instruction requirement shall submit to the~~
17 ~~department not later than July 1, 2013, in the form and manner~~
18 ~~prescribed by the department, a report that details the amount of~~
19 ~~instructional time that was lost due to school closures and the~~
20 ~~amount of additional instructional time that was added to~~
21 ~~compensate; when the additional instructional time was provided,~~
22 ~~the activities that were carried out and subject areas addressed~~
23 ~~during the additional instructional time; and other information~~
24 ~~specified by the department to assess whether appropriate~~
25 ~~instruction occurred during the additional instructional time. The~~
26 ~~department shall aggregate and provide these reports to the senate~~
27 ~~and house standing committees on education.~~

1 (B) BEGINNING IN 2016-2017, THE REQUIRED MINIMUM NUMBER OF
2 DAYS OF PUPIL INSTRUCTION IS 180. IF A COLLECTIVE BARGAINING
3 AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR WAS IN EFFECT
4 FOR EMPLOYEES OF A DISTRICT AS OF THE EFFECTIVE DATE OF THE
5 AMENDATORY ACT THAT ADDED THIS SUBDIVISION, AND IF THAT SCHOOL
6 CALENDAR IS NOT IN COMPLIANCE WITH THIS SUBDIVISION, THEN THIS
7 SUBDIVISION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE
8 EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT. A DISTRICT MAY
9 APPLY FOR A WAIVER UNDER SUBSECTION (9) FROM THE REQUIREMENTS OF
10 THIS SUBDIVISION.

11 (C) ~~(b)~~—Except as otherwise provided in this article, a
12 district failing to comply with the required minimum hours and days
13 of pupil instruction under this subsection shall forfeit from its
14 total state aid allocation an amount determined by applying a ratio
15 of the number of hours or days the district was in noncompliance in
16 relation to the required minimum number of hours and days under
17 this subsection. Not later than August 1, the board of each
18 district shall certify to the department the number of hours and
19 days of pupil instruction in the previous school year. If the
20 district did not provide at least the required minimum number of
21 hours and days of pupil instruction under this subsection, the
22 deduction of state aid shall be made in the following fiscal year
23 from the first payment of state school aid. A district is not
24 subject to forfeiture of funds under this subsection for a fiscal
25 year in which a forfeiture was already imposed under subsection
26 (6).

27 (D) ~~(e)~~—Hours or days lost because of strikes or teachers'

1 conferences shall not be counted as hours or days of pupil
2 instruction.

3 **(E)** ~~(d)~~—If a collective bargaining agreement that provides a
4 complete school calendar is in effect for employees of a district
5 as of October 19, 2009, and if that school calendar is not in
6 compliance with this subsection, then this subsection does not
7 apply to that district until after the expiration of that
8 collective bargaining agreement.

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

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

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

27 (ii) For each enrolled pupil, the district uses appropriate

1 academic assessments to develop an individual education plan that
2 leads to a high school diploma.

3 (iii) The district tests each pupil to determine academic
4 progress at regular intervals and records the results of those
5 tests in that pupil's individual education plan.

6 (H) ~~(g)~~—All of the following apply to a waiver granted under
7 subdivision ~~(f)~~ **(G)** :

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

12 (ii) If the waiver is for a 100% online model of delivery and
13 the educational program for which the waiver is granted makes
14 educational services available to pupils for a minimum of at least
15 1,098 hours during a school year and ensures that each pupil
16 participates in the educational program for at least 1,098 hours
17 during a school year, a waiver that is granted for the 2011-2012
18 fiscal year or a subsequent fiscal year remains in effect unless it
19 is revoked by the superintendent.

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

23 (I) ~~(h)~~—The superintendent shall promulgate rules for the
24 implementation of this subsection.

25 (4) Except as otherwise provided in this subsection, the first
26 6 days or the equivalent number of hours for which pupil
27 instruction is not provided because of conditions not within the

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

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

21 (6) In addition to any other penalty or forfeiture under this
22 section, if at any time the department determines that 1 or more of
23 the following have occurred in a district, the district shall
24 forfeit in the current fiscal year beginning in the next payment to
25 be calculated by the department a proportion of the funds due to
26 the district under this article that is equal to the proportion
27 below the required minimum number of hours and days of pupil

1 instruction under subsection (3), as specified in the following:

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

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

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

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

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

22 (c) Except as otherwise provided in this subdivision, a pupil
23 in grades 9 to 12 for whom a reduced schedule is determined to be
24 in the individual pupil's best educational interest must be
25 scheduled for a number of hours equal to at least 80% of the
26 required minimum number of hours of pupil instruction to be
27 considered a full-time equivalent pupil. A pupil in grades 9 to 12

1 who is scheduled in a 4-block schedule may receive a reduced
2 schedule under this subsection if the pupil is scheduled for a
3 number of hours equal to at least 75% of the required minimum
4 number of hours of pupil instruction to be considered a full-time
5 equivalent pupil.

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

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

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

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

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

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

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

5 (b) If the waiver is for a 100% online model of delivery and
6 the educational program for which the waiver is granted makes
7 educational services available to pupils for a minimum of at least
8 1,098 hours during a school year and ensures that each pupil
9 participates in the educational program for at least 1,098 hours
10 during a school year, a waiver that is granted for the 2011-2012
11 fiscal year or a subsequent fiscal year remains in effect unless it
12 is revoked by the superintendent.

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

16 (10) Until 2014-2015, a district may count up to 38 hours of
17 qualifying professional development for teachers as hours of pupil
18 instruction. **HOWEVER, IF A COLLECTIVE BARGAINING AGREEMENT THAT**
19 **PROVIDES FOR THE COUNTING OF UP TO 38 HOURS OF QUALIFYING**
20 **PROFESSIONAL DEVELOPMENT FOR TEACHERS AS PUPIL INSTRUCTION IS IN**
21 **EFFECT FOR EMPLOYEES OF A DISTRICT AS OF JUNE 13, 2013, THEN UNTIL**
22 **THE SCHOOL YEAR THAT BEGINS AFTER THE EXPIRATION OF THAT COLLECTIVE**
23 **BARGAINING AGREEMENT A DISTRICT MAY COUNT UP TO THE CONTRACTUALLY**
24 **SPECIFIED NUMBER OF HOURS OF QUALIFYING PROFESSIONAL DEVELOPMENT**
25 **FOR TEACHERS AS HOURS OF PUPIL INSTRUCTION.** Professional
26 development provided online is allowable and encouraged, as long as
27 the instruction has been approved by the district. The department

1 shall issue a list of approved online professional development
2 providers, which shall include the Michigan virtual school. As used
3 in this subsection, "qualifying professional development" means
4 professional development that is focused on 1 or more of the
5 following:

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

8 (b) Achieving accreditation or improving a school's
9 accreditation status under section 1280 of the revised school code,
10 MCL 380.1280.

11 (c) Achieving highly qualified teacher status as defined under
12 the no child left behind act of 2001, Public Law 107-110.

13 (d) Integrating technology into classroom instruction.

14 (e) Maintaining teacher certification.

15 (11) Subsections (3) and (8) do not apply to a school of
16 excellence that is a cyber school, as defined in section 551 of the
17 revised school code, MCL 380.551, and is in compliance with section
18 553a of the revised school code, MCL 380.553a.

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

23 (13) Beginning in 2013, at least every 2 years the
24 superintendent shall review the waiver standards set forth in the
25 pupil accounting and auditing manuals to ensure that the waiver
26 standards and waiver process continue to be appropriate and
27 responsive to changing trends in online learning. The

1 superintendent shall solicit and consider input from stakeholders
2 as part of this review.

3 Sec. 104. (1) In order to receive state aid under this
4 article, a district shall comply with sections 1249, 1278a, 1278b,
5 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
6 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
7 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
8 the state school aid fund money appropriated in section 11, there
9 is allocated for ~~2013-2014~~**2014-2015** an amount not to exceed
10 \$26,694,400.00 for payments on behalf of districts for costs
11 associated with complying with those provisions of law. In
12 addition, from the federal funds appropriated in section 11, there
13 is allocated for ~~2013-2014~~**2014-2015** an amount estimated at
14 ~~\$8,250,000.00,~~**\$6,250,000.00**, funded from DED-OESE, title VI, state
15 assessment funds, and from DED-OSERS, section 504 of part B of the
16 individuals with disabilities education act, Public Law 94-142,
17 plus any carryover federal funds from previous year appropriations,
18 for the purposes of complying with the federal no child left behind
19 act of 2001, Public Law 107-110.

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

26 (3) All federal funds allocated under this section shall be
27 distributed in accordance with federal law and with flexibility

1 provisions outlined in Public Law 107-116, and in the education
2 flexibility partnership act of 1999, Public Law 106-25.

3 (4) Notwithstanding section 17b, payments on behalf of
4 districts, intermediate districts, and other eligible entities
5 under this section shall be paid on a schedule determined by the
6 department.

7 (5) As used in this section:

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

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

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

13 Sec. 104b. (1) In order to receive state aid under this ~~act~~,
14 **ARTICLE**, a district shall comply with this section and shall
15 administer the Michigan merit examination to pupils in grade 11,
16 and to pupils in grade 12 who did not take the complete Michigan
17 merit examination in grade 11, as provided in this section.

18 (2) For the purposes of this section, the department of
19 **TECHNOLOGY**, management, and budget shall contract with 1 or more
20 providers to develop, supply, and score the Michigan merit
21 examination. The Michigan merit examination shall consist of all of
22 the following:

23 (a) Assessment instruments that measure English language arts,
24 mathematics, reading, and science and are used by colleges and
25 universities in this state for entrance or placement purposes. This
26 shall include a writing component in which the pupil produces an
27 extended writing sample. The Michigan merit examination shall not

1 require any other extended writing sample.

2 (b) One or more tests from 1 or more test developers that
3 assess a pupil's ability to apply at least reading and mathematics
4 skills in a manner that is intended to allow employers to use the
5 results in making employment decisions. The department of
6 **TECHNOLOGY**, management, and budget and the superintendent shall
7 ensure that any test or tests selected under this subdivision have
8 all the components necessary to allow a pupil to be eligible to
9 receive the results of a nationally recognized evaluation of
10 workforce readiness if the pupil's test performance is adequate.

11 (c) A social studies component.

12 (d) Any other component that is necessary to obtain the
13 approval of the United States department of education to use the
14 Michigan merit examination for the purposes of the no child left
15 behind act of 2001, Public Law 107-110.

16 (3) In addition to all other requirements of this section, all
17 of the following apply to the Michigan merit examination:

18 (a) The department of **TECHNOLOGY**, management, and budget and
19 the superintendent shall ensure that any contractor used for
20 scoring the Michigan merit examination supplies an individual
21 report for each pupil that will identify for the pupil's parents
22 and teachers whether the pupil met expectations or failed to meet
23 expectations for each standard, to allow the pupil's parents and
24 teachers to assess and remedy problems before the pupil moves to
25 the next grade.

26 (b) The department of **TECHNOLOGY**, management, and budget and
27 the superintendent shall ensure that any contractor used for

1 scoring, developing, or processing the Michigan merit examination
2 meets quality management standards commonly used in the assessment
3 industry, including at least meeting level 2 of the capability
4 maturity model developed by the software engineering institute of
5 Carnegie Mellon university for the first year the Michigan merit
6 examination is offered to all grade 11 pupils and at least meeting
7 level 3 of the capability maturity model for subsequent years.

8 (c) The department of **TECHNOLOGY**, management, and budget and
9 the superintendent shall ensure that any contract for scoring,
10 administering, or developing the Michigan merit examination
11 includes specific deadlines for all steps of the assessment
12 process, including, but not limited to, deadlines for the correct
13 testing materials to be supplied to schools and for the correct
14 results to be returned to schools, and includes penalties for
15 noncompliance with these deadlines.

16 (d) The superintendent shall ensure that the Michigan merit
17 examination meets all of the following:

18 (i) Is designed to test pupils on grade level content
19 expectations or course content expectations, as appropriate, in all
20 subjects tested.

21 (ii) Complies with requirements of the no child left behind act
22 of 2001, Public Law 107-110.

23 (iii) Is consistent with the code of fair testing practices in
24 education prepared by the joint committee on testing practices of
25 the American psychological association.

26 (iv) Is factually accurate. If the superintendent determines
27 that a question is not factually accurate and should be excluded

1 from scoring, the state board and the superintendent shall ensure
2 that the question is excluded from scoring.

3 (4) A district shall include on each pupil's high school
4 transcript all of the following:

5 (a) For each high school graduate who has completed the
6 Michigan merit examination under this section, the pupil's scaled
7 score on each subject area component of the Michigan merit
8 examination.

9 (b) The number of school days the pupil was in attendance at
10 school each school year during high school and the total number of
11 school days in session for each of those school years.

12 (5) The superintendent shall work with the provider or
13 providers of the Michigan merit examination to produce Michigan
14 merit examination subject area scores for each pupil participating
15 in the Michigan merit examination, including scaling and merging of
16 test items for the different subject area components. The
17 superintendent shall design and distribute to districts,
18 intermediate districts, and nonpublic schools a simple and concise
19 document that describes the scoring for each subject area and
20 indicates the scaled score ranges for each subject area.

21 (6) The Michigan merit examination shall be administered each
22 ~~year after March 1 and before June 1 to pupils in grade 11. IN EACH~~
23 **DISTRICT DURING THE LAST 12 WEEKS OF THE DISTRICT'S SCHOOL YEAR.**

24 The superintendent shall ensure that the Michigan merit examination
25 is scored and the scores are returned to pupils, their parents or
26 legal guardians, and districts not later than the beginning of the
27 pupil's first semester of grade 12. The returned scores shall

1 indicate at least the pupil's scaled score for each subject area
2 component and the range of scaled scores for each subject area. In
3 reporting the scores to pupils, parents, and schools, the
4 superintendent shall provide standards-specific, meaningful, and
5 timely feedback on the pupil's performance on the Michigan merit
6 examination.

7 (7) A district shall administer the complete Michigan merit
8 examination to a pupil only once and shall not administer the
9 complete Michigan merit examination to the same pupil more than
10 once. If a pupil does not take the complete Michigan merit
11 examination in grade 11, the district shall administer the complete
12 Michigan merit examination to the pupil in grade 12. If a pupil
13 chooses to retake the college entrance examination component of the
14 Michigan merit examination, as described in subsection (2)(a), the
15 pupil may do so through the provider of the college entrance
16 examination component and the cost of the retake is the
17 responsibility of the pupil unless all of the following are met:

18 (a) The pupil has taken the complete Michigan merit
19 examination.

20 (b) The pupil did not qualify for a Michigan promise grant
21 under section 6 of the Michigan promise grant act, 2006 PA 479, MCL
22 390.1626, based on the pupil's performance on the complete Michigan
23 merit examination.

24 (c) The pupil meets the income eligibility criteria for free
25 breakfast, lunch, or milk, as determined under the Richard B.
26 Russell national school lunch act, 42 USC 1751 to 1769i.

27 (d) The pupil has applied to the provider of the college

1 entrance examination component for a scholarship or fee waiver to
2 cover the cost of the retake and that application has been denied.

3 (e) After taking the complete Michigan merit examination, the
4 pupil has not already received a free retake of the college
5 entrance examination component paid for either by this state or
6 through a scholarship or fee waiver by the provider.

7 (8) The superintendent shall ensure that the length of the
8 Michigan merit examination and the combined total time necessary to
9 administer all of the components of the Michigan merit examination
10 are the shortest possible that will still maintain the degree of
11 reliability and validity of the Michigan merit examination results
12 determined necessary by the superintendent. The superintendent
13 shall ensure that the maximum total combined length of time that
14 schools are required to set aside for pupils to answer all test
15 questions on the Michigan merit examination does not exceed 8 hours
16 if the superintendent determines that sufficient alignment to
17 applicable Michigan merit curriculum content standards can be
18 achieved within that time limit.

19 (9) A district shall provide accommodations to a pupil with
20 disabilities for the Michigan merit examination, as provided under
21 section 504 of title V of the rehabilitation act of 1973, 29 USC
22 794; subtitle A of title II of the Americans with disabilities act
23 of 1990, 42 USC 12131 to 12134; the individuals with disabilities
24 education act amendments of 1997, Public Law 105-17; and the
25 implementing regulations for those statutes. The provider or
26 providers of the Michigan merit examination and the superintendent
27 shall mutually agree upon the accommodations to be provided under

1 this subsection.

2 (10) To the greatest extent possible, the Michigan merit
3 examination shall be based on grade level content expectations or
4 course content expectations, as appropriate. Not later than July 1,
5 2008, the department shall identify specific grade level content
6 expectations to be taught before and after the middle of grade 11,
7 so that teachers will know what content will be covered within the
8 Michigan merit examination.

9 (11) A child who is a student in a nonpublic school or home
10 school may take the Michigan merit examination under this section.
11 To take the Michigan merit examination, a child who is a student in
12 a home school shall contact the district in which the child
13 resides, and that district shall administer the Michigan merit
14 examination, or the child may take the Michigan merit examination
15 at a nonpublic school if allowed by the nonpublic school. Upon
16 request from a nonpublic school, the superintendent shall direct
17 the provider or providers to supply the Michigan merit examination
18 to the nonpublic school and the nonpublic school may administer the
19 Michigan merit examination. If a district administers the Michigan
20 merit examination under this subsection to a child who is not
21 enrolled in the district, the scores for that child are not
22 considered for any purpose to be scores of a pupil of the district.

23 (12) In contracting under subsection (2), the department of
24 management and budget shall consider a contractor that provides
25 electronically-scored essays with the ability to score constructed
26 response feedback in multiple languages and provide ongoing
27 instruction and feedback.

1 (13) The purpose of the Michigan merit examination is to
2 assess pupil performance in mathematics, science, social studies,
3 and English language arts for the purpose of improving academic
4 achievement and establishing a statewide standard of competency.
5 The assessment under this section provides a common measure of data
6 that will contribute to the improvement of Michigan schools'
7 curriculum and instruction by encouraging alignment with Michigan's
8 curriculum framework standards and promotes pupil participation in
9 higher level mathematics, science, social studies, and English
10 language arts courses. These standards are based upon the
11 expectations of what pupils should learn through high school and
12 are aligned with national standards.

13 (14) For a pupil enrolled in a middle college program, other
14 than a middle college operated as a shared educational entity or a
15 specialized shared educational entity, if the pupil receives at
16 least 50% of his or her instruction at the high school while in
17 grade 11, the Michigan merit examination shall be administered to
18 the pupil at the high school at which the pupil receives high
19 school instruction, and the department shall include the pupil's
20 scores on the Michigan merit examination in the scores for that
21 high school for all purposes for which a school's or district's
22 results are reported. The department shall allow the middle college
23 program to use a 5-year graduation rate for determining adequate
24 yearly progress. As used in this subsection, "middle college" means
25 a program consisting of a series of courses and other requirements
26 and conditions, including an early college or other program created
27 under a memorandum of understanding, that allows a pupil to

1 graduate from high school with both a high school diploma and a
2 certificate or degree from a community college or state public
3 university.

4 (15) As used in this section:

5 (a) "English language arts" means reading and writing.

6 (b) "Social studies" means United States history, world
7 history, world geography, economics, and American government.

8 SEC. 104C. (1) IN ORDER TO RECEIVE STATE AID UNDER THIS
9 ARTICLE, A DISTRICT SHALL ADMINISTER THE STATE ASSESSMENTS
10 DESCRIBED IN THIS SECTION.

11 (2) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL
12 DEVELOP FOR USE IN 2014-2015 NEW MICHIGAN EDUCATION ASSESSMENT
13 PROGRAM (MEAP) ASSESSMENTS IN ENGLISH LANGUAGE ARTS AND
14 MATHEMATICS.

15 (3) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL
16 IMPLEMENT BEGINNING IN THE 2015-2016 SCHOOL YEAR A SUMMATIVE
17 ASSESSMENT SYSTEM FOR ADMINISTRATION TO PUPILS IN GRADES 3 TO 8 AND
18 EARLY HIGH SCHOOL THAT ASSESSES PUPILS IN ENGLISH LANGUAGE ARTS AND
19 MATHEMATICS. THE SUMMATIVE ASSESSMENTS SHALL BE ADMINISTERED TO ALL
20 PUBLIC SCHOOL PUPILS IN GRADES 3 TO 8 AND HIGH SCHOOL, INCLUDING
21 THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS WITH
22 DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I OF
23 THE FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT. THE SUMMATIVE
24 ASSESSMENT SYSTEM SHALL MEET ALL OF THE FOLLOWING REQUIREMENTS:

25 (A) SHALL BE A SYSTEM OF SUMMATIVE ASSESSMENTS ALIGNED TO
26 STATE CONTENT STANDARDS.

27 (B) SHALL DOCUMENT STUDENT PROGRESS TOWARD COLLEGE AND CAREER

1 READINESS.

2 (C) SHALL BE CAPABLE OF MEASURING INDIVIDUAL STUDENT
3 PERFORMANCE IN ENGLISH LANGUAGE ARTS AND MATHEMATICS.

4 (D) SHALL BE AVAILABLE IN PAPER-AND-PENCIL AND, BY 2015-2016,
5 COMPUTER-BASED FORMATS.

6 (4) TO BEGIN THE PROCESS REQUIRED UNDER SUBSECTION (3), NOT
7 LATER THAN SEPTEMBER 1, 2014, THE DEPARTMENT SHALL ISSUE A REQUEST
8 FOR PROPOSALS FOR THE SUMMATIVE ASSESSMENT SYSTEM DESCRIBED IN THAT
9 SUBSECTION.

10 (5) AS USED IN THIS SECTION, "ENGLISH LANGUAGE ARTS" MEANS
11 THAT TERM AS DEFINED IN SECTION 104B.

12 Sec. 107. (1) From the appropriation in section 11, there is
13 allocated an amount not to exceed \$22,000,000.00 for ~~2013-2014~~
14 2014-2015 for adult education programs authorized under this
15 section. Funds allocated under this section are restricted for
16 adult education programs as authorized under this section only. A
17 recipient of funds under this section shall not use those funds for
18 any other purpose.

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

23 (3) To be eligible to be a participant funded under this
24 section, a person shall be enrolled in an adult basic education
25 program, an adult English as a second language program, a general
26 educational development (G.E.D.) test preparation program, a job-
27 or employment-related program, or a high school completion program,

1 that meets the requirements of this section, **AND FOR WHICH**
2 **INSTRUCTION IS PROVIDED**, and shall meet either of the following, as
3 applicable:

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

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

10 (ii) Is less than 20 years of age on September 1 of the school
11 year, is not attending an institution of higher education, and is
12 enrolled in a job- or employment-related program through a referral
13 by an employer **OR BY A MICHIGAN WORKFORCE AGENCY**.

14 (iii) Is enrolled in an English as a second language program.

15 (iv) Is enrolled in a high school completion program.

16 (b) If the individual has not obtained a high school diploma
17 or G.E.D. certificate, the individual meets 1 of the following:

18 (i) Is at least 20 years of age on September 1 of the school
19 year.

20 (ii) Is at least 16 years of age on September 1 of the school
21 year, has been permanently expelled from school under section
22 1311(2) or 1311a of the revised school code, MCL 380.1311 and
23 380.1311a, and has no appropriate alternative education program
24 available through his or her district of residence.

25 ~~— (4) Except as otherwise provided in subsection (5), the money~~
26 ~~allocated under this section shall be distributed as follows:~~

27 ~~— (a) For districts and consortia that received payments for~~

~~2012-2013 under this section, the amount allocated to each for 2013-2014 shall be based on the number of participants served by the district or consortium for 2013-2014, using the amount allocated per full-time equated participant under subsection (7), up to a maximum total allocation under this subsection in an amount equal to the amount the district or consortium received for 2012-2013 under this section before any reallocations made for 2012-2013 under subsection (5).~~

~~—— (b) A district or consortium that received funding in 2012-2013 under this section may operate independently of a consortium or join or form a consortium for 2013-2014. The allocation for 2013-2014 to the district or the newly formed consortium under this subsection shall be determined by the department and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in 2012-2013. A district or consortium described in this subdivision shall notify the department of its intention with regard to 2013-2014 by October 1, 2013.~~

~~—— (5) A district that operated an adult education program in 2012-2013 and does not intend to operate a program in 2013-2014 shall notify the department by October 1, 2013 of its intention. The money intended to be allocated under this section to a district that does not operate a program in 2013-2014 and the unspent money originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (4) and any other unallocated money under this section shall instead be proportionately~~

~~1 reallocated to the other districts described in subsection (4)(a)~~
~~2 that are operating an adult education program in 2013-2014 under~~
~~3 this section.~~

4 (4) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), AN AMOUNT
5 SHALL BE ALLOCATED TO EACH INTERMEDIATE DISTRICT SERVING AS A
6 FISCAL AGENT FOR ADULT EDUCATION PROGRAMS IN EACH OF THE 10
7 PROSPERITY REGIONS IDENTIFIED BY THE DEPARTMENT. AN INTERMEDIATE
8 DISTRICT MAY NOT USE ANY FUNDS ALLOCATED UNDER THIS SECTION FOR
9 ADMINISTRATION COSTS FOR SERVING AS THE FISCAL AGENT. FOR 2014-
10 2015, 67% OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT
11 SERVING AS A FISCAL AGENT SHALL BE BASED ON THE PROPORTION OF TOTAL
12 FUNDING FORMERLY RECEIVED BY THE ADULT EDUCATION PROVIDERS IN THAT
13 PROSPERITY REGION IN 2013-2014, AND 33% SHALL BE ALLOCATED BASED ON
14 THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). FOR 2015-2016, 33%
15 OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS
16 A FISCAL AGENT SHALL BE BASED UPON THE PROPORTION OF TOTAL FUNDING
17 FORMERLY RECEIVED BY THE ADULT EDUCATION PROVIDERS IN THAT
18 PROSPERITY REGION IN 2013-2014 AND 67% OF THE ALLOCATION SHALL BE
19 BASED UPON THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). FOR 2016-
20 2017, 100% OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT
21 SERVING AS A FISCAL AGENT SHALL BE BASED ON THE FACTORS IN
22 SUBDIVISIONS (A), (B), AND (C). THE FUNDING FACTORS FOR THIS
23 SECTION ARE AS FOLLOWS:

24 (A) SIXTY PERCENT OF THIS PORTION OF THE FUNDING SHALL BE
25 DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
26 INDIVIDUALS BETWEEN THE AGES OF 18 AND 24 THAT ARE NOT HIGH SCHOOL
27 GRADUATES THAT RESIDES IN EACH OF THE PROSPERITY REGIONS, AS

1 REPORTED BY THE MOST RECENT 5-YEAR ESTIMATES FROM THE AMERICAN
2 COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS BUREAU.

3 (B) THIRTY-FIVE PERCENT OF THIS PORTION OF THE FUNDING SHALL
4 BE DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
5 INDIVIDUALS AGE 25 OR OLDER WHO ARE NOT HIGH SCHOOL GRADUATES THAT
6 RESIDES IN EACH OF THE PROSPERITY REGIONS, AS REPORTED BY THE MOST
7 RECENT 5-YEAR ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (ACS)
8 FROM THE UNITED STATES CENSUS BUREAU.

9 (C) FIVE PERCENT OF THIS PORTION OF THE FUNDING SHALL BE
10 DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
11 INDIVIDUALS AGE 18 OR OLDER WHO LACK BASIC ENGLISH LANGUAGE
12 PROFICIENCY THAT RESIDES IN EACH OF THE PROSPERITY REGIONS, AS
13 REPORTED BY THE MOST RECENT 5-YEAR ESTIMATES FROM THE AMERICAN
14 COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS BUREAU.

15 (5) TO BE AN ELIGIBLE FISCAL AGENT, AN INTERMEDIATE DISTRICT
16 MUST AGREE TO DO THE FOLLOWING IN A FORM AND MANNER DETERMINED BY
17 THE DEPARTMENT:

18 (A) DISTRIBUTE FUNDS TO ADULT EDUCATION PROGRAMS IN A
19 PROSPERITY REGION AS DESCRIBED IN THIS SECTION.

20 (B) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE
21 WORKFORCE DEVELOPMENT BOARDS LOCATED IN THE PROSPERITY REGION TO
22 DEVELOP A REGIONAL STRATEGY THAT ALIGNS ADULT EDUCATION PROGRAMS
23 AND SERVICES INTO AN EFFICIENT AND EFFECTIVE DELIVERY SYSTEM FOR
24 ADULT EDUCATION LEARNERS.

25 (C) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE
26 WORKFORCE DEVELOPMENT BOARDS LOCATED IN THE PROSPERITY REGION TO
27 CREATE A LOCAL PROCESS AND CRITERIA THAT WILL IDENTIFY ELIGIBLE

1 ADULT EDUCATION PROVIDERS TO RECEIVE FUNDS ALLOCATED UNDER THIS
2 SECTION BASED ON LOCATION, DEMAND FOR SERVICES, AND COST TO PROVIDE
3 INSTRUCTIONAL SERVICES. ALL LOCAL PROCESSES, CRITERIA, AND PROVIDER
4 DETERMINATIONS MUST BE APPROVED BY THE DEPARTMENT BEFORE FUNDS MAY
5 BE DISTRIBUTED TO THE FISCAL AGENT.

6 (D) REPORT ADULT EDUCATION PROGRAM AND PARTICIPANT DATA AND
7 INFORMATION AS PRESCRIBED BY THE DEPARTMENT.

8 (6) The amount allocated under this section per full-time
9 equated participant ~~is~~ **SHALL NOT EXCEED** \$2,850.00 for a 450-hour
10 program. The amount shall be proportionately reduced for a program
11 offering less than 450 hours of instruction.

12 (7) An adult basic education program or an adult English as a
13 second language program operated on a year-round or school year
14 basis may be funded under this section, subject to all of the
15 following:

16 (a) The program enrolls adults who are determined by a
17 department-approved assessment, in a form and manner prescribed by
18 the department, to be below ninth grade level in reading or
19 mathematics, or both, or to lack basic English proficiency.

20 (b) The program tests individuals for eligibility under
21 subdivision (a) before enrollment and upon completion of the
22 program in compliance with the state-approved assessment policy.

23 (c) A participant in an adult basic education program is
24 eligible for reimbursement until 1 of the following occurs:

25 (i) The participant's reading and mathematics proficiency are
26 assessed at or above the ninth grade level.

27 (ii) The participant fails to show progress on 2 successive

1 assessments after having completed at least 450 hours of
2 instruction.

3 (d) A funding recipient enrolling a participant in an English
4 as a second language program is eligible for funding according to
5 subsection (11) until the participant meets 1 of the following:

6 (i) The participant is assessed as having attained basic
7 English proficiency as determined by a department-approved
8 assessment.

9 (ii) The participant fails to show progress on 2 successive
10 department-approved assessments after having completed at least 450
11 hours of instruction. The department shall provide information to a
12 funding recipient regarding appropriate assessment instruments for
13 this program.

14 (8) A general educational development (G.E.D.) test
15 preparation program operated on a year-round or school year basis
16 may be funded under this section, subject to all of the following:

17 (a) The program enrolls adults who do not have a high school
18 diploma.

19 (b) The program shall administer a ~~G.E.D.~~ pre-test approved by
20 the department before enrolling an individual to determine the
21 individual's **LITERACY LEVELS, SHALL ADMINISTER A G.E.D. PRACTICE**
22 **TEST TO DETERMINE THE INDIVIDUAL'S** potential for success on the
23 G.E.D. test, and shall administer a post-test upon completion of
24 the program in compliance with the state-approved assessment
25 policy.

26 (c) A funding recipient shall receive funding according to
27 subsection (11) for a participant, and a participant may be

1 enrolled in the program until 1 of the following occurs:

2 (i) The participant ~~passes~~**OBTAINS** the G.E.D. ~~test~~.

3 (ii) The participant fails to show progress on 2 successive
4 department-approved assessments used to determine readiness to take
5 the G.E.D. test after having completed at least 450 hours of
6 instruction.

7 (9) A high school completion program operated on a year-round
8 or school year basis may be funded under this section, subject to
9 all of the following:

10 (a) The program enrolls adults who do not have a high school
11 diploma.

12 (b) The program tests participants described in subdivision
13 (a) before enrollment and upon completion of the program in
14 compliance with the state-approved assessment policy.

15 (c) A funding recipient shall receive funding according to
16 subsection (11) for a participant in a course offered under this
17 subsection until 1 of the following occurs:

18 (i) The participant passes the course and earns a high school
19 diploma.

20 (ii) The participant fails to earn credit in 2 successive
21 semesters or terms in which the participant is enrolled after
22 having completed at least 900 hours of instruction.

23 (10) A job- or employment-related adult education program
24 operated on a year-round or school year basis may be funded under
25 this section, subject to all of the following:

26 (a) The program enrolls adults referred by their employer who
27 are less than 20 years of age, have a high school diploma, are

1 determined to be in need of remedial mathematics or communication
2 arts skills and are not attending an institution of higher
3 education.

4 (b) The program tests participants described in subdivision
5 (a) before enrollment and upon completion of the program in
6 compliance with the department-approved assessment policy.

7 (c) An individual may be enrolled in this program and the
8 grant recipient shall receive funding according to subsection (11)
9 until 1 of the following occurs:

10 (i) The individual achieves the requisite skills as determined
11 by department-approved assessment instruments.

12 (ii) The individual fails to show progress on 2 successive
13 assessments after having completed at least 450 hours of
14 instruction.

15 (11) A funding recipient shall receive payments under this
16 section in accordance with the following:

17 (a) ~~Ninety~~ **SEVENTY-FIVE** percent for enrollment of eligible
18 participants.

19 (b) ~~Ten~~ **TWENTY-FIVE** percent for **PARTICIPANT** completion of the
20 adult basic education objectives by achieving an ~~increase of at~~
21 ~~least 1 grade level of proficiency in reading or mathematics;~~
22 **EDUCATIONAL GAIN AS DETERMINED BY THE NATIONAL REPORTING SYSTEM**
23 **LEVELS;** for achieving basic English proficiency; ~~, as defined by~~
24 ~~the department in the adult education guidebook;~~ for obtaining a
25 G.E.D. or passage of 1 or more individual G.E.D. tests; for
26 attainment of a high school diploma or passage of a course required
27 for a participant to attain a high school diploma; ~~or for~~

1 ~~completion of the course and demonstrated proficiency in the~~
 2 ~~academic skills to be learned in the course,~~ **FOR ENROLLMENT IN A**
 3 **POSTSECONDARY INSTITUTION, OR FOR ENTRY INTO OR RETENTION OF**
 4 **EMPLOYMENT,** as applicable.

5 ~~—— (12) As used in this section, "participant" means the sum of~~
 6 ~~the number of full time equated individuals enrolled in and~~
 7 ~~attending a department approved adult education program under this~~
 8 ~~section, using quarterly participant count days on the schedule~~
 9 ~~described in section 6(7)(b).~~

10 (12) ~~(13)~~ A person who is not eligible to be a participant
 11 funded under this section may receive adult education services upon
 12 the payment of tuition. In addition, a person who is not eligible
 13 to be served in a program under this section due to the program
 14 limitations specified in subsection (7), (8), (9), or (10) may
 15 continue to receive adult education services in that program upon
 16 the payment of tuition. The tuition level shall be determined by
 17 the local or intermediate district conducting the program.

18 (13) ~~(14)~~ An individual who is an inmate in a state
 19 correctional facility shall not be counted as a participant under
 20 this section.

21 (14) ~~(15)~~ A district **FUNDING RECIPIENT** shall not commingle
 22 money received under this section or from another source for adult
 23 education purposes with any other funds ~~of the district. A district~~
 24 ~~receiving adult education funds~~ **AND** shall establish a separate
 25 ledger account for ~~those funds~~ **RECEIVED UNDER THIS SECTION.** This
 26 subsection does not prohibit a district from using general funds of
 27 the district to support an adult education or community education

1 program.

2 (15) ~~(16) A district or intermediate district~~ **FUNDING**
3 **RECIPIENT** receiving funds under this section may establish a
4 sliding scale of tuition rates based upon a participant's family
5 income. A ~~district or intermediate district~~ **FUNDING RECIPIENT** may
6 charge a participant tuition to receive adult education services
7 under this section from that sliding scale of tuition rates on a
8 uniform basis. The amount of tuition charged per participant shall
9 not exceed the actual operating cost per participant minus any
10 funds received under this section per participant. A ~~district or~~
11 ~~intermediate district~~ **FUNDING RECIPIENT** may not charge a
12 participant tuition under this section if the participant's income
13 is at or below 200% of the federal poverty guidelines published by
14 the United States department of health and human services.

15 (16) ~~(17)~~ In order to receive funds under this section, a
16 ~~district~~ **FUNDING RECIPIENT** shall furnish to the department, in a
17 form and manner determined by the department, all information
18 needed to administer this program and meet federal reporting
19 requirements; shall allow the department or the department's
20 designee to review all records related to the program for which it
21 receives funds; and shall reimburse the state for all disallowances
22 found in the review, as determined by the department.

23 (17) ~~(18)~~ All intermediate district participant audits of
24 adult education programs shall be performed pursuant to the adult
25 education participant auditing and accounting manuals published by
26 the department.

27 ~~(19) It is the intent of the legislature to study allocating~~

~~funds under this section on a competitive basis beginning for 2014-2015.~~

(18) ~~(20)~~ As used in this section: ~~,"department"~~

(A) "DEPARTMENT" means the Michigan strategic fund.

(B) "ELIGIBLE ADULT EDUCATION PROVIDER" MEANS A DISTRICT, INTERMEDIATE DISTRICT, A CONSORTIUM OF DISTRICTS, A CONSORTIUM OF INTERMEDIATE DISTRICTS, OR A CONSORTIUM OF DISTRICTS AND INTERMEDIATE DISTRICTS THAT IS IDENTIFIED AS PART OF THE LOCAL PROCESS DESCRIBED IN SUBSECTION (5) (C) AND APPROVED BY THE DEPARTMENT.

(C) "PARTICIPANT" MEANS THE SUM OF THE NUMBER OF FULL-TIME EQUATED INDIVIDUALS ENROLLED IN AND ATTENDING A DEPARTMENT-APPROVED ADULT EDUCATION PROGRAM UNDER THIS SECTION, USING QUARTERLY PARTICIPANT COUNT DAYS ON THE SCHEDULE DESCRIBED IN SECTION 6(7) (B) .

Sec. 147. (1) The allocation ~~each fiscal year for 2013-2014 and for 2014-2015~~ for the public school employees' retirement system pursuant to the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the individual projected benefit entry age normal cost method of valuation and risk assumptions adopted by the public school employees retirement board and the department of technology, management, and budget.

~~— (2) The annual level percentage of payroll contribution rates for the 2013-2014 fiscal year, as determined by the retirement system, are estimated as follows:~~

~~— (a) For public school employees who first worked for a public~~

~~1 school reporting unit before July 1, 2010 and who are enrolled in
2 the health premium subsidy, the annual level percentage of payroll
3 contribution rate is estimated at 29.35%, with 24.79% paid directly
4 by the employer.~~

~~5 ——— (b) For public school employees who first worked for a public
6 school reporting unit on or after July 1, 2010 and who are enrolled
7 in the health premium subsidy, the annual level percentage of
8 payroll contribution rate is estimated at 29.12%, with 24.56% paid
9 directly by the employer.~~

~~10 ——— (c) For public school employees who first worked for a public
11 school reporting unit on or after July 1, 2010 and who participate
12 in the pension plus plan and in the personal healthcare fund, the
13 annual level percentage of payroll contribution rate is estimated
14 at 28.19%, with 23.63% paid directly by the employer.~~

~~15 ——— (d) For public school employees who first worked for a public
16 school reporting unit on or after September 4, 2012, who elect
17 defined contribution, and who participate in the personal
18 healthcare fund, the annual level percentage of payroll
19 contribution rate is estimated at 25.52%, with 20.96% paid directly
20 by the employer.~~

~~21 ——— (e) For public school employees who first worked for a public
22 school reporting unit before July 1, 2010, who elect defined
23 contribution, and who are enrolled in the health premium subsidy,
24 the annual level percentage of payroll contribution rate is
25 estimated at 26.45%, with 21.89% paid directly by the employer.~~

~~26 ——— (f) For public school employees who first worked for a public
27 school reporting unit before July 1, 2010, who elect defined~~

1 ~~contribution, and who participate in the personal healthcare fund,~~
2 ~~the annual level percentage of payroll contribution rate is~~
3 ~~estimated at 25.52%, with 20.96% paid directly by the employer.~~

4 ~~—— (g) For public school employees who first worked for a public~~
5 ~~school reporting unit before July 1, 2010 and who participate in~~
6 ~~the personal healthcare fund, the annual level percentage of~~
7 ~~payroll contribution rate is estimated at 28.42%, with 23.86% paid~~
8 ~~directly by the employer.~~

9 (2) ~~(3)~~—The annual level percentage of payroll contribution
10 rates for the 2014-2015 fiscal year, as determined by the
11 retirement system, are estimated as follows:

12 (a) For public school employees who first worked for a public
13 school reporting unit before July 1, 2010 and who are enrolled in
14 the health premium subsidy, the annual level percentage of payroll
15 contribution rate is estimated at ~~33.10%, 33.44%~~, with ~~25.78%~~
16 **24.58%** paid directly by the employer.

17 (b) For public school employees who first worked for a public
18 school reporting unit on or after July 1, 2010 and who are enrolled
19 in the health premium subsidy, the annual level percentage of
20 payroll contribution rate is estimated at ~~32.02%, 32.36%~~, with
21 ~~24.70% 23.50%~~ paid directly by the employer.

22 (c) For public school employees who first worked for a public
23 school reporting unit on or after July 1, 2010 and who participate
24 in the personal healthcare fund, the annual level percentage of
25 payroll contribution rate is estimated at ~~31.51%, 31.85%~~, with
26 ~~24.19% 22.99%~~ paid directly by the employer.

27 (d) For public school employees who first worked for a public

1 school reporting unit on or after September 4, 2012, who elect
2 defined contribution, and who participate in the personal
3 healthcare fund, the annual level percentage of payroll
4 contribution rate is estimated at ~~28.28%~~, **28.62%**, with ~~20.96%~~
5 **19.76%** paid directly by the employer.

6 (e) For public school employees who first worked for a public
7 school reporting unit before July 1, 2010, who elect defined
8 contribution, and who are enrolled in the health premium subsidy,
9 the annual level percentage of payroll contribution rate is
10 estimated at ~~28.79%~~, **29.13%**, with ~~21.47%~~ **20.27%** paid directly by
11 the employer.

12 (f) For public school employees who first worked for a public
13 school reporting unit before July 1, 2010, who elect defined
14 contribution, and who participate in the personal healthcare fund,
15 the annual level percentage of payroll contribution rate is
16 estimated at ~~28.28%~~, **28.62%**, with ~~20.96%~~ **19.76%** paid directly by
17 the employer.

18 (g) For public school employees who first worked for a public
19 school reporting unit before July 1, 2010 and who participate in
20 the personal healthcare fund, the annual level percentage of
21 payroll contribution rate is estimated at ~~32.59%~~, **32.93%**, with
22 ~~25.27%~~ **24.07%** paid directly by the employer.

23 (3) ~~(4)~~ In addition to the employer payments described in
24 ~~subsections (2) and (3)~~, **SUBSECTION (2)**, the employer shall pay the
25 applicable contributions to the Tier 2 plan, as determined by the
26 public school employees retirement act of 1979, 1980 PA 300 MCL
27 38.1301 to 38.1408.

1 (4) ~~(5)~~—The contribution rates in subsection (2) reflect an
2 amortization period of ~~25–24~~ years for ~~2013–2014.~~ **2014–2015.** The
3 public school employees' retirement system board shall notify each
4 district and intermediate district by February 28 of each fiscal
5 year of the estimated contribution rate for the next fiscal year.

6 Sec. 147b. (1) The MPSERS retirement obligation reform reserve
7 fund is created as a separate account within the state school aid
8 fund.

9 (2) The state treasurer may receive money or other assets from
10 any source for deposit into the MPSERS retirement obligation reform
11 reserve fund. The state treasurer shall direct the investment of
12 the MPSERS retirement obligation reform reserve fund. The state
13 treasurer shall credit to the MPSERS retirement obligation reform
14 reserve fund interest and earnings from the MPSERS retirement
15 obligation reform reserve fund.

16 (3) Money available in the MPSERS retirement obligation reform
17 reserve fund shall not be expended without a specific
18 appropriation.

19 (4) Money in the MPSERS retirement obligation reform reserve
20 fund at the close of the fiscal year shall remain in the MPSERS
21 retirement obligation reform reserve fund and shall not lapse to
22 the state school aid fund or to the general fund. The department of
23 treasury shall be the administrator of the MPSERS retirement
24 obligation reform reserve fund for auditing purposes.

25 (5) If the contributions described in section 43e of the
26 public school employees retirement act of 1979, 1980 PA 300, MCL
27 38.1343e, as that section was added by 2010 PA 75, are determined

1 by a final order of a court of competent jurisdiction for which all
2 rights of appeal have been exhausted to be constitutional and if
3 the order for preliminary injunction in case no. 10-45-MM issued on
4 July 13, 2010 is lifted, the money placed in a separate interest
5 bearing account as a result of implementing the preliminary
6 injunction shall be deposited into the MPSERS retirement obligation
7 reform reserve fund created in this section to be used solely for
8 health care unfunded accrued liabilities.

9 **(6) IN ADDITION TO THE APPROPRIATION IN SECTION 11, THERE IS**
10 **TRANSFERRED FROM THE STATE SCHOOL AID FUND TO THE MPSERS RETIREMENT**
11 **OBLIGATION REFORM RESERVE FUND AN AMOUNT EQUAL TO \$50,000,000.00.**

12 Sec. 147c. (1) ~~From the state school aid fund money~~
13 ~~appropriated in section 11, there is allocated for 2012-2013 an~~
14 ~~amount not to exceed \$160,000,000.00 for payments to districts and~~
15 ~~intermediate districts that are participating entities of the~~
16 ~~retirement system. From the appropriation in section 11, there is~~
17 ~~allocated for 2013-2014-2014-2015 an amount not to exceed~~
18 ~~\$247,300,000.00-\$765,944,000.00 from the state school aid fund, and~~
19 ~~there is appropriated for 2013-2014-2014-2015 an amount not to~~
20 ~~exceed \$156,000,000.00-\$18,000,000.00 from the MPSERS retirement~~
21 ~~obligation reform reserve fund, for payments to districts and~~
22 ~~intermediate districts that are participating entities of the~~
23 ~~Michigan public school employees' retirement system.~~

24 ~~—— (2) In addition to the allocation under subsection (1), from~~
25 ~~the general fund money appropriated under section 11, there is~~
26 ~~allocated for payments to district libraries that are participating~~
27 ~~entities of the retirement system an amount not to exceed~~

1 ~~\$500,000.00 for 2012-2013 and an amount not to exceed \$1,300,000.00~~
2 ~~for 2013-2014.~~

3 (2) ~~(3)~~ Payments made under this section for 2012-2013 shall
4 be equal to the difference between the unfunded actuarial accrued
5 liability contribution rate as calculated pursuant to section 41 of
6 the public school employees retirement act of 1979, 1980 PA 300,
7 MCL 38.1341, and the maximum employer rate of 20.96% included in
8 section 41 of the public school employees retirement act of 1979,
9 1980 PA 300, MCL 38.1341. Payments made under this section for
10 2013-2014-2014-2015 shall be equal to the difference between the
11 unfunded actuarial accrued liability contribution rate as
12 calculated pursuant to section 41 of the public school employees
13 retirement act of 1979, 1980 PA 300, MCL 38.1341, as calculated
14 without taking into account the maximum employer rate of 20.96%
15 included in section 41 of the public school employees retirement
16 act of 1979, 1980 PA 300, MCL 38.1341, and the maximum employer
17 rate of 20.96% included in section 41 of the public school
18 employees retirement act of 1979, 1980 PA 300, MCL 38.1341.

19 (3) ~~(4)~~ The amount allocated to each participating entity
20 under this section shall be based on each participating entity's
21 proportion of the total covered payroll for the immediately
22 preceding fiscal year for the same type of participating entities.
23 A participating entity that receives funds under this section shall
24 use the funds solely for the purpose of retirement contributions as
25 specified in subsection ~~(5)~~-(4).

26 (4) ~~(5)~~ Each participating entity receiving funds under this
27 section shall forward an amount equal to the amount allocated under

1 subsection ~~(4)~~-(3) to the retirement system in a form, manner, and
2 time frame determined by the retirement system.

3 (5) ~~(6)~~—Funds allocated under this section should be
4 considered when comparing a district's growth in total state aid
5 funding from 1 fiscal year to the next.

6 (6) ~~(7)~~—As used in this section:

7 (a) "Participating entity" means a district, intermediate
8 district, or district library that is a reporting unit of the
9 Michigan public school employees' retirement system under the
10 public school employees retirement act of 1979, 1980 PA 300, MCL
11 38.1301 to 38.1437, and that reports employees to the Michigan
12 public school employees' retirement system for the applicable
13 fiscal year.

14 (b) "Retirement board" means the board that administers the
15 retirement system under the public school employees retirement act
16 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

17 (c) "Retirement system" means the Michigan public school
18 employees' retirement system under the public school employees
19 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

20 Sec. 152a. (1) As required by the court in the consolidated
21 cases known as Adair v State of Michigan, Michigan supreme court
22 docket nos. 137424 and 137453, from the state school aid fund money
23 appropriated in section 11 there is allocated for ~~2013-2014-2014-~~
24 **2015** an amount not to exceed \$38,000,500.00 to be used solely for
25 the purpose of paying necessary costs related to the state-mandated
26 collection, maintenance, and reporting of data to this state.

27 (2) From the allocation in subsection (1), the department

1 shall make payments to districts and intermediate districts in an
2 equal amount per pupil based on the total number of pupils in
3 membership in each district and intermediate district. The
4 department shall not make any adjustment to these payments after
5 the final installment payment under section 17b is made.

6 Sec. 161. A school official or member of a board or other
7 person who neglects or refuses to do or perform an act required by
8 this act or who violates or knowingly permits or consents to the
9 violation of this act is guilty of a misdemeanor, punishable by
10 imprisonment for not more than 90 days, or a fine of not more than
11 \$1,500.00, or both. **THIS PENALTY IS IN ADDITION TO ALL OTHER**
12 **FINANCIAL PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

13 Sec. 163. (1) Except as provided in the revised school code,
14 the board of a district or intermediate district shall not permit
15 any of the following:

16 (a) A noncertificated teacher to teach in an elementary or
17 secondary school or in an adult basic education or high school
18 completion program.

19 (b) A noncertificated counselor to provide counseling services
20 to pupils in an elementary or secondary school or in an adult basic
21 education or high school completion program.

22 (2) Except as provided in the revised school code, a district
23 or intermediate district employing teachers or counselors not
24 legally certificated shall have deducted the sum equal to the
25 amount paid the teachers or counselors for the period of
26 noncertificated or illegal employment. Each intermediate
27 superintendent shall notify the department of the name of the

1 noncertificated teacher or counselor, and the district employing
 2 that individual and the amount of salary the noncertificated
 3 teacher or counselor was paid within a constituent district.

4 (3) If a school official is notified by the department that he
 5 or she is employing a nonapproved noncertificated teacher or
 6 counselor in violation of this section and knowingly continues to
 7 employ that teacher or counselor, the school official is guilty of
 8 a misdemeanor, punishable by a fine of \$1,500.00 for each
 9 incidence. **THIS PENALTY IS IN ADDITION TO ALL OTHER FINANCIAL**
 10 **PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

11 Sec. 168. In order to receive funds under this act, a
 12 district, intermediate district, grant recipient, contractor, or
 13 other entity that directly or indirectly receives funds under this
 14 act shall allow access for the department or the department's
 15 designee to audit all records related to a program for which it
 16 receives ~~such funds~~ **UNDER THIS ACT OR HAS RECEIVED FUNDS UNDER THIS**
 17 **ACT FOR ANY OF THE 3 IMMEDIATELY PRECEDING FISCAL YEARS.** The
 18 district, intermediate district, grant recipient, contractor, or
 19 other entity shall reimburse the state for all disallowances found
 20 in ~~the audit.~~ **ANY AUDIT CONDUCTED UNDER THIS ACT.**

21 Sec. 201. (1) Subject to the conditions set forth in this
 22 article, the amounts listed in ~~subsections (2), (4), (5), (6), and~~
 23 ~~(7)~~ **THIS SECTION** are appropriated for community colleges for the
 24 fiscal year ending September 30, ~~2014,~~ **2015**, from the funds
 25 indicated in this section. The following is a summary of the
 26 appropriations in ~~subsections (2), (4), (5), (6), and (7).~~ **THIS**
 27 **SECTION:**

(a) The gross appropriation is ~~\$335,977,600.00.~~
\$371,525,000.00. After deducting total interdepartmental grants and
 intradepartmental transfers in the amount of \$0.00, the adjusted
 gross appropriation is ~~\$335,977,600.00.~~**\$371,525,000.00.**

(b) The sources of the adjusted gross appropriation described
 in subdivision (a) are as follows:

(i) Total federal revenues, \$0.00.

(ii) Total local revenues, \$0.00.

(iii) Total private revenues, \$0.00.

(iv) Total other state restricted revenues, \$197,614,100.00.

(v) State general fund/general purpose money,
~~\$138,363,500.00.~~**\$173,910,900.00.**

(2) Subject to subsection (3), the amount appropriated for
 community college operations is ~~\$298,244,000.00,~~**\$307,191,400.00,**
 allocated as follows:

~~— (a) Alpena Community College, \$5,221,100.00.~~

~~— (b) Bay de Noc Community College, \$5,263,800.00.~~

~~— (c) Delta College, \$14,022,200.00.~~

~~— (d) Glen Oaks Community College, \$2,434,300.00.~~

~~— (e) Gogebic Community College, \$4,317,500.00.~~

~~— (f) Grand Rapids Community College, \$17,403,500.00.~~

~~— (g) Henry Ford Community College, \$20,997,900.00.~~

~~— (h) Jackson Community College, \$11,723,600.00.~~

~~— (i) Kalamazoo Valley Community College, \$12,086,900.00.~~

~~— (j) Kellogg Community College, \$9,494,000.00.~~

~~— (k) Kirtland Community College, \$3,046,800.00.~~

~~— (l) Lake Michigan College, \$5,162,900.00.~~

1 ~~—— (m) Lansing Community College, \$29,935,300.00.~~
 2 ~~—— (n) Macomb Community College, \$31,837,200.00.~~
 3 ~~—— (o) Mid Michigan Community College, \$4,504,700.00.~~
 4 ~~—— (p) Monroe County Community College, \$4,329,900.00.~~
 5 ~~—— (q) Montcalm Community College, \$3,112,000.00.~~
 6 ~~—— (r) C.S. Mott Community College, \$15,202,200.00.~~
 7 ~~—— (s) Muskegon Community College, \$8,628,000.00.~~
 8 ~~—— (t) North Central Michigan College, \$3,055,400.00.~~
 9 ~~—— (u) Northwestern Michigan College, \$8,799,300.00.~~
 10 ~~—— (v) Oakland Community College, \$20,422,900.00.~~
 11 ~~—— (w) St. Clair County Community College, \$6,839,900.00.~~
 12 ~~—— (x) Schoolcraft College, \$12,076,700.00.~~
 13 ~~—— (y) Southwestern Michigan College, \$6,385,400.00.~~
 14 ~~—— (z) Washtenaw Community College, \$12,573,900.00.~~
 15 ~~—— (aa) Wayne County Community College, \$16,146,700.00.~~
 16 ~~—— (bb) West Shore Community College, \$2,342,900.00.~~
 17 **(A) THE APPROPRIATION FOR ALPENA COMMUNITY COLLEGE IS**
 18 **\$5,367,100.00, \$5,236,500.00 FOR OPERATIONS AND \$130,600.00 FOR**
 19 **PERFORMANCE FUNDING.**
 20 **(B) THE APPROPRIATION FOR BAY DE NOC COMMUNITY COLLEGE IS**
 21 **\$5,395,700.00, \$5,279,300.00 FOR OPERATIONS AND \$116,400.00 FOR**
 22 **PERFORMANCE FUNDING.**
 23 **(C) THE APPROPRIATION FOR DELTA COLLEGE IS \$14,435,600.00,**
 24 **\$14,063,500.00 FOR OPERATIONS AND \$372,100.00 FOR PERFORMANCE**
 25 **FUNDING.**
 26 **(D) THE APPROPRIATION FOR GLEN OAKS COMMUNITY COLLEGE IS**
 27 **\$2,505,100.00, \$2,441,500.00 FOR OPERATIONS AND \$63,600.00 FOR**

1 PERFORMANCE FUNDING.

2 (E) THE APPROPRIATION FOR GOGEBIC COMMUNITY COLLEGE IS
3 \$4,431,900.00, \$4,330,300.00 FOR OPERATIONS AND \$101,600.00 FOR
4 PERFORMANCE FUNDING.

5 (F) THE APPROPRIATION FOR GRAND RAPIDS COMMUNITY COLLEGE IS
6 \$17,869,000.00, \$17,454,900.00 FOR OPERATIONS AND \$414,100.00 FOR
7 PERFORMANCE FUNDING.

8 (G) THE APPROPRIATION FOR HENRY FORD COMMUNITY COLLEGE IS
9 \$21,529,000.00, \$21,060,000.00 FOR OPERATIONS AND \$469,000.00 FOR
10 PERFORMANCE FUNDING.

11 (H) THE APPROPRIATION FOR JACKSON COLLEGE IS \$12,034,400.00,
12 \$11,758,200.00 FOR OPERATIONS AND \$276,200.00 FOR PERFORMANCE
13 FUNDING.

14 (I) THE APPROPRIATION FOR KALAMAZOO VALLEY COMMUNITY COLLEGE
15 IS \$12,448,500.00, \$12,122,500.00 FOR OPERATIONS AND \$326,000.00
16 FOR PERFORMANCE FUNDING.

17 (J) THE APPROPRIATION FOR KELLOGG COMMUNITY COLLEGE IS
18 \$9,770,700.00, \$9,522,000.00 FOR OPERATIONS AND \$248,700.00 FOR
19 PERFORMANCE FUNDING.

20 (K) THE APPROPRIATION FOR KIRTLAND COMMUNITY COLLEGE IS
21 \$3,153,900.00, \$3,055,700.00 FOR OPERATIONS AND \$98,200.00 FOR
22 PERFORMANCE FUNDING.

23 (L) THE APPROPRIATION FOR LAKE MICHIGAN COLLEGE IS
24 \$5,319,600.00, \$5,178,100.00 FOR OPERATIONS AND \$141,500.00 FOR
25 PERFORMANCE FUNDING.

26 (M) THE APPROPRIATION FOR LANSING COMMUNITY COLLEGE IS
27 \$30,742,500.00, \$30,023,700.00 FOR OPERATIONS AND \$718,800.00 FOR

1 PERFORMANCE FUNDING.

2 (N) THE APPROPRIATION FOR MACOMB COMMUNITY COLLEGE IS
3 \$32,672,900.00, \$31,931,200.00 FOR OPERATIONS AND \$741,700.00 FOR
4 PERFORMANCE FUNDING.

5 (O) THE APPROPRIATION FOR MID MICHIGAN COMMUNITY COLLEGE IS
6 \$4,661,700.00, \$4,517,900.00 FOR OPERATIONS AND \$143,800.00 FOR
7 PERFORMANCE FUNDING.

8 (P) THE APPROPRIATION FOR MONROE COUNTY COMMUNITY COLLEGE IS
9 \$4,473,400.00, \$4,342,600.00 FOR OPERATIONS AND \$130,800.00 FOR
10 PERFORMANCE FUNDING.

11 (Q) THE APPROPRIATION FOR MONTCALM COMMUNITY COLLEGE IS
12 \$3,212,700.00, \$3,121,200.00 FOR OPERATIONS AND \$91,500.00 FOR
13 PERFORMANCE FUNDING.

14 (R) THE APPROPRIATION FOR C.S. MOTT COMMUNITY COLLEGE IS
15 \$15,617,500.00, \$15,247,100.00 FOR OPERATIONS AND \$370,400.00 FOR
16 PERFORMANCE FUNDING.

17 (S) THE APPROPRIATION FOR MUSKEGON COMMUNITY COLLEGE IS
18 \$8,862,100.00, \$8,653,500.00 FOR OPERATIONS AND \$208,600.00 FOR
19 PERFORMANCE FUNDING.

20 (T) THE APPROPRIATION FOR NORTH CENTRAL MICHIGAN COLLEGE IS
21 \$3,158,600.00, \$3,064,400.00 FOR OPERATIONS AND \$94,200.00 FOR
22 PERFORMANCE FUNDING.

23 (U) THE APPROPRIATION FOR NORTHWESTERN MICHIGAN COLLEGE IS
24 \$9,039,100.00, \$8,825,300.00 FOR OPERATIONS AND \$213,800.00 FOR
25 PERFORMANCE FUNDING.

26 (V) THE APPROPRIATION FOR OAKLAND COMMUNITY COLLEGE IS
27 \$21,031,100.00, \$20,483,100.00 FOR OPERATIONS AND \$548,000.00 FOR

1 PERFORMANCE FUNDING.

2 (W) THE APPROPRIATION FOR ST. CLAIR COUNTY COMMUNITY COLLEGE
3 IS \$7,030,700.00, \$6,860,100.00 FOR OPERATIONS AND \$170,600.00 FOR
4 PERFORMANCE FUNDING.

5 (X) THE APPROPRIATION FOR SCHOOLCRAFT COLLEGE IS
6 \$12,459,200.00, \$12,112,200.00 FOR OPERATIONS AND \$347,000.00 FOR
7 PERFORMANCE FUNDING.

8 (Y) THE APPROPRIATION FOR SOUTHWESTERN MICHIGAN COLLEGE IS
9 \$6,547,600.00, \$6,404,300.00 FOR OPERATIONS AND \$143,300.00 FOR
10 PERFORMANCE FUNDING.

11 (Z) THE APPROPRIATION FOR WASHTENAW COMMUNITY COLLEGE IS
12 \$13,020,600.00, \$12,610,800.00 FOR OPERATIONS AND \$409,800.00 FOR
13 PERFORMANCE FUNDING.

14 (AA) THE APPROPRIATION FOR WAYNE COUNTY COMMUNITY COLLEGE IS
15 \$16,654,700.00, \$16,194,300.00 FOR OPERATIONS AND \$460,400.00 FOR
16 PERFORMANCE FUNDING.

17 (BB) THE APPROPRIATION FOR WEST SHORE COMMUNITY COLLEGE IS
18 \$2,404,300.00, \$2,349,800.00 FOR OPERATIONS AND \$54,500.00 FOR
19 PERFORMANCE FUNDING.

20 (cc) Local strategic value, ~~\$877,100.00~~ \$1,342,100.00.

21 (DD) GED INCENTIVE PROGRAM, \$100.00.

22 (3) The amount appropriated in subsection (2) for community
23 college operations is appropriated from the following:

24 (a) State school aid fund, \$195,880,500.00.

25 (b) State general fund/general purpose money,

26 ~~\$102,363,500.00~~ \$111,310,900.00.

27 ~~— (4) From the appropriations described in subsection (1), there~~

~~is appropriated for fiscal year 2013-2014 an amount not to exceed \$1,733,600.00 for payments to community colleges from the state school aid fund. A community college that receives money under this subsection shall use that money solely for the purpose of offsetting a portion of the retirement contributions owed by the college for the fiscal year ending September 30, 2014. The amount allocated to each participating community college under this section shall be based on each participating college's total payroll covered by the retirement system covered payroll for all participating colleges for the immediately preceding state fiscal year.~~

(4) ~~(5)~~ From the appropriations described in subsection (1), there is appropriated an amount not to exceed \$31,400,000.00 from the state general fund **SUBJECT TO SECTION 207A, THE AMOUNT APPROPRIATED** for payments to community colleges that are participating entities of the retirement system **IS \$60,833,600.00, \$1,733,600.00 APPROPRIATED FROM THE STATE SCHOOL AID FUND AND \$59,100,000.00 APPROPRIATED FROM GENERAL FUND/GENERAL PURPOSE MONEY.** All of the following apply to the appropriations described in this subsection:

~~— (a) The amount of a payment under this subsection shall be the difference between the unfunded actuarial accrued liability contribution rate as calculated under section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, and the maximum employer rate of 20.96% under section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341.~~

~~1 (b) The amount allocated to each community college under this
2 subsection shall be based on each community college's percentage of
3 the total covered payroll for all community colleges that are
4 participating colleges in the immediately preceding fiscal year. A
5 community college that receives funds under this subsection shall
6 use the funds solely for the purpose of retirement contributions
7 under subdivision (c).~~

~~8 (c) Each participating college receiving funds under this
9 subsection shall forward an amount equal to the amount allocated
10 under subdivision (b) to the retirement system in a form and manner
11 determined by the retirement system.~~

~~12 (6) All of the following apply to community colleges described
13 in section 12(3) of the Michigan renaissance zone act, MCL
14 125.2692:~~

~~15 (a) From the appropriations described in subsection (1), the
16 following amount is appropriated for reimbursement to community
17 colleges under section 12(3) of the Michigan renaissance zone act,
18 MCL 125.2692:~~

~~19 (i) If the amount of tax revenue lost by community colleges as
20 a result of the exemption of property under the Michigan
21 renaissance zone act in fiscal year 2012-2013 is \$3,500,000.00 or
22 more, \$3,500,000.00 from the state general fund.~~

~~23 (ii) If the amount of tax revenue lost by community colleges as
24 a result of the exemption of property under the Michigan
25 renaissance zone act in fiscal year 2012-2013 is less than
26 \$3,500,000.00, the actual amount of tax revenue lost by the
27 community colleges.~~

~~1 (b) The amount allocated to each community college under this
2 subsection shall be based on that community college's proportion of
3 total revenue lost by community colleges in fiscal year 2012-2013
4 as a result of the exemption of property under the Michigan
5 renaissance zone act.~~

~~6 (c) The appropriations described in this subsection shall be
7 made to each eligible community college within 60 days after the
8 department of treasury certifies to the state budget director that
9 it has received all necessary information to properly determine the
10 amounts of tax revenue lost by each eligible community college in
11 fiscal year 2012-2013 under section 12 of the Michigan renaissance
12 zone act, MCL 125.2692.~~

~~13 (7) From the appropriations described in subsection (1), there
14 is appropriated \$1,100,000.00 from the state general fund, for
15 fiscal year 2013-2014 only, to the Michigan community college
16 association, for the purpose of expanding the Michigan community
17 college virtual learning collaborative. The Michigan community
18 college association shall provide information on request to the
19 house and senate subcommittees on community colleges, the house and
20 senate fiscal agencies, and the state budget director on the use of
21 these funds until the project is completed.~~

~~22 (8) As used in this section:~~

~~23 (a) "Michigan renaissance zone act" means the Michigan
24 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.~~

~~25 (b) "Participating college" means a community college that is
26 a reporting unit of the retirement system and that reports
27 employees to the retirement system for the state fiscal year.~~

~~1 (c) "Retirement board" means the board that administers the~~
~~2 retirement system under the public school employees retirement act~~
~~3 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.~~

~~4 (d) "Retirement system" means the Michigan public school~~
~~5 employees' retirement system under the public school employees~~
~~6 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.~~

7 (5) THE AMOUNT APPROPRIATED FOR RENAISSANCE ZONE TAX
8 REIMBURSEMENTS IS \$3,500,000.00, APPROPRIATED FROM GENERAL
9 FUND/GENERAL PURPOSE MONEY.

10 Sec. 201a. It is the intent of the legislature to provide
11 appropriations for the fiscal year ending on September 30, 2015
12 2016 for the items listed in section 201. The fiscal year 2014-2015
13 2015-2016 appropriations are anticipated to be the same as those
14 for fiscal year 2013-2014, 2014-2015, except that the amounts will
15 be adjusted for changes in RETIREMENT COSTS, caseload and related
16 costs, federal fund match rates, economic factors, and available
17 revenue. These adjustments will be determined after the January
18 2014-2015 consensus revenue estimating conference.

19 Sec. 202a. As used in this article: ~~7 "workforce~~

20 (A) "GED" MEANS GENERAL EDUCATIONAL DEVELOPMENT.

21 (B) "MICHIGAN RENAISSANCE ZONE ACT" MEANS THE MICHIGAN
22 RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2681 TO 125.2696.

23 (C) "PARTICIPATING COLLEGE" MEANS A COMMUNITY COLLEGE THAT IS
24 A REPORTING UNIT OF THE RETIREMENT SYSTEM AND THAT REPORTS
25 EMPLOYEES TO THE RETIREMENT SYSTEM FOR THE STATE FISCAL YEAR.

26 (D) "RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE
27 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT

1 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

2 (E) "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL
3 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
4 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

5 (F) "WORKFORCE development agency" means the workforce
6 development agency of the Michigan strategic fund.

7 Sec. 206. The funds appropriated in section 201 are
8 appropriated for community colleges with fiscal years ending June
9 30, ~~2014~~—2015 and shall be paid out of the state treasury and
10 distributed by the state treasurer to the respective community
11 colleges in 11 monthly installments on the sixteenth of each month,
12 or the next succeeding business day, beginning with October 16,
13 ~~2013~~—2014. Each community college shall accrue its July and August
14 ~~2014~~—2015 payments to its institutional fiscal year ending June 30,
15 ~~2014~~—2015. However, if the state budget director determines that a
16 community college failed to submit all verified Michigan community
17 colleges activities classification structure data for school year
18 ~~2012~~—~~2013~~—2013—2014 to the workforce development agency by November
19 1, ~~2013~~—2014, or failed to submit its longitudinal data system
20 data set for school year ~~2012~~—~~2013~~—2013—2014 to the center for
21 educational performance and information under section 219, the
22 state treasurer shall withhold the monthly installments from that
23 community college until those data are submitted. The state budget
24 director shall notify the chairs of the house and senate
25 appropriations subcommittees on community colleges at least 10 days
26 before withholding funds from any community college.

27 SEC. 206A. (1) THE FUNDS APPROPRIATED IN SECTION 201 FOR THE

1 GED INCENTIVE PROGRAM ARE APPROPRIATED FOR THE PURPOSE OF PROVIDING
2 REIMBURSEMENT TO COMMUNITY COLLEGES FOR THE COST OF ADMINISTERING
3 PROGRAMS THAT PROVIDE GED TEST PREPARATION TO STUDENTS AT A REDUCED
4 FEE OR WITHOUT CHARGE IN EXCHANGE FOR A WRITTEN COMMITMENT TO
5 CONTINUE WITH COURSEWORK TOWARD A DEGREE, CERTIFICATION, OR JOB
6 TRAINING OFFERED BY THE ADMINISTERING COMMUNITY COLLEGE, AS
7 PROVIDED IN THIS SECTION.

8 (2) FUNDS APPROPRIATED IN SECTION 201 FOR THE GED INCENTIVE
9 PROGRAM SHALL BE DISTRIBUTED QUARTERLY COMMENCING WITH THE SECOND
10 QUARTER OF FISCAL YEAR 2014-2015 BASED ON THE NUMBER OF GED
11 CERTIFICATES ISSUED UNDER THE PROGRAM DURING THE PREVIOUS QUARTER.
12 IN THE EVENT THAT INSUFFICIENT FUNDS ARE AVAILABLE, FUNDS WILL BE
13 DISTRIBUTED AMONG THE COMMUNITY COLLEGES IN PROPORTION TO THE
14 NUMBER OF ELIGIBLE GED CERTIFICATES ISSUED.

15 (3) FOR A COMMUNITY COLLEGE TO BE ELIGIBLE TO RECEIVE
16 REIMBURSEMENT UNDER THIS SECTION FOR THE COST OF A STUDENT'S GED
17 CERTIFICATION, THE STUDENT MUST SIGN A WRITTEN COMMITMENT TO
18 CONTINUE WITH ACADEMIC OR VOCATIONAL COURSEWORK AT THE COMMUNITY
19 COLLEGE AND AGREE IN WRITING TO PAY FOR THE COST OF THE GED
20 CERTIFICATION IF HE OR SHE FAILS TO HONOR THAT COMMITMENT.

21 (4) BY OCTOBER 15, 2014, THE STATE BUDGET OFFICE SHALL PROVIDE
22 COMMUNITY COLLEGES WITH INFORMATION ON THE APPLICATION PROCESS AND
23 CRITERIA FOR REIMBURSEMENT UNDER THE GED INCENTIVE PROGRAM.

24 (5) BY APRIL 1, 2015, THE STATE BUDGET OFFICE SHALL PROVIDE A
25 DETAILED REPORT TO THE SENATE AND HOUSE APPROPRIATIONS
26 SUBCOMMITTEES ON COMMUNITY COLLEGES AND THE SENATE AND HOUSE FISCAL
27 AGENCIES ON PARTICIPATION IN THE PROGRAM BY COLLEGE, DEMOGRAPHIC

1 INFORMATION ON PROGRAM PARTICIPANTS, PROGRAM COST, AND A
2 PRELIMINARY ASSESSMENT OF PARTICIPANT COMPLIANCE WITH CONDITIONS
3 FOR THE FREE OR REDUCED-FEE GED PREPARATION PROVIDED UNDER THE GED
4 INCENTIVE PROGRAM. AS A CONDITION OF RECEIVING FUNDS UNDER THIS
5 SECTION, A COMMUNITY COLLEGE SHALL PROVIDE DATA AS REQUESTED BY THE
6 STATE BUDGET OFFICE.

7 Sec. 207. (1) A community college shall pay the employer's
8 contributions to the Michigan public school employees' retirement
9 system created by the public school employees retirement act of
10 1979, 1980 PA 300, MCL 38.1301 to 38.1408. This payment is a
11 condition of receiving funds appropriated under this article.

12 (2) A community college shall not pay an employer's
13 contribution to more than 1 retirement fund providing benefits for
14 an employee.

15 SEC. 207A. ALL OF THE FOLLOWING APPLY TO THE ALLOCATION OF THE
16 APPROPRIATIONS DESCRIBED IN SECTION 201(4) FOR PAYMENTS TO
17 COMMUNITY COLLEGES THAT ARE PARTICIPATING ENTITIES OF THE
18 RETIREMENT SYSTEM:

19 (A) THE AMOUNT OF A PAYMENT UNDER SECTION 201(4) SHALL BE THE
20 DIFFERENCE BETWEEN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
21 CONTRIBUTION RATE AS CALCULATED UNDER SECTION 41 OF THE PUBLIC
22 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341,
23 AND THE MAXIMUM EMPLOYER RATE OF 19.76% UNDER SECTION 41 OF THE
24 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
25 38.1341.

26 (B) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER
27 SECTION 201(4) SHALL BE BASED ON EACH COMMUNITY COLLEGE'S

1 PERCENTAGE OF THE TOTAL COVERED PAYROLL FOR ALL COMMUNITY COLLEGES
2 THAT ARE PARTICIPATING COLLEGES IN THE IMMEDIATELY PRECEDING FISCAL
3 YEAR. A COMMUNITY COLLEGE THAT RECEIVES FUNDS UNDER THIS
4 SUBDIVISION SHALL USE THE FUNDS SOLELY FOR THE PURPOSE OF
5 RETIREMENT CONTRIBUTIONS UNDER SECTION 201(4).

6 (C) EACH PARTICIPATING COLLEGE THAT RECEIVES FUNDS UNDER
7 SECTION 201(4) SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT
8 ALLOCATED UNDER SUBDIVISION (B) TO THE RETIREMENT SYSTEM IN A FORM
9 AND MANNER DETERMINED BY THE RETIREMENT SYSTEM.

10 SEC. 207B. ALL OF THE FOLLOWING APPLY TO THE ALLOCATION OF THE
11 APPROPRIATIONS DESCRIBED IN SECTION 201(5) TO COMMUNITY COLLEGES
12 DESCRIBED IN SECTION 12(3) OF THE MICHIGAN RENAISSANCE ZONE ACT,
13 MCL 125.2692:

14 (A) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER
15 SECTION 201(5) SHALL BE BASED ON THAT COMMUNITY COLLEGE'S
16 PROPORTION OF TOTAL REVENUE LOST BY COMMUNITY COLLEGES IN FISCAL
17 YEAR 2013-2014 AS A RESULT OF THE EXEMPTION OF PROPERTY UNDER THE
18 MICHIGAN RENAISSANCE ZONE ACT.

19 (B) THE APPROPRIATIONS DESCRIBED IN SECTION 201(5) SHALL BE
20 MADE TO EACH ELIGIBLE COMMUNITY COLLEGE WITHIN 60 DAYS AFTER THE
21 DEPARTMENT OF TREASURY CERTIFIES TO THE STATE BUDGET DIRECTOR THAT
22 IT HAS RECEIVED ALL NECESSARY INFORMATION TO PROPERLY DETERMINE THE
23 AMOUNTS OF TAX REVENUE LOST BY EACH ELIGIBLE COMMUNITY COLLEGE IN
24 FISCAL YEAR 2013-2014 UNDER SECTION 12 OF THE MICHIGAN RENAISSANCE
25 ZONE ACT, MCL 125.2692.

26 Sec. 209. (1) Within 30 days after the board of a community
27 college adopts its annual operating budget for the following school

1 fiscal year, or after the board adopts a subsequent revision to
2 that budget, the community college shall make all of the following
3 available through a link on its website homepage:

4 (a) The annual operating budget and subsequent budget
5 revisions.

6 (b) A link to the most recent "Activities Classification
7 Structure ~~Manual for Michigan Community Colleges~~". **DATA BOOK AND**
8 **COMPANION"**.

9 (c) General fund revenue and expenditure projections for
10 ~~fiscal year 2013-2014 and fiscal year 2014-2015~~. **THE CURRENT FISCAL**
11 **YEAR AND THE NEXT FISCAL YEAR.**

12 (d) A listing of all debt service obligations, detailed by
13 project, anticipated fiscal year ~~2013-2014~~ payment of each project,
14 and total outstanding debt **FOR THE CURRENT FISCAL YEAR.**

15 (e) The estimated cost to the community college resulting from
16 the patient protection and affordable care act, Public Law 111-148,
17 as amended by the health care and education reconciliation act of
18 2010, Public Law 111-152.

19 (f) Links to all of the following for the community college:

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

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

27 (iii) Audits and financial reports for the most recent fiscal

1 year for which they are available.

2 ~~—— (iv) A copy of the board of trustees resolution regarding~~
 3 ~~compliance with best practices for the local strategic value~~
 4 ~~component described in section 230(3).~~

5 (2) For statewide consistency and public visibility, community
 6 colleges must use the icon badge provided by the department of
 7 technology, management, and budget consistent with the icon badge
 8 developed by the department of education for K-12 school districts.
 9 It must appear on the front of each community college's homepage.
 10 The size of the icon may be reduced to 150 x 150 pixels.

11 ~~—— (3) The state budget director shall determine whether a~~
 12 ~~community college has complied with this section. The state budget~~
 13 ~~director may withhold a community college's monthly installments~~
 14 ~~described in section 206 until the community college complies with~~
 15 ~~this section. The state budget director shall notify the chairs of~~
 16 ~~the house and senate appropriations subcommittee on community~~
 17 ~~colleges at least 10 days before withholding funds from any~~
 18 ~~community college.~~

19 (3) ~~(4)~~ Each community college shall report the following
 20 information to the senate and house appropriations subcommittees on
 21 community colleges, the senate and house fiscal agencies, and the
 22 state budget office by November 15 ~~, 2013,~~ **OF EACH FISCAL YEAR**, and
 23 post that information on the internet website required under
 24 subsection (1):

25 (a) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund
 26 revenue from tuition and fees.

27 (b) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund

1 revenue from state appropriations.

2 (c) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund
3 revenue from property taxes.

4 (d) Budgeted **CURRENT** fiscal year ~~2013-2014~~ total general fund
5 revenue.

6 (e) Budgeted **CURRENT** fiscal year ~~2013-2014~~total general fund
7 expenditures.

8 Sec. 210. (1) Recognizing the critical importance of education
9 in strengthening Michigan's workforce, ~~the legislature encourages~~
10 each community college **IS ENCOURAGED** to explore ways of increasing
11 collaboration and cooperation with 4-year universities,
12 particularly in the areas related to training, instruction, and
13 program articulation.

14 (2) Recognizing the central role of community colleges in
15 responding to local employment needs and challenges, community
16 colleges shall develop and continue efforts to collaborate with
17 local employers and students to identify local employment needs and
18 strategies to meet them.

19 (3) Community colleges are encouraged to collaborate with each
20 other on innovations to identify and meet local employment needs.

21 (4) Community colleges are encouraged to work with
22 universities to develop equivalency standards of core college
23 courses and identify equivalent courses offered by postsecondary
24 institutions.

25 Sec. 213. (1) ~~It is the intent of the legislature that~~
26 ~~community~~ **COMMUNITY** colleges **ARE ENCOURAGED TO** work with public
27 universities in the state to implement statewide reverse transfer

1 agreements to increase the number of students that are awarded
2 credentials of value upon completion of the necessary credits.
3 These statewide agreements shall enable students who have earned a
4 significant number of credits at a community college and
5 transferred to a baccalaureate-granting institution before
6 completing a degree to transfer the credits earned at the
7 baccalaureate institution back to the community college in order to
8 be awarded a credential of value.

9 **(2) IT IS EXPECTED THAT THE MICHIGAN ASSOCIATION OF COLLEGIATE**
10 **REGISTRARS AND ADMISSIONS OFFICERS SHALL IMPLEMENT ANY AGREEMENT OR**
11 **AGREEMENTS AMONG THE COMMUNITY COLLEGES AND UNIVERSITIES CONCERNING**
12 **THE TRANSFERABILITY OF COLLEGE COURSES RESULTING FROM THE**
13 **RECOMMENDATIONS OF THE COMMITTEE CREATED UNDER FORMER SECTION 210A.**

14 Sec. 222. Each community college shall have an annual audit of
15 all income and expenditures performed by an independent auditor and
16 shall furnish the independent auditor's management letter and an
17 annual audited accounting of all general and current funds income
18 and expenditures including audits of college foundations to the
19 members of the senate and house appropriations subcommittees on
20 community colleges, the senate and house fiscal agencies, the
21 auditor general, the workforce development agency, and the state
22 budget director before November 15 of each year. If a community
23 college fails to furnish the audit materials, the monthly state aid
24 installments shall be withheld from that college until the
25 information is submitted. All reporting shall conform to the
26 requirements set forth in the "2001 Manual for Uniform Financial
27 Reporting, Michigan Public Community Colleges". ~~It is the intent of~~

1 ~~the legislature that a~~ A community college shall make the
2 information the community college is required to provide under this
3 section available to the public on its internet website.

4 Sec. 224. A community college shall use the P-20 longitudinal
5 data system to inform interested Michigan high schools **AND THE**
6 **PUBLIC** of the aggregate academic status of its students for the
7 previous academic year, in a manner prescribed by the Michigan
8 community college association and in cooperation with the Michigan
9 association of secondary school principals. Community colleges
10 shall cooperate with the center for educational performance and
11 information to design and implement a systematic approach for
12 accomplishing this work.

13 Sec. 225. Each community college shall report to the house and
14 senate fiscal agencies, the state budget director, and the
15 workforce development agency by August 31, ~~2013,~~ **2014**, the tuition
16 and mandatory fees paid by a full-time in-district student and a
17 full-time out-of-district student as established by the college
18 governing board for the ~~2013-2014~~ **2014-2015** academic year. This
19 report should also include the annual cost of attendance based on a
20 full-time course load of 30 credits. Each community college shall
21 also report any revisions to the reported ~~2012-2013 or 2013-2014~~
22 **2014-2015** academic year tuition and mandatory fees adopted by the
23 college governing board to the house and senate fiscal agencies,
24 the state budget director, and the workforce development agency
25 within 15 days of being adopted.

26 Sec. 229. (1) It is the intent of the legislature that each
27 community college that receives an appropriation in section 201

1 include in its admission application process a specific question as
2 to whether an applicant for admission ~~is a veteran, an active~~
3 ~~member of the military, a member of the national guard or military~~
4 ~~reserves, or the spouse or dependent of a veteran, active member of~~
5 ~~the military, or member of the national guard or military reserves,~~
6 **HAS EVER SERVED OR IS CURRENTLY SERVING IN THE UNITED STATES ARMED**
7 **FORCES OR IS THE SPOUSE OR DEPENDENT OF AN INDIVIDUAL WHO HAS**
8 **SERVED OR IS CURRENTLY SERVING IN THE UNITED STATES ARMED FORCES,**
9 in order to more quickly identify potential educational assistance
10 available to that applicant.

11 (2) It is the intent of the legislature that each public
12 community college that receives an appropriation in section 201
13 shall work with the house and senate community college
14 subcommittees, the Michigan community college association, and
15 veterans groups to review the issue of in-district tuition for
16 veterans of this state when determining tuition rates and fees.

17 (3) As used in this section, "veteran" means an honorably
18 discharged veteran entitled to educational assistance under the
19 provisions of section 5003 of the post-911 veterans educational
20 assistance act of 2008, 38 USC 3301 to 3324.

21 Sec. 229a. Included in the fiscal year ~~2013-2014~~**2014-2015**
22 appropriations for the department of technology, management, and
23 budget are appropriations to provide funding for the state share of
24 costs for previously constructed capital projects for community
25 colleges. Those appropriations for state building authority rent
26 represent additional state general fund support for community
27 colleges, and the following is an estimate of the amount of that

1 support to each community college:

2 (a) Alpena Community College, ~~\$434,500.00~~-\$485,400.00.

3 (b) Bay de Noc Community College, ~~\$644,500.00~~-\$636,600.00.

4 (c) Delta College, ~~\$2,877,700.00~~-\$2,842,800.00.

5 (d) Glen Oaks Community College, ~~\$124,900.00~~-\$123,300.00.

6 (e) Gogebic Community College, ~~\$78,100.00~~-\$16,900.00.

7 (f) Grand Rapids Community College,

8 ~~\$1,700,400.00~~-\$1,792,400.00.

9 (g) Henry Ford Community College, ~~\$1,126,800.00~~-\$1,030,800.00.

10 (h) Jackson Community College, ~~\$1,809,500.00~~-\$1,787,300.00.

11 (i) Kalamazoo Valley Community College,

12 ~~\$1,489,300.00~~-\$1,471,000.00.

13 (j) Kellogg Community College, ~~\$527,900.00~~-\$521,400.00.

14 (k) Kirtland Community College, ~~\$368,800.00~~-\$364,000.00.

15 (l) Lake Michigan College, ~~\$345,200.00~~-\$340,900.00.

16 (m) Lansing Community College, ~~\$617,600.00~~-\$610,100.00.

17 (n) Macomb Community College, ~~\$1,332,900.00~~-\$1,316,600.00.

18 (o) Mid Michigan Community College, ~~\$928,900.00~~-\$1,117,300.00.

19 (p) Monroe County Community College,

20 ~~\$1,375,600.00~~-\$1,266,500.00.

21 (q) Montcalm Community College, ~~\$1,015,700.00~~-\$973,700.00.

22 (r) C.S. Mott Community College, ~~\$1,830,400.00~~-\$1,808,000.00.

23 (s) Muskegon Community College, ~~\$201,000.00~~-\$198,500.00.

24 (t) North Central Michigan College, ~~\$476,300.00~~-\$117,600.00.

25 (u) Northwestern Michigan College,

26 ~~\$1,324,800.00~~-\$1,308,600.00.

27 (v) Oakland Community College, ~~\$472,100.00~~-\$466,300.00.

(w) St. Clair County Community College,
~~\$361,400.00.~~ **\$357,000.00.**

(x) Schoolcraft College, ~~\$1,569,500.00.~~ **\$1,550,300.00**

(y) Southwestern Michigan College, ~~\$538,600.00.~~ **\$231,100.00.**

(z) Washtenaw Community College, ~~\$2,023,100.00.~~ **\$1,680,600.00.**

(aa) Wayne County Community College,
~~\$1,918,700.00.~~ **\$1,466,000.00.**

(bb) West Shore Community College, ~~\$585,800.00.~~ **\$578,600.00.**

Sec. 230. (1) ~~It is the intent of the legislature that the recommendations and performance measures developed by the performance indicators task force formed under section 242 of 2005 PA 154 be reviewed and more fully implemented for distribution of state funding to community colleges in future years.~~

~~— (2) Any additional~~ **PERFORMANCE** funding provided to community college operations under section 201(2) in fiscal year ~~2013-2014 that exceeds the amounts appropriated for operations in fiscal year 2012-2013-2014-2015~~ is distributed based on the following formula:

(a) Allocated proportionate to fiscal year ~~2012-2013-2013-2014~~ base appropriations, 50%.

(b) Based on contact hour equated students, 10%.

(c) Based on administrative costs, 7.5%.

(d) Based on a weighted degree formula as provided for in the 2006 recommendations of the performance indicators task force, 17.5%.

(e) Based on the local strategic value component, as developed in cooperation with the Michigan community college association and described in subsection ~~(3)~~, **(2)**, 15%.

1 (2) ~~(3)~~—The appropriation in section 201(2)(cc) for local
2 strategic value shall be allocated to each community college that
3 certifies to the state budget director, ~~through a board of trustees~~
4 ~~resolution on or before November 1, 2013, OCTOBER 15, 2014,~~ that
5 the college has met 4 out of 5 best practices listed in each
6 category described in subsection ~~(4)~~. ~~The resolution shall provide~~
7 ~~specifics as to how the community college meets each best practice~~
8 ~~measure within each category.~~ (3). One-third of funding available
9 under the strategic value component shall be allocated to each
10 category described in subsection ~~(4)~~. (3). Amounts distributed
11 under local strategic value shall be on a proportionate basis to
12 each college's fiscal year ~~2012-2013~~ **2013-2014** operations funding.
13 Payments to community colleges that qualify for local strategic
14 value funding shall be distributed with the November installment
15 payment described in section 206.

16 (3) ~~(4)~~—For purposes of subsection ~~(3)~~, (2), the following
17 categories of best practices reflect functional activities of
18 community colleges that have strategic value to the local
19 communities and regional economies:

20 (a) For Category A, economic development and business or
21 industry partnerships, the following:

22 (i) The community college has active partnerships with local
23 employers including hospitals and health care providers.

24 (ii) The community college provides customized on-site training
25 for area companies, employees, or both.

26 (iii) The community college supports entrepreneurship through a
27 small business assistance center or other training or consulting

1 activities targeted toward small businesses.

2 (iv) The community college supports technological advancement
3 through industry partnerships, incubation activities, or operation
4 of a Michigan technical education center or other advanced
5 technology center.

6 (v) The community college has active partnerships with local
7 or regional workforce and economic development agencies.

8 (b) For Category B, educational partnerships, the following:

9 (i) The community college has active partnerships with regional
10 high schools, intermediate school districts, and career-tech
11 centers to provide instruction through dual enrollment, direct
12 credit, middle college, or academy programs.

13 (ii) The community college hosts, sponsors, or participates in
14 enrichment programs for area K-12 students, such as college days,
15 summer or after-school programming, or science Olympiad.

16 (iii) The community college provides, supports, or participates
17 in programming to promote successful transitions to college for
18 traditional age students, including grant programs such as talent
19 search, upward bound, or other activities to promote college
20 readiness in area high schools and community centers.

21 (iv) The community college provides, supports, or participates
22 in programming to promote successful transitions to college for new
23 or reentering adult students, such as adult basic education, GED
24 preparation, GED testing, or recruiting, advising, or orientation
25 activities specific to adults.

26 (v) The community college has active partnerships with
27 regional 4-year colleges and universities to promote successful

transfer, such as articulation, 2+2, or reverse transfer agreements or operation of a university center.

(c) For Category C, community services, the following:

(i) The community college provides continuing education programming for leisure, wellness, personal enrichment, or professional development.

(ii) The community college operates or sponsors opportunities for community members to engage in activities that promote leisure, wellness, cultural or personal enrichment such as community sports teams, theater or musical ensembles, or artist guilds.

(iii) The community college operates public facilities to promote cultural, educational, or personal enrichment for community members, such as libraries, computer labs, performing arts centers, museums, art galleries, or television or radio stations.

(iv) The community college operates public facilities to promote leisure or wellness activities for community members, including gymnasiums, athletic fields, tennis courts, fitness centers, hiking or biking trails, or natural areas.

(v) The community college promotes, sponsors, or hosts community service activities for students, staff, or community members.

Sec. 236. (1) Subject to the conditions set forth in this article, the amounts listed in ~~subsections (2) to (6)~~ **THIS SECTION** are appropriated for higher education for the fiscal year ending September 30, ~~2014,~~ **2015**, from the funds indicated in this section. The following is a summary of the appropriations in ~~subsections (2) to (6)~~ **THIS SECTION:**

(a) The gross appropriation is ~~\$1,430,573,500.00.~~
\$1,507,494,100.00. After deducting total interdepartmental grants
 and intradepartmental transfers in the amount of \$0.00, the
 adjusted gross appropriation is ~~\$1,430,573,500.00.~~
\$1,507,494,100.00.

(b) The sources of the adjusted gross appropriation described
 in subdivision (a) are as follows:

(i) Total federal revenues, \$97,026,400.00.

(ii) Total local revenues, \$0.00.

(iii) Total private revenues, \$0.00.

(iv) Total other state restricted revenues, \$200,565,700.00.

(v) State general fund/general purpose money,
~~\$1,132,981,400.00.~~ **\$1,209,902,000.00.**

(2) Amounts appropriated for public universities are as
 follows:

(a) The appropriation for Central Michigan University is
~~\$73,486,600.00, \$71,352,300.00~~ **\$78,800,700.00, \$73,540,100.00** for
 operations and ~~\$2,134,300.00~~ **\$5,260,600.00** for performance
 funding. ~~appropriated from the following:~~

~~—— (i) State school aid fund, \$11,284,600.00.~~

~~—— (ii) State general fund/general purpose money, \$62,202,000.00.~~

(b) The appropriation for Eastern Michigan University is
~~\$67,255,600.00, \$66,466,700.00~~ **\$71,517,600.00, \$67,275,400.00** for
 operations and ~~\$788,900.00~~ **\$4,242,200.00** for performance funding. ~~appropriated from the following:~~

~~—— (i) State school aid fund, \$10,706,400.00.~~

~~—— (ii) State general fund/general purpose money, \$56,549,200.00.~~

(c) The appropriation for Ferris State University is
~~\$45,602,600.00, \$44,250,700.00~~ **\$48,892,500.00, \$45,636,500.00** for
 operations and ~~\$1,351,900.00~~ **\$3,256,000.00** for performance funding.

~~, appropriated from the following:~~

~~—— (i) State school aid fund, \$6,846,800.00.~~

~~—— (ii) State general fund/general purpose money, \$38,755,800.00.~~

(d) The appropriation for Grand Valley State University is
~~\$57,765,100.00, \$55,436,000.00~~ **\$62,836,500.00, \$57,823,500.00** for
 operations and ~~\$2,329,100.00~~ **\$5,013,000.00** for performance funding.

~~, appropriated from the following:~~

~~—— (i) State school aid fund, \$8,727,800.00.~~

~~—— (ii) State general fund/general purpose money, \$49,037,300.00.~~

(e) The appropriation for Lake Superior State University is
~~\$12,226,500.00, \$12,046,100.00~~ **\$12,751,500.00, \$12,231,000.00** for
 operations and ~~\$180,400.00~~ **\$520,500.00** for performance funding. ~~,~~

~~appropriated from the following:~~

~~—— (i) State school aid fund, \$1,787,600.00.~~

~~—— (ii) State general fund/general purpose money, \$10,438,900.00.~~

(f) The appropriation for Michigan State University is
~~\$305,775,000.00, \$245,037,000.00~~ **\$323,014,900.00, \$249,597,800.00**
 for operations, ~~\$4,449,300.00~~ **\$13,995,300.00** for performance

funding, ~~\$30,243,900.00~~ **\$31,927,300.00** for MSU AgBioResearch, and
~~\$26,044,800.00~~ **\$27,494,500.00** for MSU extension. ~~, appropriated~~

~~from the following:~~

~~—— (i) State school aid fund, \$39,949,900.00.~~

~~—— (ii) State general fund/general purpose money, \$265,825,100.00.~~

(g) The appropriation for Michigan Technological University is

~~\$43,451,900.00, \$42,579,100.00 \$45,785,000.00, \$43,473,800.00 for operations and \$872,800.00 \$2,311,200.00 for performance funding. 7 appropriated from the following:~~

~~—— (i) State school aid fund, \$6,748,900.00.~~

~~—— (ii) State general fund/general purpose money, \$36,703,000.00.~~

(h) The appropriation for Northern Michigan University is ~~\$41,719,800.00, \$40,856,600.00 \$44,134,200.00, \$41,741,400.00 for operations and \$863,200.00 \$2,392,800.00 for performance funding. 7 appropriated from the following:~~

~~—— (i) State school aid fund, \$6,356,900.00.~~

~~—— (ii) State general fund/general purpose money, \$35,362,900.00.~~

(i) The appropriation for Oakland University is ~~\$45,634,800.00, \$44,964,100.00 \$48,211,200.00, \$45,651,600.00 for operations and \$670,700.00 \$2,559,600.00 for performance funding. 7 appropriated from the following:~~

~~—— (i) State school aid fund, \$7,148,400.00.~~

~~—— (ii) State general fund/general purpose money, \$38,486,400.00.~~

(j) The appropriation for Saginaw Valley State University is ~~\$25,982,800.00, \$25,656,700.00 \$27,518,900.00, \$25,991,000.00 for operations and \$326,100.00 \$1,527,900.00 for performance funding. 7 appropriated from the following:~~

~~—— (i) State school aid fund, \$3,903,800.00.~~

~~—— (ii) State general fund/general purpose money, \$22,079,000.00.~~

(k) The appropriation for University of Michigan - Ann Arbor is ~~\$279,108,700.00, \$274,156,700.00 \$294,275,400.00, \$279,232,700.00 for operations and \$4,952,000.00 \$15,042,700.00 for performance funding. 7 appropriated from the following:~~

1 ~~—— (i) State school aid fund, \$44,536,300.00.~~

2 ~~—— (ii) State general fund/general purpose money, \$234,572,400.00.~~

3 (l) The appropriation for University of Michigan - Dearborn is
 4 ~~\$22,503,700.00, \$22,237,300.00~~ **\$23,622,900.00, \$22,510,400.00** for
 5 operations and ~~\$266,400.00~~ **\$1,112,500.00** for performance funding. 7
 6 ~~appropriated from the following:~~

7 ~~—— (i) State school aid fund, \$3,482,100.00.~~

8 ~~—— (ii) State general fund/general purpose money, \$19,021,600.00.~~

9 (m) The appropriation for University of Michigan - Flint is
 10 ~~\$19,928,100.00, \$19,526,600.00~~ **\$21,258,800.00, \$19,938,200.00** for
 11 operations and ~~\$401,500.00~~ **\$1,320,600.00** for performance funding. 7
 12 ~~appropriated from the following:~~

13 ~~—— (i) State school aid fund, \$2,942,900.00.~~

14 ~~—— (ii) State general fund/general purpose money, \$16,985,200.00.~~

15 (n) The appropriation for Wayne State University is
 16 ~~\$183,933,000.00, 183,398,300.00~~ **\$190,118,400.00, \$183,398,300.00**
 17 for operations and ~~\$534,700.00~~ **\$6,720,100.00** for performance
 18 funding. 7 ~~appropriated from the following:~~

19 ~~—— (i) State school aid fund, \$30,160,600.00.~~

20 ~~—— (ii) State general fund/general purpose money, \$153,772,400.00.~~

21 (o) The appropriation for Western Michigan University is
 22 ~~\$97,235,200.00, \$95,487,500.00~~ **\$102,434,000.00, \$97,279,000.00** for
 23 operations and ~~\$1,747,700.00~~ **\$5,155,000.00** for performance funding.
 24 ~~7 appropriated from the following:~~

25 ~~—— (i) State school aid fund, \$15,436,500.00.~~

26 ~~—— (ii) State general fund/general purpose money, \$81,798,700.00.~~

27 **(3) THE AMOUNT APPROPRIATED IN SUBSECTION (2) FOR PUBLIC**

1 UNIVERSITIES IS APPROPRIATED FROM THE FOLLOWING:

2 (A) STATE SCHOOL AID FUND, \$200,019,500.00.

3 (B) STATE GENERAL FUND/GENERAL PURPOSE MONEY,
4 \$1,195,153,000.00.

5 (4) ~~(3)~~—The amount appropriated for Michigan public school
6 employees' retirement system reimbursement is \$2,446,200.00,
7 \$446,200.00 appropriated from the state school aid fund and
8 \$2,000,000.00 appropriated from general fund/general purpose money.

9 (5) ~~(4)~~—The amount appropriated for state and regional
10 programs is ~~\$2,200,000.00~~ **\$2,295,000.00** appropriated from general
11 fund/general purpose money and allocated as follows:

12 (a) College access program, \$2,000,000.00.

13 (b) Higher education database modernization and conversion,
14 ~~\$105,000.00~~ **\$200,000.00**.

15 (c) Midwestern higher education compact, \$95,000.00.

16 (6) ~~(5)~~—The amount appropriated for the Martin Luther King,
17 Jr. - Cesar Chavez - Rosa Parks program is \$2,691,500.00,
18 appropriated from general fund/general purpose money and allocated
19 as follows:

20 (a) Select student support services, \$1,956,100.00.

21 (b) Michigan college/university partnership program,
22 \$586,800.00.

23 (c) Morris Hood, Jr. educator development program,
24 \$148,600.00.

25 (7) ~~(6)~~—Subject to subsection ~~(7)~~, **(8)**, the amount
26 appropriated for grants and financial aid is ~~\$101,626,400.00~~,
27 **\$104,888,900.00** allocated as follows:

(a) State competitive scholarships, \$18,361,700.00.

(b) Tuition grants, ~~\$31,664,700.00~~ **\$33,427,200.00**.

(c) Tuition incentive program, ~~\$47,000,000.00~~ **\$48,500,000.00**.

(d) Children of veterans and officer's survivor tuition grant programs, \$1,400,000.00.

(e) Project GEAR-UP, \$3,200,000.00.

(8) ~~(7)~~—The money appropriated in subsection ~~(6)~~ **(7)** for grants and financial aid is appropriated from the following:

(a) Federal revenues under the United States department of education, office of elementary and secondary education, GEAR-UP program, \$3,200,000.00.

(b) Federal revenues under the social security act, temporary assistance for needy families, \$93,826,400.00.

(c) Contributions to children of veterans tuition grant program, \$100,000.00.

(d) State general fund/general purpose money, ~~\$4,500,000.00~~ **\$7,762,500.00**.

Sec. 236a. It is the intent of the legislature to provide appropriations for the fiscal year ending on September 30, ~~2015~~ **2016** for the items listed in section 236. The fiscal year ~~2014-2015~~ **2015-2016** appropriations are anticipated to be the same as those for fiscal year ~~2013-2014, 2014-2015~~, except that the amounts will be adjusted for changes in caseload and related costs, federal fund match rates, economic factors, and available revenue. These adjustments will be determined after the January ~~2014-2015~~ consensus revenue estimating conference.

Sec. 236b. In addition to the funds appropriated in section

236, there is appropriated for grants and financial aid in fiscal year ~~2013-2014-2014-2015~~ an amount not to exceed \$6,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393, for another purpose under this article.

Sec. 236c. In addition to the funds appropriated for fiscal year ~~2013-2014-2014-2015~~ in section 236, appropriations to the department of technology, management, and budget in the act providing general appropriations for fiscal year ~~2013-2014-2014-2015~~ for state building authority rent, totaling an estimated ~~\$125,370,600.00,~~ **\$124,825,300.00**, provide funding for the state share of costs for previously constructed capital projects for state universities. These appropriations for state building authority rent represent additional state general fund support provided to public universities, and the following is an estimate of the amount of that support to each university:

(a) Central Michigan University, ~~\$9,155,600.00.~~ **\$9,103,200.00.**

(b) Eastern Michigan University, ~~\$5,234,800.00.~~ **\$4,861,700.00.**

(c) Ferris State University, ~~\$6,360,600.00.~~ **\$6,252,200.00.**

(d) Grand Valley State University,

~~\$4,277,000.00.~~ **\$4,252,500.00.**

(e) Lake Superior State University, ~~\$915,600.00.~~ **\$1,112,900.00.**

(f) Michigan State University, ~~\$16,194,400.00.~~ **\$16,101,200.00.**

(g) Michigan Technological University,

~~\$7,692,200.00.~~ **\$7,444,600.00.**

(h) Northern Michigan University, ~~\$8,062,600.00.~~ **\$8,016,400.00.**

1 (i) Oakland University, ~~\$10,791,500.00~~ **\$10,969,800.00.**

2 (j) Saginaw Valley State University,

3 ~~\$9,833,700.00~~ **\$9,777,400.00.**

4 (k) University of Michigan - Ann Arbor,

5 ~~\$9,212,000.00~~ **\$9,159,200.00.**

6 (l) University of Michigan - Dearborn,

7 ~~\$6,332,400.00~~ **\$6,296,200.00.**

8 (m) University of Michigan - Flint,

9 ~~\$2,871,400.00~~ **\$2,855,000.00.**

10 (n) Wayne State University, ~~\$13,079,500.00~~ **\$13,679,800.00.**

11 (o) Western Michigan University,

12 ~~\$15,357,300.00~~ **\$14,943,200.00.**

13 Sec. 241. (1) Subject to section 265a, the funds appropriated
 14 in section 236 to public universities shall be paid out of the
 15 state treasury and distributed by the state treasurer to the
 16 respective institutions in 11 equal monthly installments on the
 17 sixteenth of each month, or the next succeeding business day,
 18 beginning with October 16, ~~2013~~ **2014**. Except for Wayne State
 19 University, each institution shall accrue its July and August ~~2014~~
 20 **2015** payments to its institutional fiscal year ending June 30,
 21 ~~2014~~ **2015**.

22 (2) All public universities shall submit higher education
 23 institutional data inventory (HEIDI) data and associated financial
 24 and program information requested by and in a manner prescribed by
 25 the state budget director. For public universities with fiscal
 26 years ending June 30, ~~2013~~ **2014**, these data shall be submitted to
 27 the state budget director by October 15, ~~2013~~ **2014**. Public

1 universities with a fiscal year ending September 30, ~~2013~~ **2014**
2 shall submit preliminary HEIDI data by November 15, ~~2013~~ **2014** and
3 final data by December 15, ~~2013~~ **2014**. If a public university fails
4 to submit HEIDI data and associated financial aid program
5 information in accordance with this reporting schedule, the state
6 treasurer may withhold the monthly installments under subsection
7 (1) to the public university until those data are submitted.

8 Sec. 245. (1) ~~Within 30 days after the board of a public~~
9 ~~university adopts its annual operating budget for the following~~
10 ~~school fiscal year, or after the board adopts a subsequent revision~~
11 ~~to that budget, the~~ **A public university shall make all of the**
12 ~~following~~ **MAINTAIN A PUBLIC TRANSPARENCY WEBSITE** available through
13 a link on its website homepage. ~~÷~~ **THE PUBLIC UNIVERSITY SHALL**
14 **UPDATE THIS WEBSITE WITHIN 30 DAYS AFTER THE UNIVERSITY'S GOVERNING**
15 **BOARD ADOPTS ITS ANNUAL OPERATING BUDGET FOR THE NEXT ACADEMIC**
16 **YEAR, OR AFTER THE GOVERNING BOARD ADOPTS A SUBSEQUENT REVISION TO**
17 **THAT BUDGET.**

18 **(2) THE WEBSITE REQUIRED UNDER SUBSECTION (1) SHALL INCLUDE**
19 **ALL OF THE FOLLOWING CONCERNING THE PUBLIC UNIVERSITY:**

20 (a) The annual operating budget and subsequent budget
21 revisions.

22 (b) A summary of current expenditures for the most recent
23 fiscal year for which they are available, expressed as pie charts
24 in the following 2 categories:

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

27 (A) Earnings and wages.

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

4 (C) Retirement benefit costs.

5 (D) All other personnel costs.

6 (ii) A chart of all current expenditures the public university
7 reported as part of its higher education institutional data
8 inventory data under section 241(2), broken into the same
9 subcategories in which it reported those data.

10 (c) Links to all of the following for the public university:

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

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

18 (iii) Audits and financial reports for the most recent fiscal
19 year for which they are available.

20 (iv) Campus security policies and crime statistics pursuant to
21 the student right-to-know and campus security act, Public Law 101-
22 542, 104 Stat. 2381. Information shall include all material
23 prepared pursuant to the public information reporting requirements
24 under the crime awareness and campus security act of 1990, title II
25 of the student right-to-know and campus security act, Public Law
26 101-542, 104 Stat. 2381.

27 (d) A list of all positions funded partially or wholly through

1 institutional general fund revenue that includes the position title
2 and annual salary or wage amount for each position.

3 (e) General fund revenue and expenditure projections for **THE**
4 **CURRENT** fiscal year ~~2013-2014~~ and **THE NEXT** fiscal year. ~~2014-2015~~.

5 (f) A listing of all debt service obligations, detailed by
6 project, anticipated fiscal year ~~2013-2014~~ payment for each
7 project, and total outstanding debt **FOR THE CURRENT FISCAL YEAR**.

8 (g) The institution's policy regarding the transferability of
9 core college courses between community colleges and the university.

10 (h) A listing of all community colleges that have entered into
11 reverse transfer agreements with the university.

12 **(3) ~~(2)~~ A ON THE WEBSITE REQUIRED UNDER SUBSECTION (1), A**
13 public university shall provide a dashboard or report card
14 demonstrating the university's performance in several "best
15 practice" measures. The dashboard or report card shall include at
16 least all of the following for the 3 most recent ~~school~~ **ACADEMIC**
17 years for which the data are available:

18 (a) Enrollment.

19 (b) Student retention rate.

20 (c) Six-year graduation rates.

21 (d) Number of Pell grant recipients and graduating Pell grant
22 recipients.

23 (e) Geographic origination of students, categorized as in-
24 state, out-of-state, and international.

25 (f) Faculty to student ratios and total university employee to
26 student ratios.

27 (g) Teaching load by faculty classification.

1 (h) Graduation outcome rates, including employment and
2 continuing education.

3 (4) ~~(3)~~—For statewide consistency and public visibility,
4 public universities must use the icon badge provided by the
5 department of technology, management, and budget consistent with
6 the icon badge developed by the department of education for K-12
7 school districts. It must appear on the front of each public
8 university's homepage. The size of the icon may be reduced to 150 x
9 150 pixels. The font size and style for this reporting must be
10 consistent with other documents on each university's website.

11 (5) ~~(4)~~—The state budget director shall determine whether a
12 public university has complied with this section. The state budget
13 director may withhold a public university's monthly installments
14 described in section 241 until the public university complies with
15 this section.

16 Sec. 252. (1) The amounts appropriated in section 236 for the
17 state tuition grant program shall be distributed pursuant to 1966
18 PA 313, MCL 390.991 to 390.997a.

19 (2) Tuition grant awards shall be made to all eligible
20 Michigan residents enrolled in undergraduate degree programs who
21 are qualified and who apply before July 1 ~~, 2012 for the 2012-2013~~
22 ~~school year or July 1, 2013 for the 2013-2014 school year, as~~
23 ~~applicable.~~ **OF EACH YEAR FOR THE NEXT ACADEMIC YEAR.**

24 (3) Pursuant to section 5 of 1966 PA 313, MCL 390.995, and
25 subject to ~~subsection~~ **SUBSECTIONS (7) AND (8)**, the department of
26 treasury shall determine an actual maximum tuition grant award per
27 student, which shall be no less than \$1,512.00, that ensures that

1 the aggregate payments for the tuition grant program do not exceed
2 the appropriation contained in section 236 for the state tuition
3 grant program. If the department determines that insufficient funds
4 are available to establish a maximum award amount equal to at least
5 \$1,512.00, the department shall immediately report to the house and
6 senate appropriations subcommittees on higher education, the house
7 and senate fiscal agencies, and the state budget director regarding
8 the estimated amount of additional funds necessary to establish a
9 \$1,512.00 maximum award amount. If the department determines that
10 sufficient funds are available to establish a maximum award amount
11 equal to at least \$1,512.00, the department shall immediately
12 report to the house and senate appropriations subcommittees on
13 higher education, the house and senate fiscal agencies, and the
14 state budget director regarding the maximum award amount
15 established and the projected amount of any projected year-end
16 appropriation balance based on that maximum award amount. By
17 December 15, and again by February 18 of each fiscal year, the
18 department shall analyze the status of award commitments, shall
19 make any necessary adjustments, and shall confirm that those award
20 commitments will not exceed the appropriation contained in section
21 236 for the tuition grant program. The determination and actions
22 shall be reported to the state budget director and the house and
23 senate fiscal agencies no later than the final day of February of
24 each year. If award adjustments are necessary, the students shall
25 be notified of the adjustment by March 4 of each year.

26 (4) ~~Any unexpended and unencumbered funds remaining on~~
27 ~~September 30, 2013 from the amounts appropriated in section 236 for~~

1 ~~the tuition grant program for fiscal year 2012-2013 shall not lapse~~
2 ~~on September 30, 2013, but shall continue to be available for~~
3 ~~expenditure for tuition grants provided in the 2013-2014 fiscal~~
4 ~~year under a work project account. The use of these unexpended~~
5 ~~fiscal year 2012-2013 funds shall terminate at the end of the 2013-~~
6 ~~2014 fiscal year.~~ Any unexpended and unencumbered funds remaining
7 on September 30, ~~2014-2015~~ from the amounts appropriated in section
8 236 for the tuition grant program for fiscal year ~~2013-2014-2014-~~
9 ~~2015~~ shall not lapse on September 30, ~~2014,~~ **2015**, but shall
10 continue to be available for expenditure for tuition grants
11 provided in the ~~2014-2015-2015-2016~~ fiscal year under a work
12 project account. The use of these unexpended fiscal year ~~2013-2014~~
13 **2014-2015** funds shall terminate at the end of the ~~2014-2015-2015-~~
14 ~~2016~~ fiscal year.

15 (5) The department of treasury shall continue a proportional
16 tuition grant maximum award level for recipients enrolled less than
17 full-time in a given semester or term.

18 (6) If the department of treasury increases the maximum award
19 per eligible student from that provided in the previous fiscal
20 year, it shall not have the effect of reducing the number of
21 eligible students receiving awards in relation to the total number
22 of eligible applicants. Any increase in the maximum grant shall be
23 proportional for all eligible students receiving awards for that
24 fiscal year.

25 (7) ~~In any fiscal year,~~ **EXCEPT AS PROVIDED IN SUBSECTION (4),**
26 the department of treasury shall not award more than ~~\$3,000,000.00~~
27 **\$3,500,000.00** in tuition grants to eligible students enrolled in

1 the same independent nonprofit college or university in this state.
2 Any decrease in the maximum grant shall be proportional for all
3 eligible students enrolled in that college or university, as
4 determined by the department.

5 (8) THE DEPARTMENT OF TREASURY SHALL NOT AWARD TUITION GRANTS
6 TO OTHERWISE ELIGIBLE STUDENTS ENROLLED IN AN INDEPENDENT COLLEGE
7 OR UNIVERSITY THAT DOES NOT REPORT, IN A FORM AND MANNER DIRECTED
8 BY AND SATISFACTORY TO THE DEPARTMENT OF TREASURY, BY AUGUST 31 OF
9 EACH YEAR, BEGINNING WITH AUGUST 31, 2015, ALL OF THE FOLLOWING:

10 (A) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED
11 ACADEMIC YEAR THAT RECEIVED A STATE TUITION GRANT AND SUCCESSFULLY
12 COMPLETED A PROGRAM OR GRADUATED.

13 (B) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED
14 ACADEMIC YEAR THAT RECEIVED A STATE TUITION GRANT AND TOOK A
15 REMEDIAL EDUCATION CLASS.

16 (C) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED
17 ACADEMIC YEAR THAT RECEIVED A PELL GRANT AND SUCCESSFULLY COMPLETED
18 A PROGRAM OR GRADUATED.

19 Sec. 256. (1) The funds appropriated in section 236 for the
20 tuition incentive program shall be distributed as provided in this
21 section and pursuant to the administrative procedures for the
22 tuition incentive program of the department of treasury.

23 (2) As used in this section:

24 (a) "Phase I" means the first part of the tuition incentive
25 assistance program defined as the academic period of 80 semester or
26 120 term credits, or less, leading to an associate degree or
27 certificate.

1 (b) "Phase II" means the second part of the tuition incentive
2 assistance program which provides assistance in the third and
3 fourth year of 4-year degree programs.

4 (c) "Department" means the department of treasury.

5 (3) An individual shall meet the following basic criteria and
6 financial thresholds to be eligible for tuition incentive benefits:

7 (a) To be eligible for phase I, an individual shall meet all
8 of the following criteria:

9 (i) Apply for certification to the department **ANY TIME AFTER HE**
10 **OR SHE BEGINS THE SIXTH GRADE BUT** before ~~graduating~~ **AUGUST 31 OF**
11 **THE SCHOOL YEAR IN WHICH HE OR SHE GRADUATES** from high school or
12 **BEFORE** completing the general education development (GED)
13 certificate.

14 (ii) Be less than 20 years of age at the time he or she
15 graduates from high school with a diploma or certificate of
16 completion or completes his or her GED.

17 (iii) Be a United States citizen and a resident of Michigan
18 according to institutional criteria.

19 (iv) Be at least a half-time student, earning less than 80
20 semester or 120 term credits at a participating educational
21 institution within 4 years of high school graduation or GED
22 certificate completion.

23 (v) Request information on filing a FAFSA.

24 (vi) **MUST MEET THE SATISFACTORY ACADEMIC PROGRESS POLICY OF THE**
25 **EDUCATIONAL INSTITUTION HE OR SHE ATTENDS.**

26 (b) To be eligible for phase II, an individual shall meet
27 either of the following criteria in addition to the criteria in

1 subdivision (a):

2 (i) Complete at least 56 transferable semester or 84
3 transferable term credits.

4 (ii) Obtain an associate degree or certificate at a
5 participating institution.

6 (c) To be eligible for phase I or phase II, an individual must
7 not be incarcerated and must be financially eligible as determined
8 by the department. An individual is financially eligible for the
9 tuition incentive program if he or she was eligible for Medicaid
10 from the state of Michigan for 24 months within the 36 months
11 before application. The department shall accept certification of
12 Medicaid eligibility only from the department of human services for
13 the purposes of verifying if a person is Medicaid eligible for 24
14 months within the 36 months before application. Certification of
15 eligibility may begin in the sixth grade. As used in this
16 subdivision, "incarcerated" does not include detention of a
17 juvenile in a state-operated or privately operated juvenile
18 detention facility.

19 (4) For phase I, the department shall provide payment on
20 behalf of a person eligible under subsection (3). The department
21 shall reject billings that are excessive or outside the guidelines
22 for the type of educational institution.

23 (5) For phase I, all of the following apply:

24 (a) Payments for associate degree or certificate programs
25 shall not be made for more than 80 semester or 120 term credits for
26 any individual student at any participating institution.

27 (b) For persons enrolled at a Michigan community college, the

1 department shall pay the current in-district tuition and mandatory
2 fees. For persons residing in an area that is not included in any
3 community college district, the out-of-district tuition rate may be
4 authorized.

5 (c) For persons enrolled at a Michigan public university, the
6 department shall pay lower division resident tuition and mandatory
7 fees for the current year.

8 (d) For persons enrolled at a Michigan independent, nonprofit
9 degree-granting college or university, or a Michigan federal
10 tribally controlled community college, or Focus: HOPE, the
11 department shall pay mandatory fees for the current year and a per-
12 credit payment that does not exceed the average community college
13 in-district per-credit tuition rate as reported on August 1, for
14 the immediately preceding academic year.

15 (6) A person participating in phase II may be eligible for
16 additional funds not to exceed \$500.00 per semester or \$400.00 per
17 term up to a maximum of \$2,000.00 subject to the following
18 conditions:

19 (a) Credits are earned in a 4-year program at a Michigan
20 degree-granting 4-year college or university.

21 (b) The tuition reimbursement is for coursework completed
22 within 30 months of completion of the phase I requirements.

23 (7) The department shall work closely with participating
24 institutions to develop an application and eligibility
25 determination process that will provide the highest level of
26 participation and ensure that all requirements of the program are
27 met.

1 (8) Applications for the tuition incentive program may be
2 approved at any time after the student begins the sixth grade. If a
3 determination of financial eligibility is made, that determination
4 is valid as long as the student meets all other program
5 requirements and conditions.

6 (9) Each institution shall ensure that all known available
7 restricted grants for tuition and fees are used prior to billing
8 the tuition incentive program for any portion of a student's
9 tuition and fees.

10 (10) The department shall ensure that the tuition incentive
11 program is well publicized and that eligible Medicaid clients are
12 provided information on the program. The department shall provide
13 the necessary funding and staff to fully operate the program.

14 Sec. 263. (1) Included in the appropriation in section 236 **FOR**
15 **FISCAL YEAR 2014-2015** for MSU AgBioResearch is \$2,982,900.00 and
16 included in the appropriation in section 236 for MSU extension is
17 \$2,645,200.00 for project GREEN. Project GREEN is intended to
18 address critical regulatory, food safety, economic, and
19 environmental problems faced by this state's plant-based
20 agriculture, forestry, and processing industries. "GREEN" is an
21 acronym for generating research and extension to meet environmental
22 and economic needs.

23 (2) The department of agriculture and rural development and
24 Michigan State University, in consultation with agricultural
25 commodity groups and other interested parties, shall develop
26 project GREEN and its program priorities.

27 Sec. 263a. (1) Not later than September 30 of each year,

1 Michigan State University shall submit a report on MSU
2 AgBioResearch and MSU extension to the house and senate
3 appropriations subcommittees on agriculture and on higher
4 education, the house and senate standing committees on agriculture,
5 the house and senate fiscal agencies, and the state budget director
6 for the preceding ~~school~~**ACADEMIC** fiscal year.

7 (2) The report required under subsection (1) shall include all
8 of the following:

9 (a) Total funds expended by MSU AgBioResearch and by MSU
10 extension service identified by state, local, private, federal, and
11 university fund sources.

12 (b) The metric goals that were used to evaluate the impacts of
13 programs operated by MSU extension and MSU AgBioResearch. It is the
14 intent of the legislature that the following metric goals will be
15 used to evaluate the impacts of those programs:

16 (i) Increasing the number of agriculture and food-related firms
17 collaborating with and using services of research and extension
18 faculty and staff by 3% per year.

19 (ii) Increasing the number of individuals utilizing MSU
20 extension's educational services by 5% per year.

21 (iii) Increasing external funds generated in support of research
22 and extension, beyond state appropriations, by 10% over the amounts
23 generated in the past 3 state fiscal years.

24 (iv) Increasing the sector's total economic impact from today's
25 \$71,000,000,000.00 to \$100,000,000,000.00.

26 (v) Doubling Michigan's agricultural exports from
27 \$1,750,000,000.00 to \$3,500,000,000.00.

1 (vi) Increasing jobs in the food and agriculture sector by 10%.

2 (vii) Improving access by Michigan consumers to healthy foods
3 by 20%.

4 (c) A review of major programs within both MSU AgBioResearch
5 and MSU extension with specific reference to accomplishments,
6 impacts, and the metrics described in subdivision (b), including a
7 specific accounting of Project GREEN expenditures and the impact
8 of those expenditures.

9 Sec. 264. Included in the appropriation in section 236 for
10 fiscal year ~~2013-2014~~**2014-2015** for Michigan State University is
11 \$80,000.00 for the Michigan future farmers of America association.
12 This \$80,000.00 allocation shall not supplant any existing support
13 that Michigan State University provides to the Michigan future
14 farmers of America association.

15 Sec. 265. (1) Payments under section 265a for performance
16 funding shall only be made to a public university that certifies to
17 the state budget director by August 31, ~~2013-2014~~ that its board
18 did not adopt an increase in tuition and fee rates for resident
19 undergraduate students after September 1, ~~2012-2013~~ for the ~~2012-~~
20 ~~2013-2013-2014~~ academic year and that its board will not adopt an
21 increase in tuition and fee rates for resident undergraduate
22 students for the ~~2013-2014~~**2014-2015** academic year that is greater
23 than ~~3.75%~~**3.20%**. As used in this subsection:

24 (a) Subject to subdivision (c), "fee" means any board-
25 authorized fee that will be paid by more than 1/2 of all resident
26 undergraduate students at least once during their enrollment at a
27 public university. A university increasing a fee that applies to a

1 specific subset of students or courses shall provide sufficient
2 information to prove that the increase applied to that subset will
3 not cause the increase in the average amount of board-authorized
4 total tuition and fees paid by resident undergraduate students in
5 the ~~2013-2014~~**2014-2015** academic year to exceed the limit
6 established in this subsection.

7 (b) "Tuition and fee rate" means the average of full-time
8 rates for all undergraduate classes, based on an average of the
9 rates authorized by the university board and actually charged to
10 students, deducting any uniformly-rebated or refunded amounts, for
11 the 2 semesters with the highest levels of full-time equated
12 resident undergraduate enrollment during the academic year.

13 (c) For purposes of subdivision (a), for a public university
14 that compels resident undergraduate students to be covered by
15 health insurance as a condition to enroll at the university, "fee"
16 includes the annual amount a student is charged for coverage by the
17 university-affiliated group health insurance policy if he or she
18 does not provide proof that he or she is otherwise covered by
19 health insurance. This subdivision does not apply to limited
20 subsets of resident undergraduate students to be covered by health
21 insurance for specific reasons other than general enrollment at the
22 university.

23 (2) The state budget director shall implement uniform
24 reporting requirements to ensure that a public university receiving
25 a payment under section 265a for performance funding has satisfied
26 the tuition restraint requirements of this section. The state
27 budget director shall have the sole authority to determine if a

1 public university has met the requirements of this section.
2 Information reported by a public university to the state budget
3 director under this subsection shall also be reported to the house
4 and senate appropriations subcommittees on higher education and the
5 house and senate fiscal agencies.

6 Sec. 265a. (1) Appropriations to public universities in
7 section 236 **FOR FISCAL YEAR 2014-2015** for performance funding shall
8 be paid only to a public university that complies with section 265
9 and certifies to the state budget director, the house and senate
10 appropriations subcommittees on higher education, and the house and
11 senate fiscal agencies by August 31, ~~2013~~**2014** that it complies
12 with all of the following requirements:

13 (a) The university participates in reverse transfer agreements
14 described in section 286 with at least 3 Michigan community
15 colleges or has made a good-faith effort to enter into reverse
16 transfer agreements.

17 (b) The university does not and will not consider whether dual
18 enrollment credits earned by an incoming student were utilized
19 towards his or her high school graduation requirements when making
20 a determination as to whether those credits may be used by the
21 student toward completion of a university degree or certificate
22 program.

23 (c) The university participates in the Michigan transfer
24 network created as part of the Michigan association of collegiate
25 registrars and admissions officers transfer agreement.

26 (2) Any performance funding amounts under section 236 that are
27 not paid to a public university because it did not comply with 1 or

1 more requirements under subsection (1) are unappropriated and
2 reappropriated for performance funding to those public universities
3 that meet the requirements under subsection (1), distributed in
4 proportion to their performance funding appropriation amounts under
5 section 236.

6 (3) The state budget director shall report to the house and
7 senate appropriations subcommittees on higher education and the
8 house and senate fiscal agencies by September 17, ~~2013,~~ **2014,**
9 regarding any performance funding amounts that are not paid to a
10 public university because it did not comply with 1 or more
11 requirements under subsection (1) and any reappropriation of funds
12 under subsection (2).

13 (4) Performance funding amounts described in section 236 are
14 distributed based on the following formula:

15 **(A) PROPORTIONAL TO EACH UNIVERSITY'S SHARE OF TOTAL**
16 **OPERATIONS FUNDING APPROPRIATED IN FISCAL YEAR 2010-2011, 50.0%.**

17 **(B) ~~(a)~~**Based on weighted undergraduate completions in
18 critical skills areas, ~~22.2%~~ **11.1%.**

19 **(C) ~~(b)~~**Based on research and development expenditures, for
20 universities classified in Carnegie classifications as
21 doctoral/research universities, research universities (high
22 research activity), or research universities (very high research
23 activity) only, ~~11.1%~~ **5.6%.**

24 **(D) ~~(c)~~**Based on 6-year graduation rate, total degree
25 completions, and institutional support as a percentage of core
26 expenditures, **AND STUDENTS RECEIVING PELL GRANTS,** scored against
27 national Carnegie classification peers and weighted by total

1 undergraduate fiscal year equated students, ~~66.7%~~ **33.3%**.

2 (5) For purposes of determining the score of a university
3 under subsection ~~(4)(e)~~, **(4)(D)**, each university is assigned 1 of
4 the following scores:

5 (a) A university classified as in the top 20%, a score of 3.

6 (b) A university classified as above national median, a score
7 of 2.

8 (c) A university classified as improving, a score of 2. It is
9 the intent of the legislature that, beginning in the ~~2014-2015~~
10 **2015-2016** state fiscal year, a university classified as improving
11 is assigned a score of 1.

12 (d) A university that is not included in subdivision (a), (b),
13 or (c), a score of 0.

14 (6) For purposes of this section, "Carnegie classification"
15 shall mean the basic classification of the university according to
16 the most recent version of the Carnegie classification of
17 institutions of higher education, published by the Carnegie
18 foundation for the advancement of teaching.

19 Sec. 267. All public universities shall submit the amount of
20 tuition and fees actually charged to a full-time resident
21 undergraduate student for academic year ~~2013-2014~~ **2014-2015** as part
22 of their higher education institutional data inventory (HEIDI) data
23 by August 31 of each year. A public university shall report any
24 revisions for any semester of the reported academic year ~~2013-2014~~
25 **2014-2015** tuition and fee charges to HEIDI within 15 days of being
26 adopted.

27 Sec. 268. (1) For the fiscal year ending September 30, ~~2014,~~

1 2015, it is the intent of the legislature that funds be allocated
2 for unfunded North American Indian tuition waiver costs incurred by
3 public universities under 1976 PA 174, MCL 390.1251 to 390.1253,
4 from the general fund.

5 (2) By February 15 of each year, the department of civil
6 rights shall annually submit to the state budget director, the
7 house and senate appropriations subcommittees on higher education,
8 and the house and senate fiscal agencies ~~for the preceding fiscal~~
9 ~~year~~ a report on North American Indian tuition waivers **FOR THE**
10 **PRECEDING FISCAL YEAR** that includes, but is not limited to, all of
11 the following information for each postsecondary institution:

12 (a) The total number of waiver applications.

13 (b) The total number of waivers granted and the monetary value
14 of each waiver.

15 (c) The number of students who withdraw from classes.

16 (d) The number of students who successfully complete a degree
17 or certificate program and the 6-year graduation rate.

18 Sec. 269. For fiscal year ~~2013-2014~~, **2014-2015**, from the
19 amount appropriated in section 236 to Central Michigan University
20 for operations, \$29,700.00 shall be paid to Saginaw Chippewa Tribal
21 College for the costs of waiving tuition for North American Indians
22 under 1976 PA 174, MCL 390.1251 to 390.1253.

23 Sec. 270. For fiscal year ~~2013-2014~~ **2014-2015** from the amount
24 appropriated in section 236 to Lake Superior State University for
25 operations, \$100,000.00 shall be paid to Bay Mills Community
26 College for the costs of waiving tuition for North American Indians
27 under 1976 PA 174, MCL 390.1251 to 390.1253.

1 Sec. 272a. By February 15, 2014,~~OF EACH YEAR~~, each public
2 university receiving funds under section 236 shall submit a report
3 to the house and senate appropriations subcommittees on higher
4 education, the house and senate fiscal agencies, and the state
5 budget director regarding the rejection of transfer credits by the
6 university in the prior year. The report shall include information
7 on the number of credits earned by incoming **RESIDENT** students at
8 other postsecondary institutions **IN THIS STATE**, with the equivalent
9 of a letter grade of C or higher, that were rejected by the
10 university for transfer, reported by both academic program area and
11 prior institution, along with explanatory information regarding the
12 rationale for the rejection of the credits. Data may be reported on
13 either an academic or calendar year basis.

14 Sec. 273. It is the intent of the legislature that each public
15 university shall submit a report to the house and senate
16 appropriations committees, the house and senate fiscal agencies,
17 and the state budget director by October 15, ~~2013~~,**2014**, on the
18 university's efforts to accommodate the sincerely held religious
19 beliefs of students enrolled in accredited counseling degree
20 programs at the university.

21 Sec. 274. It is the intent of the legislature that public and
22 private organizations that conduct human embryonic stem cell
23 derivation subject to section 27 of article I of the state
24 constitution of 1963 will provide information to the director of
25 the department of community health by December 1, ~~2013~~**2014** that
26 includes all of the following:

27 (a) Documentation that the organization conducting human

1 embryonic stem cell derivation is conducting its activities in
2 compliance with the requirements of section 27 of article I of the
3 state constitution of 1963 and all relevant national institutes of
4 health guidelines pertaining to embryonic stem cell derivation.

5 (b) A list of all human embryonic stem cell lines submitted by
6 the organization to the national institutes of health for inclusion
7 in the human embryonic stem cell registry before and during fiscal
8 year ~~2012-2013~~, **2013-2014**, and the status of each submission as
9 approved, pending approval, or review completed but not yet
10 accepted.

11 (c) Number of human embryonic stem cell lines derived and not
12 submitted for inclusion in the human embryonic stem cell registry,
13 before and during fiscal year ~~2012-2013~~. **2013-2014**.

14 Sec. 274a. (1) It is the intent of the legislature that a
15 public university that receives funds in section 236 not provide
16 health insurance or other fringe benefits for any adult coresident
17 of an employee of the university who is not married to or a
18 dependent of that employee or for any dependent of such an adult
19 coresident.

20 (2) It is the intent of the legislature that each public
21 university receiving funds in section 236 submit a report by
22 December 1, ~~2013-2014~~ to the house and senate appropriations
23 subcommittees on higher education, the house and senate fiscal
24 agencies, and the state budget director containing the number of
25 individuals described in subsection (1) who received health
26 insurance or other fringe benefits provided by the university in
27 fiscal year ~~2012-2013~~ **2013-2014** and the cost to the university of

1 providing those benefits.

2 Sec. 276. (1) Included in the appropriation for fiscal year
3 ~~2013-2014-2014-2015~~ for each public university in section 236 is
4 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
5 future faculty program that is intended to increase the pool of
6 academically or economically disadvantaged candidates pursuing
7 faculty teaching careers in postsecondary education. Preference may
8 not be given to applicants on the basis of race, color, ethnicity,
9 gender, or national origin. Institutions should encourage
10 applications from applicants who would otherwise not adequately be
11 represented in the graduate student and faculty populations. Each
12 public university shall apply the percentage change applicable to
13 every public university in the calculation of appropriations in
14 section 236 to the amount of funds allocated to the future faculty
15 program.

16 (2) The program shall be administered by each public
17 university in a manner prescribed by the workforce development
18 agency. The workforce development agency shall use a good faith
19 effort standard to evaluate whether a fellowship is in default.

20 Sec. 277. (1) Included in the appropriation for fiscal year
21 ~~2013-2014-2014-2015~~ for each public university in section 236 is
22 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
23 college day program that is intended to introduce academically or
24 economically disadvantaged schoolchildren to the potential of a
25 college education. Preference may not be given to participants on
26 the basis of race, color, ethnicity, gender, or national origin.
27 Public universities should encourage participation from those who

1 would otherwise not adequately be represented in the student
2 population.

3 (2) Individual program plans of each public university shall
4 include a budget of equal contributions from this program, the
5 participating public university, the participating school district,
6 and the participating independent degree-granting college. College
7 day funds shall not be expended to cover indirect costs. Not more
8 than 20% of the university match shall be attributable to indirect
9 costs. Each public university shall apply the percentage change
10 applicable to every public university in the calculation of
11 appropriations in section 236 to the amount of funds allocated to
12 the college day program.

13 (3) The program described in this section shall be
14 administered by each public university in a manner prescribed by
15 the workforce development agency.

16 Sec. 278. (1) Included in section 236 for fiscal year ~~2013-~~
17 ~~2014-2014-2015~~ is funding for the Martin Luther King, Jr. - Cesar
18 Chavez - Rosa Parks select student support services program for
19 developing academically or economically disadvantaged student
20 retention programs for 4-year public and independent educational
21 institutions in this state. Preference may not be given to
22 participants on the basis of race, color, ethnicity, gender, or
23 national origin. Institutions should encourage participation from
24 those who would otherwise not adequately be represented in the
25 student population.

26 (2) An award made under this program to any 1 institution
27 shall not be greater than \$150,000.00, and the amount awarded shall

1 be matched on a 70% state, 30% college or university basis.

2 (3) The program described in this section shall be
3 administered by the workforce development agency.

4 Sec. 279. (1) Included in section 236 for fiscal year ~~2013-~~
5 ~~2014-2014-2015~~ is funding for the Martin Luther King, Jr. - Cesar
6 Chavez - Rosa Parks college/university partnership program between
7 4-year public and independent colleges and universities and public
8 community colleges, which is intended to increase the number of
9 academically or economically disadvantaged students who transfer
10 from community colleges into baccalaureate programs. Preference may
11 not be given to participants on the basis of race, color,
12 ethnicity, gender, or national origin. Institutions should
13 encourage participation from those who would otherwise not
14 adequately be represented in the transfer student population.

15 (2) The grants shall be made under the program described in
16 this section to Michigan public and independent colleges and
17 universities. An award to any 1 institution shall not be greater
18 than \$150,000.00, and the amount awarded shall be matched on a 70%
19 state, 30% college or university basis.

20 (3) The program described in this section shall be
21 administered by the workforce development agency.

22 Sec. 280. (1) Included in the appropriation for fiscal year
23 ~~2013-2014-2014-2015~~ for each public university in section 236 is
24 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
25 visiting professors program which is intended to increase the
26 number of instructors in the classroom to provide role models for
27 academically or economically disadvantaged students. Preference may

1 not be given to participants on the basis of race, color,
2 ethnicity, gender, or national origin. Public universities should
3 encourage participation from those who would otherwise not
4 adequately be represented in the student population.

5 (2) The program described in this section shall be
6 administered by the workforce development agency.

7 Sec. 281. (1) Included in the appropriation for fiscal year
8 ~~2013-2014-2014-2015~~ in section 236 is funding under the Martin
9 Luther King, Jr. - Cesar Chavez - Rosa Parks initiative for the
10 Morris Hood, Jr. educator development program which is intended to
11 increase the number of academically or economically disadvantaged
12 students who enroll in and complete K-12 teacher education programs
13 at the baccalaureate level. Preference may not be given to
14 participants on the basis of race, color, ethnicity, gender, or
15 national origin. Institutions should encourage participation from
16 those who would otherwise not adequately be represented in the
17 teacher education student population.

18 (2) The program described in this section shall be
19 administered by each state-approved teacher education institution
20 in a manner prescribed by the workforce development agency.

21 (3) Approved teacher education institutions may and are
22 encouraged to use student support services funding in coordination
23 with the Morris Hood, Jr. funding to achieve the goals of the
24 program described in this section.

25 Sec. 282. Each institution receiving funds under section 278,
26 279, or 281 shall notify the workforce development agency by April
27 15, ~~2014~~ **OF EACH YEAR** as to whether it will expend by the end of

1 its fiscal year the funds received under section 278, 279, or 281.
2 Notwithstanding the award limitations in sections 278 and 279, the
3 amount of funding reported as not being expended will be
4 reallocated to the institutions that intend to expend all funding
5 received under section 278, 279, or 281.

6 Sec. 283. (1) From the amount appropriated in section 236, the
7 public universities shall systematically inform Michigan high
8 schools regarding the academic status of students from each high
9 school in a manner prescribed by the presidents council, state
10 universities of Michigan in cooperation with the Michigan
11 association of secondary school principals. Public universities
12 shall also work with the center for educational performance and
13 information to ~~design and implement~~ **MAINTAIN** a systematic approach
14 for accomplishing this task.

15 (2) Michigan high schools shall systematically inform the
16 public universities about the use of information received under
17 this section in a manner prescribed by the Michigan association of
18 secondary school principals in cooperation with the presidents
19 council, state universities of Michigan.

20 Sec. 284. From the amount appropriated in section 236, the
21 public universities shall inform Michigan community colleges
22 regarding the academic status of community college transfer
23 students in a manner prescribed by the presidents council, state
24 universities of Michigan in cooperation with the Michigan community
25 college association. Public universities shall also work with the
26 center for educational performance and information to ~~design and~~
27 ~~implement~~ **MAINTAIN** a systematic approach for accomplishing this

1 task.

2 Enacting section 1. (1) In accordance with section 30 of
3 article I of the state constitution of 1963, total state spending
4 on school aid under article I of the state school aid act of 1979,
5 1979 PA 94, MCL 388.1601 to 388.1772, as amended by this amendatory
6 act, from state sources for fiscal year 2014-2015 is estimated at
7 \$11,946,867,400.00 and state appropriations for school aid to be
8 paid to local units of government for fiscal year 2014-2015 are
9 estimated at \$11,777,532,100.00.

10 (2) In accordance with section 30 of article IX of the state
11 constitution of 1963, total state spending from state sources for
12 community colleges for fiscal year 2014-2015 under article II of
13 the state school aid act of 1979, 1979 PA 94, MCL 388.1801 to
14 388.1830, is estimated at \$371,525,000.00 and the amount of that
15 state spending from state sources to be paid to local units of
16 government for fiscal year 2014-2015 is estimated at
17 \$371,525,000.00.

18 (3) In accordance with section 30 of article IX of the state
19 constitution of 1963, total state spending from state sources for
20 higher education for fiscal year 2014-2015 under article III of the
21 state school aid act of 1979, 1979 PA 94, MCL 388.1836 to 388.1893,
22 is estimated at \$1,410,467,700.00 and the amount of that state
23 spending from state sources to be paid to local units of government
24 for fiscal year 2014-2015 is estimated at \$0.

25 Enacting section 2. Sections 22c, 22k, 64a, 82, 95, 147a, 208,
26 210b, 212, 217, and 229b of the state school aid act of 1979, 1979
27 PA 94, MCL 388.1622c, 388.1622k, 388.1664a, 388.1682, 388.1695,

1 388.1747a, 388.1808, 388.1810b, 388.1812, 388.1817, and 388.1829b,
2 are repealed.

3 Enacting section 3. (1) Except as otherwise provided in
4 subsection (2), this amendatory act takes effect October 1, 2014.

5 (2) Section 104c of the state school aid act of 1979, 1979 PA
6 94, MCL 388.1704c, as added by this amendatory act, takes effect
7 upon enactment of this amendatory act.