

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4445

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11m, 22a, 22b, 24a, 24c, 26b, 51a, 51c,
74, 94a, and 104 (MCL 388.1606, 388.1611, 388.1611m, 388.1622a,
388.1622b, 388.1624a, 388.1624c, 388.1626b, 388.1651a, 388.1651c,
388.1674, 388.1694a, and 388.1704), sections 6, 24a, 24c, 26b, 74,
94a, and 104 as amended by 2011 PA 62 and sections 11, 11m, 22a,
22b, 51a, and 51c as amended by 2011 PA 299, and by adding sections
11q, 22h, and 32g.

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

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

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

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

26 (4) "Membership", except as otherwise provided in this
27 article, means for a district, public school academy, university

1 school, or intermediate district the sum of the product of .90
2 times the number of full-time equated pupils in grades K to 12
3 actually enrolled and in regular daily attendance on the pupil
4 membership count day for the current school year, plus the product
5 of .10 times the final audited count from the supplemental count
6 day for the immediately preceding school year. All pupil counts
7 used in this subsection are as determined by the department and
8 calculated by adding the number of pupils registered for attendance
9 plus pupils received by transfer and minus pupils lost as defined
10 by rules promulgated by the superintendent, and as corrected by a
11 subsequent department audit. For the purposes of this section and
12 section 6a, for a school of excellence that is a cyber school, as
13 defined in section 551 of the revised school code, MCL 380.551, and
14 is in compliance with section 553a of the revised school code, MCL
15 380.553a, a pupil's participation in the cyber school's educational
16 program is considered regular daily attendance. The amount of the
17 foundation allowance for a pupil in membership is determined under
18 section 20. In making the calculation of membership, all of the
19 following, as applicable, apply to determining the membership of a
20 district, public school academy, university school, or intermediate
21 district:

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

27 (b) If a pupil is educated in a district other than the

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

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

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

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

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

1 (g) A pupil enrolled in a university school shall be counted
2 in membership in the university school.

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

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

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

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

27 (j) If a district is the authorizing body for a public school

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

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

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

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

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

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

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

3 (C) Is less than 22 years of age as of September 1 of the
4 current 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 student 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 the
13 workforce development agency, or participating in any successor of
14 either of those 2 programs, shall not be counted in membership.

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

27 (i) If the public school academy provides instruction for at

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

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

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

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

27 (q) The number of class hours used to calculate full-time

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

8 (r) Full-time equated memberships for pupils in kindergarten
9 shall be determined by dividing the number of class hours scheduled
10 and provided per year per kindergarten pupil by a number equal to
11 1/2 the number used for determining full-time equated memberships
12 for pupils in grades 1 to 12. However, beginning in 2012-2013,
13 full-time equated memberships for pupils in kindergarten shall be
14 determined by dividing the number of class hours scheduled and
15 provided per year per kindergarten pupil by the same number used
16 for determining full-time equated memberships for pupils in grades
17 1 to 12.

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

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

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

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

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

1 certificated teacher.

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

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

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

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

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

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

1 pupil membership count day or supplemental count day that occurred
2 before suspending operations, as determined by the superintendent.

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

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

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

25 (z) If a public school academy that is not in its first or
26 second year of operation closes at the end of a school year and
27 does not reopen for the next school year, the department shall

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

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

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

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

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

6 (dd) A district that educates a pupil who attends a United
7 States Olympic education center may count the pupil in membership
8 regardless of whether or not the pupil is a resident of this state.

9 (ee) A pupil enrolled in a district other than the pupil's
10 district of residence pursuant to section 1148(2) of the revised
11 school code, MCL 380.1148, shall be counted in the educating
12 district.

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

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

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

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

24 (c) A pupil enrolled in a public school academy or university
25 school.

26 (d) A pupil enrolled in a district other than the pupil's
27 district of residence under an intermediate district schools of

1 choice pilot program as described in section 91a or former section
2 91 if the intermediate district and its constituent districts have
3 been exempted from section 105.

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

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

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

25 (ii) "Serious assault" means an act that constitutes a felony
26 violation of chapter XI of the Michigan penal code, 1931 PA 328,
27 MCL 750.81 to 750.90g, or that constitutes an assault and

1 infliction of serious or aggravated injury under section 81a of the
2 Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

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

20 (i) A pupil enrolled in the Michigan virtual high school, for
21 the pupil's enrollment in the Michigan virtual high school.

22 (j) A pupil who is the child of a person who works at the
23 district or who is the child of a person who worked at the district
24 as of the time the pupil first enrolled in the district but who no
25 longer works at the district due to a workforce reduction. As used
26 in this subdivision, "child" includes an adopted child, stepchild,
27 or legal ward.

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

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

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

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

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

19 **(P) A PUPIL ENROLLED IN A DISTRICT OTHER THAN THE PUPIL'S**
20 **DISTRICT OF RESIDENCE AS A QUALIFYING PUPIL UNDER SECTION 22H(2).**

21 However, if a district educates pupils who reside in another
22 district and if the primary instructional site for those pupils is
23 established by the educating district after 2009-2010 and is
24 located within the boundaries of that other district, the educating
25 district must have the approval of that other district to count
26 those pupils in membership.

27 (7) "Pupil membership count day" of a district or intermediate

1 district means:

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

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

10 (i) Fourth Wednesday in July.

11 (ii) First Wednesday in October.

12 (iii) Second Wednesday in February.

13 (iv) Fourth Wednesday in April.

14 (8) "Pupils in grades K to 12 actually enrolled and in regular
15 daily attendance" means pupils in grades K to 12 in attendance and
16 receiving instruction in all classes for which they are enrolled on
17 the pupil membership count day or the supplemental count day, as
18 applicable. Except as otherwise provided in this subsection, a
19 pupil who is absent from any of the classes in which the pupil is
20 enrolled on the pupil membership count day or supplemental count
21 day and who does not attend each of those classes during the 10
22 consecutive school days immediately following the pupil membership
23 count day or supplemental count day, except for a pupil who has
24 been excused by the district, shall not be counted as 1.0 full-time
25 equated membership. A pupil who is excused from attendance on the
26 pupil membership count day or supplemental count day and who fails
27 to attend each of the classes in which the pupil is enrolled within

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

18 (9) "Rule" means a rule promulgated pursuant to the
19 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
20 24.328.

21 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
22 380.1852.

23 (11) "School district of the first class", "first class school
24 district", and "district of the first class" mean a district that
25 had at least 60,000 pupils in membership for the immediately
26 preceding fiscal year.

27 (12) "School fiscal year" means a fiscal year that commences

1 July 1 and continues through June 30.

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

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

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

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

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

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

23 (19) "Textbook" means a book, electronic book, or other
24 instructional print or electronic resource that is selected and
25 approved by the governing board of a district and that contains a
26 presentation of principles of a subject, or that is a literary work
27 relevant to the study of a subject required for the use of

1 classroom pupils, or another type of course material that forms the
2 basis of classroom instruction.

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

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

10 Sec. 11. (1) ~~Subject to subsection (3), for the fiscal year~~
11 ~~ending September 30, 2011, there is appropriated for the public~~
12 ~~schools of this state and certain other state purposes relating to~~
13 ~~education the sum of \$10,784,760,500.00 from the state school aid~~
14 ~~fund and the sum of \$18,642,400.00 from the general fund. For the~~
15 ~~fiscal year ending September 30, 2011, there is also appropriated~~
16 ~~the remaining balance of the federal funding awarded to this state~~
17 ~~under title XIV of the American recovery and reinvestment act of~~
18 ~~2009, Public Law 111-5, estimated at \$184,256,600.00, to be used~~
19 ~~solely for the purpose of funding the primary funding formula~~
20 ~~calculated under section 20, in accordance with federal law.~~
21 Subject to subsection (3), for the fiscal year ending September 30,
22 2012, there is appropriated for the public schools of this state
23 and certain other state purposes relating to education the sum of
24 ~~\$10,887,098,700.00~~ **\$10,967,333,600.00** from the state school aid
25 fund and the sum of \$118,642,400.00 from the general fund. In
26 addition, all other available federal funds, except those otherwise
27 appropriated under section 11p, are appropriated ~~for the fiscal~~

1 ~~year ending September 30, 2011 and~~ for the fiscal year ending
2 September 30, 2012.

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

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

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

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

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

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

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

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

1 money may be expended.

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

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

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

23 (7) For 2011-2012, in addition to the appropriations in
24 section 11, there is appropriated from the school aid stabilization
25 fund to the state school aid fund the amount necessary to fully
26 fund the allocations under this article.

27 (8) **EFFECTIVE ON THE EFFECTIVE DATE OF THIS SUBSECTION, IN**

1 ADDITION TO ANY AMOUNTS OTHERWISE DEPOSITED INTO THE SCHOOL AID
2 STABILIZATION FUND, THERE IS TRANSFERRED FROM THE STATE SCHOOL AID
3 FUND TO THE SCHOOL AID STABILIZATION FUND AN AMOUNT EQUAL TO
4 \$100,000,000.00.

5 Sec. 11m. From the appropriations in section 11, ~~there is~~
6 ~~allocated for 2010-2011 an amount not to exceed \$6,847,000.00 and~~
7 there is allocated for 2011-2012 an amount not to exceed
8 ~~\$20,000,000.00~~ \$8,500,000.00 for fiscal year cash-flow borrowing
9 costs solely related to the state school aid fund established by
10 section 11 of article IX of the state constitution of 1963.

11 SEC. 11Q. (1) FROM THE FEDERAL FUNDS APPROPRIATED UNDER
12 SECTION 11, THERE IS ALLOCATED AN AMOUNT ESTIMATED AT \$4,700,000.00
13 FOR 2011-2012, WHICH REPRESENTS ADDITIONAL FEDERAL EDUCATION JOBS
14 FUNDING THAT WAS REDISTRIBUTED SUBSEQUENT TO THE INITIAL AWARD TO
15 THIS STATE UNDER SECTION 101 OF TITLE I OF PUBLIC LAW 111-226 IN
16 2010-2011. THIS MONEY IS ALLOCATED SOLELY FOR THE PURPOSES
17 IDENTIFIED IN THAT SECTION OF FEDERAL LAW AS THAT SECTION WAS IN
18 EFFECT IN 2011.

19 (2) FUNDS UNDER THIS SECTION SHALL BE ALLOCATED BASED ON THE
20 ELIGIBLE DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S RELATIVE PROPORTION
21 OF THE FUNDING RECEIVED UNDER FORMER SECTION 11P AS THAT SECTION
22 WAS IN EFFECT FOR 2010-2011.

23 (3) A RECIPIENT OF FUNDING UNDER THIS SECTION SHALL MEET ALL
24 ELIGIBILITY AND REPORTING REQUIREMENTS SPECIFIED UNDER FORMER
25 SECTION 11P AS THAT SECTION WAS IN EFFECT FOR 2010-2011.

26 Sec. 22a. (1) From the appropriation in section 11, there is
27 allocated an amount not to exceed ~~\$5,831,273,900.00 for 2010-2011~~

1 ~~and an amount not to exceed \$5,691,000,000.00~~ **\$5,769,000,000.00** for
2 2011-2012 for payments to districts, qualifying university schools,
3 and qualifying public school academies to guarantee each district,
4 qualifying university school, and qualifying public school academy
5 an amount equal to its 1994-95 total state and local per pupil
6 revenue for school operating purposes under section 11 of article
7 IX of the state constitution of 1963. Pursuant to section 11 of
8 article IX of the state constitution of 1963, this guarantee does
9 not apply to a district in a year in which the district levies a
10 millage rate for school district operating purposes less than it
11 levied in 1994. However, subsection (2) applies to calculating the
12 payments under this section. Funds allocated under this section
13 that are not expended in the state fiscal year for which they were
14 allocated, as determined by the department, may be used to
15 supplement the allocations under sections 22b and 51c in order to
16 fully fund those calculated allocations for the same fiscal year.

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

22 (a) Except as otherwise provided in this subsection, the state
23 portion of a district's 1994-95 foundation allowance is an amount
24 equal to the district's 1994-95 foundation allowance or \$6,500.00,
25 whichever is less, 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

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

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.

27 (3) Beginning in 2003-2004, for pupils in membership in a

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

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

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

1 amount of the 1994-95 basic foundation allowance.

2 (6) SUBJECT TO CONDITIONS SET FORTH IN THIS SUBSECTION, FROM
3 THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED FOR 2011-2012
4 ONLY AN AMOUNT NOT TO EXCEED \$6,000,000.00 FOR PAYMENTS TO
5 DISTRICTS THAT MEET THE ELIGIBILITY REQUIREMENTS UNDER THIS
6 SUBSECTION, FOR THE REDUCTION IN SCHOOL OPERATING REVENUES
7 RESULTING FROM A SETTLEMENT OR OTHER DISPOSITION OF APPEALS
8 DESCRIBED IN SUBDIVISION (A). A PAYMENT MAY ONLY BE MADE UNDER THIS
9 SUBSECTION IF A SETTLEMENT AGREEMENT IS SIGNED BY ALL APPLICABLE
10 PARTIES. PAYMENTS MADE UNDER THIS SUBSECTION SHALL BE IN ACCORDANCE
11 WITH THE SETTLEMENT AGREEMENT. ALL OF THE FOLLOWING APPLY TO
12 PAYMENTS UNDER THIS SUBSECTION:

13 (A) TO BE ELIGIBLE FOR A PAYMENT UNDER THIS SUBSECTION, A
14 DISTRICT SHALL BE DETERMINED BY THE DEPARTMENT AND THE DEPARTMENT
15 OF TREASURY TO MEET ALL OF THE FOLLOWING:

16 (i) THE DISTRICT DOES NOT RECEIVE ANY STATE PORTION OF ITS
17 FOUNDATION ALLOWANCE, AS CALCULATED UNDER SECTION 20(4).

18 (ii) BEFORE JANUARY 1, 2011, THE OWNER OF A NATURAL-GAS-POWERED
19 POWER PLANT LOCATED IN A RENAISSANCE ZONE WITHIN THE DISTRICT'S
20 GEOGRAPHIC BOUNDARIES FOR 2009 AND 2010 APPEALED TO THE MICHIGAN
21 TAX TRIBUNAL AN ORDER OF THE STATE TAX COMMISSION FOR TAX YEARS
22 2009 AND 2010 PURSUANT TO SECTION 154 OF THE GENERAL PROPERTY TAX
23 ACT, 1893 PA 206, MCL 211.154, AND APPEALED TO THE STATE TAX
24 COMMISSION THE 2011 CLASSIFICATION AND VALUATION OF THE POWER
25 PLANT.

26 (iii) THE DISTRICT RECEIVED A REDUCED AMOUNT OF LOCAL SCHOOL
27 OPERATING REVENUE FOR TAX YEARS 2009, 2010, AND 2011 AS A RESULT OF

1 THE EXEMPTIONS OF INDUSTRIAL PERSONAL PROPERTY AND COMMERCIAL
2 PERSONAL PROPERTY UNDER SECTION 1211 OF THE REVISED SCHOOL CODE,
3 MCL 380.1211.

4 (iv) A SETTLEMENT AGREEMENT HAS BEEN SIGNED TO RESOLVE THE
5 MICHIGAN TAX TRIBUNAL APPEAL DESCRIBED IN SUBPARAGRAPH (ii) AND A
6 MEMORANDUM OF UNDERSTANDING THAT STIPULATES TERMS OF THE SETTLEMENT
7 HAS BEEN EXECUTED BY THE PARTIES.

8 (B) A PAYMENT MADE UNDER THIS SUBSECTION SHALL BE IN ADDITION
9 TO RENAISSANCE ZONE REIMBURSEMENT AMOUNTS PAID IN THE 2009-2010 AND
10 2010-2011 STATE FISCAL YEARS UNDER SECTION 26A TO DISTRICTS
11 ELIGIBLE FOR PAYMENT UNDER THIS SUBSECTION. THE 2009-2010 AND 2010-
12 2011 STATE FISCAL YEAR PAYMENTS UNDER SECTION 26A TO A DISTRICT
13 RECEIVING A PAYMENT UNDER THIS SUBSECTION SHALL NOT BE REDUCED AS A
14 RESULT OF THE REDUCTION TO THE DISTRICT'S 2009 AND 2010 TAXABLE
15 VALUE OF REAL PROPERTY UNDER THE APPEALS DESCRIBED IN SUBDIVISION
16 (A) (ii) .

17 (7) ~~(6)~~—As used in this section:

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

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

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

27 (d) "Current year hold harmless school operating taxes per

1 pupil" means the per pupil revenue generated by multiplying a
2 district's 1994-95 hold harmless millage by the district's current
3 year taxable value per membership pupil.

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

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

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

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

27 (i) "Qualifying public school academy" means a public school

1 academy that was in operation in the 1994-95 school year and is in
2 operation in the current state fiscal year.

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

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

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

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

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

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

6 Sec. 22b. (1) From the state funds appropriated in section 11,
7 there is allocated for ~~2010-2011 an amount not to exceed~~
8 ~~\$3,551,097,700.00~~ and there is allocated for 2011-2012 an amount
9 not to exceed ~~\$3,032,300,000.00~~ **\$3,052,000,000.00** for discretionary
10 nonmandated payments to districts under this section. Funds
11 allocated under this section that are not expended in the state
12 fiscal year for which they were allocated, as determined by the
13 department, may be used to supplement the allocations under
14 sections 22a and 51c in order to fully fund those calculated
15 allocations for the same fiscal year.

16 ~~—— (2) In addition to the funds allocated in subsection (1),~~
17 ~~there is allocated an amount estimated at \$184,256,600.00 for 2010-~~
18 ~~2011 from the federal funds awarded to this state under title XIV~~
19 ~~of the American recovery and reinvestment act of 2009, Public Law~~
20 ~~111-5. These funds shall be distributed in a form and manner~~
21 ~~determined by the department based on an equal dollar amount per~~
22 ~~the number of membership pupils used to calculate the final state~~
23 ~~aid payment of the immediately preceding fiscal year and shall be~~
24 ~~expended in a manner prescribed by federal law.~~

25 (2) ~~(3)~~ Subject to subsection ~~(4)~~ (3) and section ~~11, 296~~, the
26 allocation to a district under this section shall be an amount
27 equal to the sum of the amounts calculated under sections 20,

1 51a(2), 51a(3), and ~~51a(12)~~, **51A(11)**, minus the sum of the
2 allocations to the district under sections 22a and 51c.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 **SEC. 22H. (1) FROM THE STATE SCHOOL AID FUND MONEY**
16 **APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2011-2012 ONLY**
17 **AN AMOUNT NOT TO EXCEED \$4,000,000.00 FOR DISTRESSED DISTRICT**
18 **STUDENT TRANSITION GRANTS UNDER THIS SECTION. THE DEPARTMENT SHALL**
19 **PAY THESE GRANTS TO DISTRICTS THAT QUALIFY UNDER SUBSECTION (2) OR**
20 **A DISTRICT OR INTERMEDIATE DISTRICT THAT QUALIFIES UNDER SUBSECTION**
21 **(3). THE AMOUNT OF A DISTRESSED DISTRICT STUDENT TRANSITION GRANT**
22 **IS AN AMOUNT EQUAL TO \$4,000.00 PER QUALIFYING PUPIL, ADJUSTED BY**
23 **THE PUPIL'S FULL-TIME EQUATED STATUS AS AFFECTED BY THE MEMBERSHIP**
24 **DEFINITION UNDER SECTION 6(4).**

25 **(2) A DISTRICT QUALIFIES FOR A DISTRESSED DISTRICT STUDENT**
26 **TRANSITION GRANT UNDER THIS SUBSECTION IF THE DISTRICT ENROLLS 1 OR**
27 **MORE QUALIFYING PUPILS IN THE DISTRICT. ALL OF THE FOLLOWING APPLY**

1 TO A GRANT TO A DISTRICT THAT QUALIFIES UNDER THIS SUBSECTION:

2 (A) IN ORDER TO BE ELIGIBLE FOR A GRANT, THE DISTRICT SHALL
3 ALLOW ENROLLMENT OF QUALIFYING PUPILS IN THE DISTRICT BEGINNING BY
4 NOT LATER THAN MARCH 5, 2012.

5 (B) THE TOTAL AMOUNT OF THE DISTRICT'S GRANT IS THE PER PUPIL
6 AMOUNT DESCRIBED IN SUBSECTION (1) MULTIPLIED BY THE NUMBER OF
7 FULL-TIME EQUATED QUALIFYING PUPILS WHO ARE ACTUALLY ENROLLED AND
8 IN REGULAR DAILY ATTENDANCE IN THE DISTRICT IN GRADES K TO 12 ON
9 MARCH 22, 2012, AS REPORTED TO THE CENTER FOR EDUCATIONAL
10 PERFORMANCE AND INFORMATION BY NOT LATER THAN MAY 2, 2012. ALL
11 PUPIL COUNTS USED IN THIS SUBSECTION ARE AS DETERMINED BY THE
12 DEPARTMENT AND CALCULATED BY ADDING THE NUMBER OF PUPILS REGISTERED
13 FOR ATTENDANCE AS DEFINED BY RULES PROMULGATED BY THE
14 SUPERINTENDENT, AND AS CORRECTED BY A SUBSEQUENT DEPARTMENT AUDIT.

15 (C) THE DISTRICT IS NOT REQUIRED TO HAVE THE APPROVAL OF THE
16 DISTRESSED DISTRICT TO ENROLL A QUALIFYING PUPIL AND RECEIVE A
17 GRANT FOR THE PUPIL UNDER THIS SUBSECTION.

18 (D) THE DISTRICT OFFERING TO ENROLL QUALIFYING PUPILS UNDER
19 THIS SUBSECTION MAY LIMIT THE NUMBER OF QUALIFYING PUPILS IT
20 ACCEPTS IN A GRADE, SCHOOL, OR PROGRAM, AT ITS DISCRETION, AND MAY
21 USE THAT LIMIT AS THE REASON FOR REFUSAL TO ENROLL A QUALIFYING
22 PUPIL.

23 (E) A QUALIFYING PUPIL SHALL NOT BE GRANTED OR REFUSED
24 ENROLLMENT BASED ON INTELLECTUAL, ACADEMIC, ARTISTIC, OR OTHER
25 ABILITY, TALENT, OR ACCOMPLISHMENT, OR LACK THEREOF, OR BASED ON A
26 MENTAL OR PHYSICAL DISABILITY, EXCEPT THAT A DISTRICT MAY REFUSE TO
27 ADMIT A QUALIFYING PUPIL IF THE APPLICANT DOES NOT MEET THE SAME

1 CRITERIA, OTHER THAN RESIDENCE, THAT AN APPLICANT WHO IS A RESIDENT
2 OF THE DISTRICT MUST MEET TO BE ACCEPTED FOR ENROLLMENT IN A GRADE
3 OR A SPECIALIZED, MAGNET, OR INTRADISTRICT CHOICE SCHOOL OR PROGRAM
4 TO WHICH THE APPLICANT APPLIES.

5 (F) A QUALIFYING PUPIL SHALL NOT BE GRANTED OR REFUSED
6 ENROLLMENT BASED ON AGE, EXCEPT THAT A DISTRICT MAY REFUSE TO ADMIT
7 A QUALIFYING PUPIL APPLYING FOR A PROGRAM THAT IS NOT APPROPRIATE
8 FOR THE AGE OF THE APPLICANT.

9 (G) A QUALIFYING PUPIL SHALL NOT BE GRANTED OR REFUSED
10 ENROLLMENT BASED UPON RELIGION, RACE, COLOR, NATIONAL ORIGIN, SEX,
11 HEIGHT, WEIGHT, MARITAL STATUS, OR ATHLETIC ABILITY, OR, GENERALLY,
12 IN VIOLATION OF ANY STATE OR FEDERAL LAW PROHIBITING
13 DISCRIMINATION.

14 (H) A DISTRICT MAY REFUSE TO ENROLL A QUALIFYING PUPIL IF ANY
15 OF THE FOLLOWING ARE MET:

16 (i) THE QUALIFYING PUPIL IS, OR HAS BEEN WITHIN THE PRECEDING 2
17 YEARS, SUSPENDED FROM ANOTHER SCHOOL.

18 (ii) THE QUALIFYING PUPIL, AT ANY TIME BEFORE ENROLLING UNDER
19 THIS SECTION, HAS BEEN EXPELLED FROM ANOTHER SCHOOL.

20 (iii) THE QUALIFYING PUPIL, AT ANY TIME BEFORE ENROLLING UNDER
21 THIS SECTION, HAS BEEN CONVICTED OF A FELONY.

22 (3) A DISTRICT OR INTERMEDIATE DISTRICT QUALIFIES FOR A
23 DISTRESSED DISTRICT STUDENT TRANSITION GRANT UNDER THIS SUBSECTION
24 IF THE DISTRICT OR INTERMEDIATE DISTRICT IS A PARTY TO A MEMORANDUM
25 OF AGREEMENT WITH A DISTRESSED DISTRICT THAT HAS AN EMERGENCY
26 MANAGER APPOINTED FOR THE DISTRESSED DISTRICT UNDER THE LOCAL
27 GOVERNMENT AND SCHOOL DISTRICT FISCAL ACCOUNTABILITY ACT, 2011 PA

1 4, MCL 141.1501 TO 141.1531, AND THE MEMORANDUM OF AGREEMENT MAKES
2 THE OTHER DISTRICT OR INTERMEDIATE DISTRICT THE MANAGING DISTRICT
3 FOR THE DISTRESSED DISTRICT AND MEETS THE OTHER REQUIREMENTS UNDER
4 THIS SUBSECTION. ALL OF THE FOLLOWING APPLY TO A GRANT UNDER THIS
5 SUBSECTION:

6 (A) THE MEMORANDUM OF AGREEMENT MUST MEET ALL OF THE FOLLOWING
7 REQUIREMENTS:

8 (i) TRANSFERS THE FUNCTIONS OF MANAGING THE DISTRESSED DISTRICT
9 TO THE MANAGING DISTRICT AND SPECIFIES THE POWERS, DUTIES, RIGHTS,
10 OBLIGATIONS, FUNCTIONS, AND RESPONSIBILITIES THAT ARE TRANSFERRED
11 TO THE MANAGING DISTRICT AND THE SERVICES TO BE PROVIDED BY THE
12 MANAGING DISTRICT.

13 (ii) ENSURES PAYMENT FOR THE PERSONNEL OF THE DISTRESSED
14 DISTRICT AS NECESSARY FOR THE EDUCATION OF THE PUPILS WHO ARE
15 COUNTED IN THE DISTRESSED DISTRICT UNDER SUBDIVISION (B) FOR THE
16 REMAINDER OF THE 2011-2012 SCHOOL YEAR.

17 (iii) BOTH THE IDENTITY OF THE MANAGING DISTRICT AND THE CONTENT
18 OF THE MEMORANDUM OF AGREEMENT ARE APPROVED BY THE STATE TREASURER.

19 (iv) IF THE MEMORANDUM OF AGREEMENT MAKES AN INTERMEDIATE
20 DISTRICT THE MANAGING DISTRICT FOR THE DISTRESSED DISTRICT, THE
21 DISTRESSED DISTRICT IS LOCATED WITHIN THAT INTERMEDIATE DISTRICT.

22 (B) THE TOTAL AMOUNT OF THE MANAGING DISTRICT'S GRANT UNDER
23 THIS SUBSECTION IS THE PER PUPIL AMOUNT DESCRIBED IN SUBSECTION (1)
24 MULTIPLIED BY THE NUMBER OF FULL-TIME EQUATED QUALIFYING PUPILS WHO
25 REMAIN ENROLLED IN THE DISTRESSED DISTRICT AND WHO ARE ACTUALLY
26 ENROLLED AND IN REGULAR DAILY ATTENDANCE IN THE DISTRESSED DISTRICT
27 IN GRADES K TO 12 ON MARCH 22, 2012, AS REPORTED BY THE MANAGING

1 DISTRICT TO THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION
2 BY NOT LATER THAN MAY 2, 2012. ALL PUPIL COUNTS USED IN THIS
3 SUBSECTION ARE AS DETERMINED BY THE DEPARTMENT AND CALCULATED BY
4 ADDING THE NUMBER OF PUPILS REGISTERED FOR ATTENDANCE AS DEFINED BY
5 RULES PROMULGATED BY THE SUPERINTENDENT, AND AS CORRECTED BY A
6 SUBSEQUENT DEPARTMENT AUDIT.

7 (4) NOTWITHSTANDING SECTION 17B, GRANT PAYMENTS UNDER THIS
8 SECTION SHALL BE PAID ON A SCHEDULE AND IN A MANNER DETERMINED BY
9 THE DEPARTMENT.

10 (5) AS USED IN THIS SECTION:

11 (A) "DISTRESSED DISTRICT" MEANS A DISTRICT THAT MEETS ALL OF
12 THE FOLLOWING:

13 (i) IS LOCATED IN A COUNTY WITH A POPULATION IN EXCESS OF
14 800,000 AS OF THE MOST RECENT DECENNIAL CENSUS.

15 (ii) HAS RECEIVED A DEFERRED ADJUSTMENT UNDER SECTION 15(2).

16 (iii) LEVIES A SINKING FUND TAX UNDER SECTION 1212 OF THE
17 REVISED SCHOOL CODE, MCL 380.1212, OF MORE THAN 4.5 MILLS.

18 (B) "QUALIFYING PUPIL" MEANS A PUPIL WHO WAS COUNTED IN
19 MEMBERSHIP IN A DISTRESSED DISTRICT ON THE 2012 SUPPLEMENTAL COUNT
20 DAY.

21 Sec. 24a. From the appropriation in section 11, there is
22 allocated an amount not to exceed ~~\$1,197,500.00~~ \$2,114,800.00 for
23 2011-2012 for payments to intermediate districts for pupils who are
24 placed in juvenile justice service facilities operated by the
25 department of human services. Each intermediate district shall
26 receive an amount equal to the state share of those costs that are
27 clearly and directly attributable to the educational programs for

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

14 Sec. 24c. From the appropriation in section 11, there is
15 allocated an amount not to exceed ~~\$742,300.00~~ **\$765,600.00** for 2011-
16 2012 for payments to districts for pupils who are enrolled in a
17 nationally administered community-based education and youth
18 mentoring program, known as the youth challenge program, that is
19 located within the district and is administered by the department
20 of military and veterans affairs. Both of the following apply to a
21 district receiving payments under this section:

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

26 (b) The district may retain for its administrative expenses an
27 amount not to exceed 3% of the amount of the payment the district

1 receives under this section.

2 Sec. 26b. (1) From the appropriation in section 11, there is
3 allocated for 2011-2012 an amount not to exceed ~~\$2,890,000.00~~
4 **\$1,838,000.00** for payments to districts, intermediate districts,
5 and community college districts for the portion of the payment in
6 lieu of taxes obligation that is attributable to districts,
7 intermediate districts, and community college districts pursuant to
8 section 2154 of the natural resources and environmental protection
9 act, 1994 PA 451, MCL 324.2154.

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

14 **SEC. 32G. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN**
15 **SECTION 11, THERE IS ALLOCATED FOR 2011-2012 ONLY AN AMOUNT NOT TO**
16 **EXCEED \$12,500,000.00 FOR THE PURPOSES DESCRIBED IN THIS SECTION.**

17 **(2) FROM THE MONEY ALLOCATED UNDER SUBSECTION (1), AN AMOUNT**
18 **NOT TO EXCEED \$3,250,000.00 FOR 2011-2012 IS ALLOCATED TO THE**
19 **DEPARTMENT FOR THE IMPLEMENTATION OF A KINDERGARTEN ENTRY STATUS**
20 **ASSESSMENT. FUNDS ALLOCATED UNDER THIS SUBSECTION SHALL BE USED FOR**
21 **THE FOLLOWING PURPOSES:**

22 **(A) PROFESSIONAL DEVELOPMENT FOR TRAINERS, SCHOOLS, AND**
23 **KINDERGARTEN TEACHERS.**

24 **(B) PURCHASING THE LICENSE FOR THE ASSESSMENT TOOL AND THE**
25 **ONLINE SYSTEM FOR ENTERING ASSESSMENT FINDINGS, AND OTHER**
26 **INTEGRATION COSTS WITH THE EXISTING P-20 LONGITUDINAL DATA SYSTEM.**

27 **(C) OUTREACH AND EDUCATION FOR PARENTS AND FAMILIES.**

1 (D) PROJECT IMPLEMENTATION AND MANAGEMENT.

2 (3) FROM THE MONEY ALLOCATED UNDER SUBSECTION (1), AN AMOUNT
3 NOT TO EXCEED \$9,250,000.00 FOR 2011-2012 IS ALLOCATED TO THE
4 DEPARTMENT FOR THE PROVISION OF SERVICES TO EARLY CHILDHOOD
5 PROVIDERS IN MEETING ADDITIONAL CRITERIA TO STRIVE FOR HIGHER
6 QUALITY RATINGS UNDER THE OFFICE OF GREAT START TIERED QUALITY
7 RATING AND IMPROVEMENT SYSTEM. FUNDS ALLOCATED UNDER THIS
8 SUBSECTION SHALL BE USED FOR THE FOLLOWING PURPOSES:

9 (A) HIRING AND TRAINING OF RATERS AND QUALITY IMPROVEMENT
10 SPECIALISTS.

11 (B) ALIGNMENT OF STATE LICENSING, MICHIGAN EARLY LEARNING
12 STANDARDS, AND THE STATE PROFESSIONAL REGISTRY.

13 (C) COMPREHENSIVE ASSESSMENT OF SETTINGS ACROSS MULTIPLE
14 QUALITY INDICATORS, INCLUDING EARLY CHILDHOOD EDUCATOR
15 QUALIFICATIONS, QUALITY IMPROVEMENT PLANNING, AND SUPPORT, FOR AT
16 LEAST 1/3 OF EARLY LEARNING SETTINGS.

17 (D) PURCHASE OF EDUCATIONAL RATING TOOLS.

18 (E) CREATION OF A DATA SYSTEM TRACKING THE SUPPLY OF HIGH-
19 QUALITY EARLY LEARNING SETTINGS THAT LINKS HIGH-NEED CHILDREN WITH
20 QUALITY SETTINGS.

21 (F) FAMILY AND PARENT EDUCATION.

22 (G) EVALUATION.

23 (H) QUALITY IMPROVEMENT FUNDS.

24 (4) NOT LATER THAN JUNE 1, 2013, THE DEPARTMENT SHALL REPORT
25 TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON STATE
26 SCHOOL AID THE STATUS OF IMPLEMENTING THE KINDERGARTEN ASSESSMENT
27 TOOL DESCRIBED UNDER SUBSECTION (2) AND THE EFFORTS TO IMPROVE

1 QUALITY RATINGS OF EARLY CHILDHOOD PROVIDERS DESCRIBED UNDER
2 SUBSECTION (3). IN ADDITION, THE DEPARTMENT SHALL REPORT ON ITS
3 PLANNED ACTIVITIES FOR STATEWIDE IMPLEMENTATION AND QUALITY
4 IMPROVEMENT FOR THE NEXT FISCAL YEAR.

5 (5) THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT
6 APPROPRIATION, AND THE FUNDS ARE CARRIED FORWARD INTO THE FOLLOWING
7 FISCAL YEAR. THE PURPOSE OF THE WORK PROJECT IS TO CONTINUE TO
8 IMPLEMENT AND EXPAND THE PROJECTS DESCRIBED UNDER SUBSECTIONS (2)
9 AND (3). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS
10 SEPTEMBER 30, 2015.

11 Sec. 51a. (1) From the appropriation in section 11, ~~there is~~
12 ~~allocated for 2010-2011 an amount not to exceed \$909,087,100.00 and~~
13 there is allocated for 2011-2012 an amount not to exceed
14 ~~\$977,469,100.00~~ **\$954,769,100.00** from state sources and all
15 available federal funding under sections 611 to 619 of part B of
16 the individuals with disabilities education act, 20 USC 1411 to
17 1419, ~~estimated at \$385,700,000.00 for 2010-2011, and estimated at~~
18 \$363,400,000.00 for 2011-2012, plus any carryover federal funds
19 from previous year appropriations. The allocations under this
20 subsection are for the purpose of reimbursing districts and
21 intermediate districts for special education programs, services,
22 and special education personnel as prescribed in article 3 of the
23 revised school code, MCL 380.1701 to 380.1766; net tuition payments
24 made by intermediate districts to the Michigan schools for the deaf
25 and blind; and special education programs and services for pupils
26 who are eligible for special education programs and services
27 according to statute or rule. For meeting the costs of special

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

17 (2) From the funds allocated under subsection (1), there is
18 allocated ~~each fiscal year the amount necessary, estimated at~~
19 ~~\$233,199,100.00 for 2010-2011 and estimated at \$245,500,000.00~~
20 **\$247,000,000.00** for 2011-2012, for payments toward reimbursing
21 districts and intermediate districts for 28.6138% of total approved
22 costs of special education, excluding costs reimbursed under
23 section 53a, and 70.4165% of total approved costs of special
24 education transportation. Allocations under this subsection shall
25 be made as follows:

26 (a) The initial amount allocated to a district under this
27 subsection toward fulfilling the specified percentages shall be

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

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

21 ~~(3) From the funds allocated under subsection (1), there is~~
22 ~~allocated for 2010-2011 only the amount necessary, estimated at~~
23 ~~\$1,734,000.00 for 2010-2011, to make payments to districts and~~
24 ~~intermediate districts under this subsection. From the funds~~
25 allocated under subsection (1), there is allocated for 2011-2012 an
26 amount not to exceed \$1,000,000.00 to make payments to districts
27 and intermediate districts under this subsection. If the amount

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

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

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

8 (5) State funds shall be allocated on a total approved cost
9 basis. Federal funds shall be allocated under applicable federal
10 requirements, except that an amount not to exceed \$3,500,000.00 may
11 be allocated by the department ~~each fiscal year for 2010-2011 and~~
12 for 2011-2012 to districts, intermediate districts, or other
13 eligible entities on a competitive grant basis for programs,
14 equipment, and services that the department determines to be
15 designed to benefit or improve special education on a statewide
16 scale.

17 (6) From the amount allocated in subsection (1), there is
18 allocated an amount not to exceed ~~\$1,700,000.00 for 2010-2011 and~~
19 ~~an amount not to exceed \$2,200,000.00~~ for 2011-2012 to reimburse
20 100% of the net increase in necessary costs incurred by a district
21 or intermediate district in implementing the revisions in the
22 administrative rules for special education that became effective on
23 July 1, 1987. As used in this subsection, "net increase in
24 necessary costs" means the necessary additional costs incurred
25 solely because of new or revised requirements in the administrative
26 rules minus cost savings permitted in implementing the revised
27 rules. Net increase in necessary costs shall be determined in a

1 manner specified by the department.

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

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

25 (b) Beginning with the 2004-2005 fiscal year, a district or
26 intermediate district that employed special education support
27 services staff to provide special education support services in

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

12 (c) If the department determines before bookclosing for a
13 fiscal year that the amounts allocated for that fiscal year under
14 subsections (2), (3), (6), ~~(8)~~, and ~~(12)~~ **(11)** and sections 53a, 54,
15 and 56 will exceed expenditures for that fiscal year under
16 subsections (2), (3), (6), ~~(8)~~, and ~~(12)~~ **(11)** and sections 53a, 54,
17 and 56, then for a district or intermediate district whose
18 reimbursement for that fiscal year would otherwise be affected by
19 subdivision (b), subdivision (b) does not apply to the calculation
20 of the reimbursement for that district or intermediate district and
21 reimbursement for that district or intermediate district shall be
22 calculated in the same manner as it was for 2003-2004. If the
23 amount of the excess allocations under subsections (2), (3), (6),
24 ~~(8)~~, and ~~(12)~~ **(11)** and sections 53a, 54, and 56 is not sufficient
25 to fully fund the calculation of reimbursement to those districts
26 and intermediate districts under this subdivision, then the
27 calculations and resulting reimbursement under this subdivision

1 shall be prorated on an equal percentage basis.

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

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

1 ~~(8) From the allocation in subsection (1), there is allocated~~
2 ~~for 2010-2011 only an amount not to exceed \$15,313,900.00 to~~
3 ~~intermediate districts. The payment under this subsection to each~~
4 ~~intermediate district shall be equal to the amount of the 1996-97~~
5 ~~allocation to the intermediate district under subsection (6) of~~
6 ~~this section as in effect for 1996-97.~~

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

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

18 (10) ~~(11)~~If a district or intermediate district uses money
19 received under this section for a purpose other than the purpose or
20 purposes for which the money is allocated, the department may
21 require the district or intermediate district to refund the amount
22 of money received. Money that is refunded shall be deposited in the
23 state treasury to the credit of the state school aid fund.

24 (11) ~~(12)~~From the funds allocated in subsection (1), there is
25 allocated ~~each fiscal year~~ the amount necessary, estimated at
26 \$5,000,000.00 for 2010-2011, ~~and estimated at \$6,800,000.00 for~~
27 2011-2012, to pay the foundation allowances for pupils described in

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

16 (a) Pupils described in section 53a.

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

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

24 **(12)** ~~(13)~~—If it is determined that funds allocated under
25 subsection (2) or ~~(12)~~ **(11)** or under section 51c will not be
26 expended, funds up to the amount necessary and available may be
27 used to supplement the allocations under subsection (2) or ~~(12)~~

1 (11) or under section 51c in order to fully fund those allocations.
2 After payments under subsections (2) and ~~(12)~~—(11) and section 51c,
3 the remaining expenditures from the allocation in subsection (1)
4 shall be made in the following order:

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

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

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

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

9 ~~(e) 100% of the payment required under subsection (8).~~

10 (E) ~~(f)~~—100% of the payments under section 56.

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

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

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

5 Sec. 51c. As required by the court in the consolidated cases
6 known as Durant v State of Michigan, Michigan supreme court docket
7 no. 104458-104492, from the allocation under section 51a(1), there
8 is allocated ~~each fiscal year for 2010-2011 and for 2011-2012 the~~
9 amount necessary, estimated at ~~\$601,271,000.00 for 2010-2011 and~~
10 ~~estimated at \$669,900,000.00~~ **\$647,500,000.00** for 2011-2012, for
11 payments to reimburse districts for 28.6138% of total approved
12 costs of special education excluding costs reimbursed under section
13 53a, and 70.4165% of total approved costs of special education
14 transportation. Funds allocated under this section that are not
15 expended in the state fiscal year for which they were allocated, as
16 determined by the department, may be used to supplement the
17 allocations under sections 22a and 22b in order to fully fund those
18 calculated allocations for the same fiscal year.

19 Sec. 74. (1) From the amount appropriated in section 11, there
20 is allocated an amount not to exceed ~~\$2,558,800.00 for 2010-2011~~
21 ~~and an amount not to exceed \$3,154,600.00~~ **\$3,233,900.00** for 2011-
22 2012 for the purposes of this section.

23 (2) From the allocation in subsection (1), there is allocated
24 for each fiscal year the amount necessary for payments to state
25 supported colleges or universities and intermediate districts
26 providing school bus driver safety instruction pursuant to section
27 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The

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

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

18 (4) From the funds allocated in subsection (1), there is
19 allocated an amount not to exceed ~~\$933,800.00 for 2010-2011 and an~~
20 ~~amount not to exceed \$1,529,600.00~~ **\$1,608,900.00** for 2011-2012 for
21 reimbursement to districts and intermediate districts for costs
22 associated with the inspection of school buses and pupil
23 transportation vehicles by the department of state police as
24 required under section 715a of the Michigan vehicle code, 1949 PA
25 300, MCL 257.715a, and section 39 of the pupil transportation act,
26 1990 PA 187, MCL 257.1839. The department of state police shall
27 prepare a statement of costs attributable to each district for

1 which bus inspections are provided and submit it to the department
2 and to each affected district in a time and manner determined
3 jointly by the department and the department of state police. The
4 department shall reimburse each district and intermediate district
5 for costs detailed on the statement within 30 days after receipt of
6 the statement. Districts for which services are provided shall make
7 payment in the amount specified on the statement to the department
8 of state police within 45 days after receipt of the statement. The
9 total reimbursement of costs under this subsection shall not exceed
10 the amount allocated under this subsection. Notwithstanding section
11 17b, payments to eligible entities under this subsection shall be
12 paid on a schedule prescribed by the department.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 state reporting requirements.

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

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

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

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

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

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

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

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

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

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

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

1 all of the following:

2 (A) Enrollment in remedial coursework.

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

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

8 (5) From the general fund appropriation in section 11, there
9 is allocated an amount not to exceed ~~\$5,501,700.00~~ **\$5,768,700.00**
10 for 2011-2012 to the department of technology, management, and
11 budget to support the operations of the center. In addition, from
12 the federal funds appropriated in section 11 there is allocated for
13 2011-2012 the amount necessary, estimated at \$2,893,200.00, to
14 support the operations of the center and to establish a
15 longitudinal data system as provided under this section in
16 compliance with the assurance provided to the United States
17 department of education in order to receive state fiscal
18 stabilization funds. The center shall cooperate with the state
19 education agency to ensure that this state is in compliance with
20 federal law and is maximizing opportunities for increased federal
21 funding to improve education in this state.

22 (6) From the federal funds allocated in subsection (5), there
23 is allocated for 2011-2012 an amount not to exceed \$850,000.00
24 funded from the competitive grants of DED-OESE, title II,
25 educational technology funds for the purposes of this subsection.
26 Not later than November 30 of each fiscal year, the department
27 shall award a single grant to an eligible partnership that includes

1 an intermediate district with at least 1 high-need local school
2 district and the center.

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

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

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

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

25 (11) As used in this section:

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

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

5 (c) "State education agency" means the department.

6 Sec. 104. (1) In order to receive state aid under this
7 article, a district shall comply with sections 1249, 1278a, 1278b,
8 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
9 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
10 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
11 the state school aid fund money appropriated in section 11, there
12 is allocated for 2011-2012 an amount not to exceed \$35,194,400.00
13 for payments on behalf of districts for costs associated with
14 complying with those provisions of law. In addition, from the
15 federal funds appropriated in section 11, there is allocated for
16 2011-2012 an amount estimated at \$8,250,000.00, funded from **DED-**
17 **OESE, TITLE VI, STATE ASSESSMENT FUNDS**, DED-OSERS, section 504 of
18 part B of the individuals with disabilities education act, Public
19 Law 94-142, plus any carryover federal funds from previous year
20 appropriations, for the purposes of complying with the federal no
21 child left behind act of 2001, Public Law 107-110.

22 (2) The results of each test administered as part of the
23 Michigan educational assessment program, including tests
24 administered to high school students, shall include an item
25 analysis that lists all items that are counted for individual pupil
26 scores and the percentage of pupils choosing each possible
27 response.

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

5 (4) Notwithstanding section 17b, payments on behalf of
6 districts, intermediate districts, and other eligible entities
7 under this section shall be paid on a schedule determined by the
8 department.

9 (5) As used in this section:

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

11 **(B) "DED-OESE" MEANS THE DED OFFICE OF ELEMENTARY AND**
12 **SECONDARY EDUCATION.**

13 (C) ~~(b)~~"DED-OSERS" means the DED office of special education
14 and rehabilitative services.

15 Enacting section 1. In accordance with section 30 of article
16 IX of the state constitution of 1963, total state spending on
17 school aid under article I of the state school aid act of 1979,
18 1979 PA 94, MCL 388.1601 to 388.1772, in this amendatory act, in
19 2011 PA 299, and in 2011 PA 62 from state sources for fiscal year
20 2011-2012 is estimated at \$11,085,976,000.00 and state
21 appropriations to be paid to local units of government for fiscal
22 year 2011-2012 are estimated at \$10,963,019,500.00.