

HOUSE BILL No. 5372

February 27, 2014, Introduced by Rep. Haveman and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 8b, 11, 11a, 11g, 11j, 11k, 11m, 12, 15,
17a, 18, 19, 20, 20d, 20f, 20g, 21f, 22a, 22b, 22d, 22f, 22g, 22i,
22j, 24, 24a, 24c, 25e, 26a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39,
39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99,
99h, 101, 102, 104, 104b, 107, 147, 147b, 147c, 152a, 161, 163,
168, 201, 201a, 202a, 206, 209, 210, 213, 222, 224, 225, 229, 229a,
230, 236, 236a, 236b, 236c, 241, 242, 245, 252, 256, 263, 263a,
264, 265, 265a, 267, 268, 269, 270, 272a, 275, 276, 277, 278, 279,
280, 281, 282, 283, 284, 286, and 296 (MCL 388.1606, 388.1608b,
388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m,

388.1612, 388.1615, 388.1617a, 388.1618, 388.1619, 388.1620, 388.1620d, 388.1620f, 388.1620g, 388.1621f, 388.1622a, 388.1622b, 388.1622d, 388.1622f, 388.1622g, 388.1622i, 388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1625e, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1698, 388.1699, 388.1699h, 388.1701, 388.1702, 388.1704, 388.1704b, 388.1707, 388.1747, 388.1747b, 388.1747c, 388.1752a, 388.1761, 388.1763, 388.1768, 388.1801, 388.1801a, 388.1802a, 388.1806, 388.1809, 388.1810, 388.1813, 388.1822, 388.1824, 388.1825, 388.1829, 388.1829a, 388.1830, 388.1836, 388.1836a, 388.1836b, 388.1836c, 388.1841, 388.1842, 388.1845, 388.1852, 388.1856, 388.1863, 388.1863a, 388.1864, 388.1865, 388.1865a, 388.1867, 388.1868, 388.1869, 388.1870, 388.1872a, 388.1875, 388.1876, 388.1877, 388.1878, 388.1879, 388.1880, 388.1881, 388.1882, 388.1883, 388.1884, 388.1886, and 388.1896), sections 6, 20, 21f, 24c, 25e, 26a, 74, 104b, and 107 as amended by 2013 PA 130, section 8b as amended by 2007 PA 92, sections 11, 11g, 17a, and 22a as amended and section 20g as added by 2013 PA 97, sections 11a, 11j, 11k, 11m, 12, 15, 18, 19, 20d, 22b, 22d, 22f, 22g, 22i, 22j, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 81, 94a, 98, 99, 101, 102, 104, 147, 147b, 147c, 152a, 201, 201a, 206, 209, 210, 224, 225, 229, 229a, 230, 236, 236a, 236b, 241, 245, 252, 263, 263a, 264, 265, 265a, 267, 268, 269, 270, 275, 276, 277, 278, 279, 280, 281, and 282 as amended and sections 20f, 99h, 236c, and 272a as added

by 2013 PA 60, section 161 as amended by 1990 PA 207, section 163 as amended by 2007 PA 137, section 168 as added by 1993 PA 175, sections 213, 222, 242, 256, 283, 284, and 286 as amended and section 202a as added by 2012 PA 201, and section 296 as added by 2011 PA 62, and by adding sections 11r, 31b, 64b, 64c, 94, 95a, 102a, 207a, 207b, 230a, 298, 298a, 298b, and 298c; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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ARTICLE I

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

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

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

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

1 section 20. In making the calculation of membership, all of the following, as
2 applicable, apply to determining the membership of a district, a public school
3 academy, the education achievement system, or an intermediate district:

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

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

16 (c) A special education pupil educated by the intermediate district shall be
17 counted in membership in the intermediate district.

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

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

25 (f) A pupil enrolled in a career and technical education program supported by a
26 millage levied over an area larger than a single district or in an area vocational-
27 technical education program established pursuant to section 690 of the revised school

1 code, MCL 380.690, shall be counted only in the pupil's district of residence.

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

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

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

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

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

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

1 supplemental count day any pupils who are counted in the public school academy on that
2 first pupil membership count day who were also counted in the district on the
3 immediately preceding supplemental count day.

4 (k) In a district, a public school academy, the education achievement system,
5 or an intermediate district operating an extended school year program approved by the
6 superintendent, a pupil enrolled, but not scheduled to be in regular daily attendance
7 on a pupil membership count day, shall be counted.

8 (l) To be counted in membership, a pupil shall meet the minimum age requirement
9 to be eligible to attend school under section 1147 of the revised school code, MCL
10 380.1147, or shall be enrolled under subsection (3) of that section, and shall be less
11 than 20 years of age on September 1 of the school year except as follows:

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

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

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

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

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

23 (iii) If a child does not meet the minimum age requirement to be eligible to
24 attend school for that school year under section 1147 of the revised school code, MCL
25 380.1147, but will be 5 years of age not later than December 1 of that school year,
26 the district may count the child in membership for that school year if the parent or
27 legal guardian has notified the district in writing that he or she intends to enroll

1 the child in kindergarten for that school year.

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

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

21 (i) If the public school academy or the education achievement system provides
22 instruction for at least 1/2 of the class hours specified in subdivision (q), the
23 public school academy or the education achievement system shall receive as its
24 prorated share of the full-time equated membership for each of those pupils an amount
25 equal to 1 times the product of the hours of instruction the public school academy or
26 the education achievement system provides divided by the number of hours specified in
27 subdivision (q) for full-time equivalency, and the remainder of the full-time

1 membership for each of those pupils shall be allocated to the district or intermediate
2 district providing the remainder of the hours of instruction.

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

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

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

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

24 (r) Beginning in 2012-2013, full-time equated memberships for pupils in
25 kindergarten shall be determined by dividing the number of instructional hours
26 scheduled and provided per year per kindergarten pupil by the same number used for
27 determining full-time equated memberships for pupils in grades 1 to 12. However, to

1 the extent allowable under federal law, for a district or public school academy that
2 provides evidence satisfactory to the department that it used federal title I money in
3 the 2 immediately preceding school fiscal years to fund full-time kindergarten, full-
4 time equated memberships for pupils in kindergarten shall be determined by dividing
5 the number of class hours scheduled and provided per year per kindergarten pupil by a
6 number equal to $1/2$ the number used for determining full-time equated memberships for
7 pupils in grades 1 to 12. The change in the counting of full-time equated memberships
8 for pupils in kindergarten that took effect for 2012-2013 is not a mandate.

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

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

24 (u) If, as a result of a disciplinary action, a district determines through the
25 district's alternative or disciplinary education program that the best instructional
26 placement for a pupil is in the pupil's home or otherwise apart from the general
27 school population, if that placement is authorized in writing by the district

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

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

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

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

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

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

22 (v) ~~(w)~~ If a pupil was enrolled in a public school academy on the pupil
23 membership count day, if the public school academy's contract with its authorizing
24 body is revoked or the public school academy otherwise ceases to operate, and if the
25 pupil enrolls in a district or the education achievement system within 45 days after
26 the pupil membership count day, the department shall adjust the district's or the
27 education achievement system's pupil count for the pupil membership count day to

1 include the pupil in the count.

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

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

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

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

1 ~~(z) If a public school academy that is not in its first or second year of~~
2 ~~operation closes at the end of a school year and does not reopen for the next school~~
3 ~~year, the department shall adjust the membership count of the district or the~~
4 ~~education achievement system in which a former pupil of the public school academy~~
5 ~~enrolls and is in regular daily attendance for the next school year to ensure that the~~
6 ~~district or the education achievement system receives the same amount of membership~~
7 ~~aid for the pupil as if the pupil were counted in the district or the education~~
8 ~~achievement system on the supplemental count day of the preceding school year.~~

9 (Y) ~~(aa)~~ Full-time equated memberships for special education pupils who are not
10 enrolled in kindergarten but are enrolled in a classroom program under R 340.1754 of
11 the Michigan administrative code shall be determined by dividing the number of class
12 hours scheduled and provided per year by 450. Full-time equated memberships for
13 special education pupils who are not enrolled in kindergarten but are receiving early
14 childhood special education services under R 340.1755 or 340.1862 of the Michigan
15 administrative code shall be determined by dividing the number of hours of service
16 scheduled and provided per year per pupil by 180.

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

21 (AA) ~~(ee)~~ For the first year in which a pupil is counted in membership on the
22 pupil membership count day in a middle college program, the membership is the average
23 of the full-time equated membership on the pupil membership count day and on the
24 supplemental count day for the current school year, as determined by the department.
25 ~~If a pupil was counted by the operating district on the immediately preceding~~
26 ~~supplemental count day, the pupil shall be excluded from the district's immediately~~
27 ~~preceding supplemental count for purposes of determining the district's membership.~~

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

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

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

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

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

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

27 (6) "Pupil" means a person in membership in a public school. A district must

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

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

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

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

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

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

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

27 (i) "At school" means in a classroom, elsewhere on school premises, on a school

1 bus or other school-related vehicle, or at a school-sponsored activity or event
2 whether or not it is held on school premises.

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

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

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

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

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

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

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

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

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

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

1 or legal ward.

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

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

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

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

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

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

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

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

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

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

3 (i) Fourth Wednesday in July.

4 (ii) First Wednesday in October.

5 (iii) Second Wednesday in February.

6 (iv) Fourth Wednesday in April.

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

1 membership due to an absence from a class shall be counted as a prorated membership
2 for the classes the pupil attended. For purposes of this subsection, "class" means a
3 period of time in 1 day when pupils and a certificated teacher or legally qualified
4 substitute teacher are together and instruction is taking place.

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

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

8 (11) "School district of the first class", "first class school district", and
9 "district of the first class" mean a district that had at least ~~60,000~~ 45,000 pupils
10 in membership for the immediately preceding fiscal year.

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

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

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

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

19 (16) "Tuition pupil" means a pupil of school age attending school in a district
20 other than the pupil's district of residence for whom tuition may be charged to the
21 district of residence. Tuition pupil does not include a pupil who is a special
22 education pupil, a pupil described in subsection (6)(c) to (p), or a pupil whose
23 parent or guardian voluntarily enrolls the pupil in a district that is not the pupil's
24 district of residence. A pupil's district of residence shall not require a high school
25 tuition pupil, as provided under section 111, to attend another school district after
26 the pupil has been assigned to a school district.

27 (17) "State school aid fund" means the state school aid fund established in

1 section 11 of article IX of the state constitution of 1963.

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

4 (19) "Textbook" means a book, electronic book, or other instructional print or
5 electronic resource that is selected and approved by the governing board of a district
6 or, for an achievement school, by the chancellor of the achievement authority and that
7 contains a presentation of principles of a subject, or that is a literary work
8 relevant to the study of a subject required for the use of classroom pupils, or
9 another type of course material that forms the basis of classroom instruction.

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

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

17 (2) If the department does not assign a district code to a public school
18 academy within the 30-day period described in subsection (1), the district code the
19 department shall use to make payments under this ~~act~~ **ARTICLE** to the newly authorized
20 public school academy shall be a number that is equivalent to the sum of the last
21 district code assigned to a public school academy located in the same county as the
22 newly authorized public school academy plus 1. However, if there is not an existing
23 public school academy located in the same county as the newly authorized public school
24 academy, then the district code the department shall use to make payments under this
25 ~~act~~ **ARTICLE** to the newly authorized public school academy shall be a 5-digit number
26 that has the county code in which the public school academy is located as its first 2
27 digits, 9 as its third digit, 0 as its fourth digit, and 1 as its fifth digit. If the

1 number of public school academies in a county grows to exceed 100, the third digit in
2 this 5-digit number shall then be ~~8~~ 7 for the public school academies in excess of
3 100.

4 Sec. 11. ~~(1) For the fiscal year ending September 30, 2013, there is~~
5 ~~appropriated for the public schools of this state and certain other state purposes~~
6 ~~relating to education the sum of \$10,928,614,200.00 from the state school aid fund and~~
7 ~~the sum of \$282,400,000.00 from the general fund.~~ For the fiscal year ending September
8 30, ~~2014~~ 2015, there is appropriated for the public schools of this state and certain
9 other state purposes relating to education the sum of ~~\$11,211,382,300.00~~
10 \$11,790,976,900.00 from the state school aid fund, the sum of ~~\$156,000,000.00~~
11 \$18,000,000.00 from the MPSERS retirement obligation reform reserve fund created under
12 section 147b, and the sum of ~~\$234,900,000.00~~ \$180,000,000.00 from the general fund. In
13 addition, all other available federal funds, ~~except those otherwise appropriated under~~
14 ~~section 11p,~~ are appropriated for the fiscal year ending ~~September 30, 2013 and for~~
15 ~~the fiscal year ending~~ September 30, ~~2014~~ 2015.

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

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

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

26 (2) The state treasurer may receive money or other assets from any source for
27 deposit into the school aid stabilization fund. The state treasurer shall deposit into

1 the school aid stabilization fund all of the following:

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

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

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

6 (3) Money available in the school aid stabilization fund may not be expended
7 without a specific appropriation from the school aid stabilization fund. Money in the
8 school aid stabilization fund shall be expended only for purposes for which state
9 school aid fund money may be expended.

10 (4) The state treasurer shall direct the investment of the school aid
11 stabilization fund. The state treasurer shall credit to the school aid stabilization
12 fund interest and earnings from fund investments.

13 (5) Money in the school aid stabilization fund at the close of a fiscal year
14 shall remain in the school aid stabilization fund and shall not lapse to the
15 unreserved school aid fund balance or the general fund.

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

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

1 fund the amount necessary to fully fund the allocations under this article.

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

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

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

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

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

1 result in the total payments made to all districts and intermediate districts in each
2 fiscal year under this section being no more than the amount appropriated under this
3 section in each fiscal year.

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

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

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

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

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

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

24 (7) If a district eligible for payments under this section is dissolved under
25 section 12 of the revised school code, MCL 380.12, the payment otherwise due to the
26 dissolved district under this section shall be paid instead to the intermediate
27 district of the dissolved district. The intermediate district of the dissolved

1 district shall perform any functions and responsibilities of the board and other
2 officers of the dissolved district necessary under this section on behalf of the
3 dissolved district. As used in this subsection, "dissolved district" and "receiving
4 district" mean those terms as defined in section 20.

5 Sec. 11j. From the appropriation in section 11, there is allocated an amount
6 not to exceed ~~\$131,660,000.00~~ \$142,600,000.00 for ~~2013-2014~~ 2014-2015 for payments to
7 the school loan bond redemption fund in the department of treasury on behalf of
8 districts and intermediate districts. Notwithstanding section 296 or any other
9 provision of this act, funds allocated under this section are not subject to proration
10 and shall be paid in full.

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

17 Sec. 11m. From the appropriations in section 11, there is allocated for ~~2013-~~
18 ~~2014~~ 2014-2015 an amount not to exceed \$4,000,000.00 for fiscal year cash-flow
19 borrowing costs solely related to the state school aid fund established by section 11
20 of article IX of the state constitution of 1963.

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

25 **(2) THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND IS CREATED AS A SEPARATE**
26 **ACCOUNT WITHIN THE STATE SCHOOL AID FUND. THE STATE TREASURER MAY RECEIVE MONEY OR**
27 **OTHER ASSETS FROM ANY SOURCE FOR DEPOSIT INTO THE DISTRESSED DISTRICTS EMERGENCY GRANT**

1 FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE DISTRESSED DISTRICTS
2 EMERGENCY GRANT FUND AND SHALL CREDIT TO THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND
3 INTEREST AND EARNINGS FROM THE FUND.

4 (3) A DISTRICT IS ELIGIBLE TO RECEIVE A GRANT FROM THE FUND IF EITHER OF THE
5 FOLLOWING APPLY:

6 (A) THE DISTRICT HAS ADOPTED A RESOLUTION AUTHORIZING THE VOLUNTARY DISSOLUTION
7 OF THE DISTRICT APPROVED BY THE STATE TREASURER UNDER SECTION 12(1)(C) OF THE REVISED
8 SCHOOL CODE, MCL 380.12, BUT THE DISSOLUTION HAS NOT YET TAKEN EFFECT UNDER SECTION
9 12(2) OF THE REVISED SCHOOL CODE, MCL 380.12.

10 (B) THE DISTRICT IS A RECEIVING DISTRICT UNDER SECTION 12 OF THE REVISED SCHOOL
11 CODE, MCL 380.12, AND THE DISTRICT ENROLLS PUPILS WHO WERE PREVIOUSLY ENROLLED IN A
12 DISTRICT THAT WAS DISSOLVED UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,
13 IN THE PREVIOUS SCHOOL YEAR.

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

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

26 (6) MONEY IN THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND AT THE CLOSE OF THE
27 FISCAL YEAR SHALL REMAIN IN THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND AND SHALL

1 NOT LAPSE TO THE STATE SCHOOL AID FUND OR TO THE GENERAL FUND.

2 Sec. 12. ~~It is the intent of the legislature to appropriate and allocate for~~
3 FOR the fiscal year ending September 30, ~~2015~~ 2016, the same amounts of money from the
4 same sources for the same purposes as are appropriated and allocated under this
5 article for the fiscal year ending September 30, ~~2014~~ 2015, as adjusted for changes in
6 pupil membership, taxable values, special education costs, interest costs, **RETIREMENT**
7 **COSTS** and available revenue. These adjustments will be determined after the January
8 ~~2014~~ 2015 consensus revenue estimating conference.

9 Sec. 15. (1) If a district or intermediate district fails to receive its proper
10 apportionment, the department, upon satisfactory proof that the district or
11 intermediate district was entitled justly, shall apportion the deficiency in the next
12 apportionment. Subject to subsections (2) and (3), if a district or intermediate
13 district has received more than its proper apportionment, the department, upon
14 satisfactory proof, shall deduct the excess in the next apportionment. Notwithstanding
15 any other provision in this article, state aid overpayments to a district, other than
16 overpayments in payments for special education or special education transportation,
17 may be recovered from any payment made under this article other than a special
18 education or special education transportation payment, from the proceeds of a loan to
19 the district under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to
20 141.942, or from the proceeds of millage levied or pledged under section 1211 of the
21 revised school code, MCL 380.1211. State aid overpayments made in special education or
22 special education transportation payments may be recovered from subsequent special
23 education or special education transportation payments, from the proceeds of a loan to
24 the district under the emergency municipal loan act, 1980 PA 243, MCL 141.931 to
25 141.942, or from the proceeds of millage levied or pledged under section 1211 of the
26 revised school code, MCL 380.1211.

27 (2) If the result of an audit conducted by or for the department affects the

1 current fiscal year membership, affected payments shall be adjusted in the current
2 fiscal year. A deduction due to an adjustment made as a result of an audit conducted
3 by or for the department, or as a result of information obtained by the department
4 from the district, an intermediate district, the department of treasury, or the office
5 of auditor general, shall be deducted from the district's apportionments when the
6 adjustment is finalized. At the request of the district and upon the district
7 presenting evidence satisfactory to the department of the hardship, the department may
8 grant up to an additional 4 years for the adjustment and may advance payments to the
9 district otherwise authorized under this article if the district would otherwise
10 experience a significant hardship in satisfying its financial obligations.

11 (3) If, **BASED ON AN AUDIT BY THE DEPARTMENT OR THE DEPARTMENT'S DESIGNEE OR**
12 ~~because of the receipt of new or updated data~~ **INFORMATION RECEIVED BY THE DEPARTMENT,**
13 the department determines ~~during a fiscal year~~ that the amount paid to a district or
14 intermediate district under this article for **THE CURRENT FISCAL YEAR OR** a prior fiscal
15 year was incorrect ~~under the law in effect for that year,~~ the department ~~may~~ **SHALL**
16 make the appropriate deduction or payment in the district's or intermediate district's
17 allocation ~~for the fiscal year in which the determination is made~~ **IN THE NEXT**
18 **APPORTIONMENT AFTER THE ADJUSTMENT IS FINALIZED.** The deduction or payment shall be
19 calculated according to the law in effect in the fiscal year in which the ~~improper~~
20 **INCORRECT** amount was paid. If the district does not receive an allocation for the
21 fiscal year or if the allocation is not sufficient to pay the amount of any deduction,
22 the amount of any deduction otherwise applicable shall be satisfied from the proceeds
23 of a loan to the district under the emergency municipal loan act, 1980 PA 243, MCL
24 141.931 to 141.942, or from the proceeds of millage levied or pledged under section
25 1211 of the revised school code, MCL 380.1211, as determined by the department.

26 (4) **THE DEPARTMENT MAY CONDUCT AUDITS, OR MAY DIRECT AUDITS BY DESIGNEE OF THE**
27 **DEPARTMENT, OF ALL RECORDS FOR THE CURRENT FISCAL YEAR AND THE PRECEDING THREE FISCAL**

1 YEARS RELATED TO A PROGRAM FOR WHICH A DISTRICT OR INTERMEDIATE DISTRICT HAS RECEIVED
2 FUNDS UNDER THIS ARTICLE.

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

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

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

22 (2) The state treasurer may withhold all or part of any payment that a district
23 or intermediate district is entitled to receive under this ~~act~~ ARTICLE to the extent
24 authorized or required under section 15 of the school bond qualification, approval,
25 and loan act, 2005 PA 92, MCL 388.1935, **THE EMERGENCY MUNICIPAL LOAN ACT, 1980 PA 243,**
26 **MCL 141.931 TO 141.942, THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012 PA 436, MCL**
27 **141.1541 TO 141.1575, OR OTHER STATUTORY AUTHORITY.**

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

10 (4) If a district or intermediate district for which an emergency manager ~~has~~
11 ~~been appointed pursuant to~~ **IS IN PLACE UNDER** the local financial stability and choice
12 act, 2012 PA 436, MCL 141.1541 to 141.1575, or that has an approved deficit
13 elimination plan **OR AN APPROVED ENHANCED DEFICIT ELIMINATION PLAN** under section 102,
14 enters into or has entered into an agreement described in subsection (3) pursuant to
15 section 1225(2) of the revised school code, MCL 380.1225, whether the obligation was
16 issued before or after the effective date of this subsection, the portion of state
17 school aid paid or to be paid on behalf of the district or intermediate district
18 directly to the Michigan finance authority, or to a trustee designated by the Michigan
19 finance authority, for the sole purpose of paying the principal of and interest on the
20 obligation is subject to a lien and trust that is a statutory lien and trust,
21 paramount and superior to all other liens and interests of any kind, for the sole
22 purpose of paying the principal of and interest on the obligation. The statutory lien
23 and trust applies to the state school aid received or to be received by the Michigan
24 finance authority, or trustee designated by the Michigan finance authority, on behalf
25 of the district or intermediate district, immediately upon the later of the effective
26 date of this subsection or the time when the state school aid is allocated to the
27 district or intermediate district, but is subject to any subsequent reduction of the

1 state school aid allocation by operation of law or executive order. The lien and trust
2 imposed by this section with respect to state school aid has a priority as established
3 in the agreement, except that the agreement shall not impair any existing lien and
4 trust previously created pursuant to this section, including any lien and trust
5 applicable to a multi-year repayment agreement under section 1225 of the revised
6 school code, MCL 380.1225. Except as otherwise provided in this subsection, the lien
7 and trust created under this subsection for the benefit of holders of the obligation
8 issued pursuant to this section is valid and binding against a party having a claim of
9 any kind in tort, contract, or otherwise against the district or intermediate district
10 that has issued the obligation secured by a pledge of state school aid pursuant to
11 this section, regardless of whether that party has notice of the pledge. A pledge made
12 pursuant to this section for the benefit of the holders of obligations or others is
13 perfected without delivery, recording, or notice. The state school aid paid or to be
14 paid on behalf of a district or intermediate district to the Michigan finance
15 authority, or trustee designated by the Michigan finance authority, shall be held in
16 trust for the sole benefit of the holders of the obligation issued pursuant to this
17 section or section 1225 of the revised school code, MCL 380.1225, and is exempt from
18 being levied upon, taken, sequestered, or applied toward paying the debts or
19 liabilities of the district or intermediate district other than for payment of the
20 obligation to which the lien applies. However, nothing in this subsection alters the
21 ability of the state treasurer to withhold state school aid from a district or
22 intermediate district as provided by law.

23 (5) Notwithstanding the payment dates prescribed by this ~~act~~ **ARTICLE** for
24 distributions under this ~~act~~ **ARTICLE**, the state treasurer may advance all or part of a
25 payment that is dedicated for distribution or for which the appropriation authorizing
26 the payment has been made if and to the extent, under the terms of an agreement
27 entered into by a district or intermediate district and the Michigan finance

1 authority, the payment that the district or intermediate district is eligible to
2 receive has been assigned to or pledged for payment of an obligation it incurred with
3 the Michigan finance authority.

4 (6) This section does not require the state to make an appropriation to any
5 school district or intermediate school district and shall not be construed as creating
6 an indebtedness of the state, and any agreement made pursuant to this section shall
7 contain a statement to that effect.

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

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

17 Sec. 18. (1) Except as provided in another section of this article, each
18 district or other entity shall apply the money received by the district or entity
19 under this article to salaries and other compensation of teachers and other employees,
20 tuition, transportation, lighting, heating, ventilation, water service, the purchase
21 of textbooks, other supplies, and any other school operating expenditures defined in
22 section 7. However, not more than 20% of the total amount received by a district **UNDER**
23 **SECTIONS 22A AND 22B** or intermediate district ~~under this article~~ **UNDER SECTION 81** may
24 be transferred by the board to either the capital projects fund or to the debt
25 retirement fund for debt service. The money shall not be applied or taken for a
26 purpose other than as provided in this section. The department shall determine the
27 reasonableness of expenditures and may withhold from a recipient of funds under this

1 article the apportionment otherwise due upon a violation by the recipient.

2 (2) Within ~~30~~ 15 days after a board adopts its annual operating budget for the
3 following school fiscal year, or after a board adopts a subsequent revision to that
4 budget, the district shall make all of the following available through a link on its
5 website home page, or may make the information available through a link on its
6 intermediate district's website home page, in a form and manner prescribed by the
7 department:

8 (a) The annual operating budget and subsequent budget revisions.

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

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

13 (A) Salaries and wages.

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

16 (C) Retirement benefit costs.

17 (D) All other personnel costs.

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

20 (A) Instruction.

21 (B) Support services.

22 (C) Business and administration.

23 (D) Operations and maintenance.

24 (c) Links to all of the following:

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

26 (ii) Each health care benefits plan, including, but not limited to, medical,
27 dental, vision, disability, long-term care, or any other type of benefits that would

1 constitute health care services, offered to any bargaining unit or employee in the
2 district.

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

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

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

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

11 (f) The annual amount spent on lobbying or lobbying services. As used in this
12 subdivision, "lobbying" means that term as defined in section 5 of 1978 PA 472, MCL
13 4.415.

14 **(G) ANY DEFICIT ELIMINATION PLAN OR ENHANCED DEFICIT ELIMINATION PLAN THE**
15 **DISTRICT WAS REQUIRED TO SUBMIT UNDER THIS ARTICLE.**

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

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

23 (a) The department shall require that each district and intermediate district
24 have an audit of the district's or intermediate district's financial and pupil
25 accounting records conducted at least annually at the expense of the district or
26 intermediate district, as applicable, **AND AT SUCH OTHER TIMES AS DETERMINED BY THE**
27 **DEPARTMENT. AUDITS MUST BE PERFORMED** by a certified public accountant or by the

1 intermediate district superintendent, as may be required by the department, or in the
2 case of a district of the first class by a certified public accountant, the
3 intermediate superintendent, or the auditor general of the city. **RECORDS SHALL BE**
4 **RETAINED BY THE DISTRICT OR INTERMEDIATE DISTRICT FOR THE CURRENT FISCAL**
5 **YEAR AND FOR THE THREE PREVIOUS FISCAL YEARS.**

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

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

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

21 (e) All of the following shall be done not later than ~~November~~ **OCTOBER** 15 each
22 year:

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

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

27 (iii) The intermediate district shall enter the pupil membership audit reports

1 for its constituent districts and for the intermediate district, for the pupil
2 membership count day and supplemental count day, in the Michigan student data system.

3 (f) The annual financial audit reports and pupil accounting procedures reports
4 shall be available to the public in compliance with the freedom of information act,
5 1976 PA 442, MCL 15.231 to 15.246.

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

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

27 (6) By September 30 of each year, each district and intermediate district shall

1 file with the department the special education actual cost report, known as "SE-4096",
2 on a form and in the manner prescribed by the department.

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

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

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

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

20 ~~(11) Not later than September 1, 2014, if a district or intermediate district~~
21 ~~offers online learning, the district or intermediate district shall submit to the~~
22 ~~department a report that details the per pupil costs of operating the online learning.~~
23 ~~The report shall include at least all of the following information concerning the~~
24 ~~operation of online learning for the school fiscal year ending June 30, 2014:~~

25 ~~—— (a) The name of the district operating the online learning and of each district~~
26 ~~that enrolled students in the online learning.~~

27 ~~—— (b) The total number of students enrolled in the online learning and the total~~

1 ~~number of membership pupils enrolled in the online learning.~~

2 ~~—— (c) For each pupil who is enrolled in a district other than the district~~
3 ~~offering online learning, the name of that district.~~

4 ~~—— (d) The district in which the pupil was enrolled before enrolling in the~~
5 ~~district offering online learning.~~

6 ~~—— (e) The number of participating students who had previously dropped out of~~
7 ~~school.~~

8 ~~—— (f) The number of participating students who had previously been expelled from~~
9 ~~school.~~

10 ~~—— (g) The total cost to enroll a student in the program. This cost shall be~~
11 ~~reported on a per pupil, per course, per semester or trimester basis. The total shall~~
12 ~~include costs broken down by cost for training, personnel, hardware and software,~~
13 ~~payment to each online learning provider, and other costs associated with operating~~
14 ~~online learning.~~

15 ~~—— (h) The name of each online education provider contracted by the district and~~
16 ~~the state in which each online education provider is headquartered.~~

17 Sec. 19. (1) A district or intermediate district shall comply with all
18 applicable reporting requirements specified in state and federal law. Data provided to
19 the center, in a form and manner prescribed by the center, shall be aggregated and
20 disaggregated as required by state and federal law. In addition, a district or
21 intermediate district shall cooperate with all measures taken by the center to
22 establish and maintain a statewide P-20 longitudinal data system.

23 (2) Each district shall furnish to the center not later than 5 weeks after the
24 pupil membership count day and by June 30 of the school fiscal year ending in the
25 fiscal year, in a manner prescribed by the center, the information necessary for the
26 preparation of the district and high school graduation report. This information shall
27 meet requirements established in the pupil auditing manual approved and published by

1 the department. The center shall calculate an annual graduation and pupil dropout rate
2 for each high school, each district, and this state, in compliance with nationally
3 recognized standards for these calculations. The center shall report all graduation
4 and dropout rates to the senate and house education committees and appropriations
5 committees, the state budget director, and the department not later than 30 days after
6 the publication of the list described in subsection (6).

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

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

14 (5) If a district or intermediate district fails to meet the requirements of
15 this section, the department shall withhold 5% of the total funds for which the
16 district or intermediate district qualifies under this article until the district or
17 intermediate district complies with all of those subsections. If the district or
18 intermediate district does not comply with all of those subsections by the end of the
19 fiscal year, the department shall place the amount withheld in an escrow account until
20 the district or intermediate district complies with all of those subsections.

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

27 ~~(7) It is the intent of the legislature to implement not later than 2014 2015~~

1 ~~statewide standard reporting requirements for education data approved by the~~
 2 ~~department in conjunction with the center. The department shall work with the center,~~
 3 ~~intermediate districts, districts, and other interested stakeholders to develop~~
 4 ~~recommendations on the implementation of this policy change. A district or~~
 5 ~~intermediate district shall implement the statewide standard reporting requirements~~
 6 ~~not later than 2014-2015 or when a district or intermediate district updates its~~
 7 ~~education data reporting system, whichever is later.~~

8 Sec. 20. (1) For ~~2013-2014,~~ 2014-2015:

9 (A) ~~the~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, THE** basic foundation
 10 allowance is ~~\$8,049.00~~ \$8,132.00. **HOWEVER, FOR PURPOSES OF THE CALCULATION IN**
 11 **SUBSECTION (3), THE BASIC FOUNDATION ALLOWANCE IS \$8,077.00.**

12 (B) **THE MINIMUM FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR IS**
 13 **\$7,187.00.**

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

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

21 (a) For a district that had a foundation allowance for the immediately
 22 preceding state fiscal year that was ~~at least~~ equal to the ~~sum of \$7,108.00 plus the~~
 23 ~~total dollar amount of all adjustments made from 2006-2007 to the immediately~~
 24 ~~preceding state fiscal year in the lowest foundation allowance among all districts,~~
 25 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR** but less
 26 than the basic foundation allowance for the immediately preceding state fiscal year,
 27 the district shall receive a foundation allowance in an amount equal to the sum of the

~~1 greater of \$6,966.00 or the district's foundation allowance for the immediately~~
~~2 preceding state fiscal year plus the difference between twice the dollar amount of the~~
~~3 adjustment from the immediately preceding state fiscal year to the current state~~
~~4 fiscal year made in the basic foundation allowance and [(the dollar amount of the~~
~~5 adjustment from the DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT~~
~~6 STATE FISCAL YEAR AND BASIC FOUNDATION ALLOWANCE FOR THE immediately preceding state~~
~~7 fiscal year to the current state fiscal year made in the basic foundation allowance~~
~~8 minus \$10.00 \$8.00) times (the difference between the district's foundation allowance~~
~~9 for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the~~
~~10 total dollar amount of all adjustments made from 2006 2007 to the immediately~~
~~11 preceding state fiscal year in the lowest foundation allowance among all districts~~
~~12 MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR) divided~~
~~13 by the difference between the basic foundation allowance for the current state fiscal~~
~~14 year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made~~
~~15 from 2006 2007 to the immediately preceding state fiscal year in the lowest foundation~~
~~16 allowance among all districts MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY~~
~~17 PRECEDING STATE FISCAL YEAR]. For 2011 2012, for a district that had a foundation~~
~~18 allowance for the immediately preceding state fiscal year that was at least equal to~~
~~19 the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006~~
~~20 2007 to the immediately preceding state fiscal year in the lowest foundation allowance~~
~~21 among all districts, but less than the basic foundation allowance for the immediately~~
~~22 preceding state fiscal year, the district shall receive a foundation allowance in an~~
~~23 amount equal to the district's foundation allowance for 2010 2011, minus \$470.00.~~
~~24 However, the foundation allowance for a district that had less than the basic~~
~~25 foundation allowance for the immediately preceding state fiscal year shall not exceed~~
~~26 the basic foundation allowance for the current state fiscal year.~~

~~27 (b) Except as otherwise provided in this subsection, for a district that in the~~

1 ~~immediately preceding state fiscal year had a foundation allowance in an amount at~~
2 ~~least equal to the amount of the basic foundation allowance for the immediately~~
3 ~~preceding state fiscal year, the district shall receive a foundation allowance for~~
4 ~~2011-2012 in an amount equal to the district's foundation allowance for 2010-2011,~~
5 ~~minus \$470.00.~~

6 (B) ~~(e) Except as otherwise provided in subdivision (d), for~~ **FOR** a district
7 that ~~in the 1994-95 state fiscal year had a foundation allowance~~ **FOR THE IMMEDIATELY**
8 **PRECEDING STATE FISCAL YEAR THAT WAS AT LEAST EQUAL TO OR** greater than ~~\$6,500.00~~ **THE**
9 **BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR,** the
10 district's foundation allowance is an amount equal to the sum of the district's
11 foundation allowance for the immediately preceding state fiscal year plus the lesser
12 of the increase in the basic foundation allowance for the current state fiscal year,
13 as compared to the immediately preceding state fiscal year, or the product of the
14 district's foundation allowance for the immediately preceding state fiscal year times
15 the percentage increase in the United States consumer price index in the calendar year
16 ending in the immediately preceding fiscal year as reported by the May revenue
17 estimating conference conducted under section 367b of the management and budget act,
18 1984 PA 431, MCL 18.1367b. ~~Except as otherwise provided in subdivision (d), for 2011-~~
19 ~~2012, for a district that in the 1994-1995 state fiscal year had a foundation~~
20 ~~allowance greater than \$6,500.00, the district's foundation allowance is an amount~~
21 ~~equal to the district's foundation allowance for the 2010-2011 fiscal year minus~~
22 ~~\$470.00.~~

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

1 ~~foundation allowance.~~

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

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

11 (D) ~~(g)~~ For a district that received a payment under section 22c as that
12 section was in effect for ~~2006-2007~~ 2013-2014, the district's 2013-2014 foundation
13 allowance shall be considered to have been an amount equal to the sum of the
14 district's actual ~~2006-2007~~ 2013-2014 foundation allowance as otherwise calculated
15 under this section plus the per pupil amount of the district's equity payment for
16 ~~2006-2007~~ 2013-2014 under section 22c as that section was in effect for ~~2006-2007~~
17 2013-2014.

18 ~~(h) For 2012-2013, for a district that had a foundation allowance for the 2011-~~
19 ~~2012 state fiscal year of less than \$6,966.00, the district's foundation allowance is~~
20 ~~an amount equal to \$6,966.00.~~

21 (E) FOR 2014-2015, EACH DISTRICT'S FOUNDATION ALLOWANCE SHALL BE THE SUM OF THE
22 FOUNDATION ALLOWANCE OTHERWISE CALCULATED UNDER THIS SUBSECTION AND \$55.00.

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

1 ~~times the district's certified mills and, for a district with certified mills~~
2 ~~exceeding 12, the product of the taxable value per membership pupil of property in the~~
3 ~~district that is commercial personal property times the certified mills minus 12 mills~~
4 ~~and the quotient of the ad valorem property tax revenue of the district captured under~~
5 ~~tax increment financing acts~~ **LOCAL PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE**
6 divided by the district's membership excluding special education pupils. For a
7 ~~district described in subsection (3)(c)~~ **THAT IN THE 1994-95 STATE FISCAL YEAR HAD A**
8 **FOUNDATION ALLOWANCE GREAT THAN \$6,500.00**, the state portion of the district's
9 foundation allowance is an amount equal to \$6,962.00 plus the difference between the
10 district's foundation allowance for the current state fiscal year and the district's
11 foundation allowance for 1998-99, minus the ~~difference between the sum of the product~~
12 ~~of the taxable value per membership pupil of all property in the district that is~~
13 ~~nonexempt property times the district's certified mills and, for a district with~~
14 ~~certified mills exceeding 12, the product of the taxable value per membership pupil of~~
15 ~~property in the district that is commercial personal property times the certified~~
16 ~~mills minus 12 mills and the quotient of the ad valorem property tax revenue of the~~
17 ~~district captured under tax increment financing acts~~ **LOCAL PORTION OF THE DISTRICT'S**
18 **FOUNDATION ALLOWANCE** divided by the district's membership excluding special education
19 pupils. For a district that has a millage reduction required under section 31 of
20 article IX of the state constitution of 1963, the state portion of the district's
21 foundation allowance shall be calculated as if that reduction did not occur. For a
22 receiving district, if school operating taxes continue to be levied on behalf of a
23 dissolved district that has been attached in whole or in part to the receiving
24 district to satisfy debt obligations of the dissolved district under section 12 of the
25 revised school code, MCL 380.12, the taxable value per membership pupil of property in
26 the receiving district used for the purposes of this subsection — does not include
27 the taxable value of property within the geographic area of the dissolved district.

1 (5) The allocation calculated under this section for a pupil shall be based on
2 the foundation allowance of the pupil's district of residence. For a pupil enrolled
3 pursuant to section 105 or 105c in a district other than the pupil's district of
4 residence, the allocation calculated under this section shall be based on the lesser
5 of the foundation allowance of the pupil's district of residence or the foundation
6 allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8
7 district who is enrolled in another district in a grade not offered by the pupil's
8 district of residence, the allocation calculated under this section shall be based on
9 the foundation allowance of the educating district if the educating district's
10 foundation allowance is greater than the foundation allowance of the pupil's district
11 of residence.

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

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

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

23 (8) Subject to subsection (4), for a district that is formed or reconfigured
24 after June 1, 2002 by consolidation of 2 or more districts or by annexation, the
25 resulting district's foundation allowance under this section beginning after the
26 effective date of the consolidation or annexation shall be the lesser of the sum of
27 the average of the foundation allowances of each of the original or affected

1 districts, calculated as provided in this section, weighted as to the percentage of
2 pupils in total membership in the resulting district who reside in the geographic area
3 of each of the original or affected districts plus \$100.00 or the highest foundation
4 allowance among the original or affected districts. This subsection does not apply to
5 a receiving district unless there is a subsequent consolidation or annexation that
6 affects the district.

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

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

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

18 (a) The pupil membership factor shall be computed by dividing the estimated
19 membership in the school year ending in the current state fiscal year, excluding
20 intermediate district membership, by the estimated membership for the school year
21 ending in the subsequent state fiscal year, excluding intermediate district
22 membership. If a consensus membership factor is not determined at the revenue
23 estimating conference, the principals of the revenue estimating conference shall
24 report their estimates to the house and senate subcommittees responsible for school
25 aid appropriations not later than 7 days after the conclusion of the revenue
26 conference.

27 (b) The revenue adjustment factor shall be computed by dividing the sum of the

1 estimated total state school aid fund revenue for the subsequent state fiscal year
2 plus the estimated total state school aid fund revenue for the current state fiscal
3 year, adjusted for any change in the rate or base of a tax the proceeds of which are
4 deposited in that fund and excluding money transferred into that fund from the
5 countercyclical budget and economic stabilization fund under the management and budget
6 act, 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated total school aid
7 fund revenue for the current state fiscal year plus the estimated total state school
8 aid fund revenue for the immediately preceding state fiscal year, adjusted for any
9 change in the rate or base of a tax the proceeds of which are deposited in that fund.
10 If a consensus revenue factor is not determined at the revenue estimating conference,
11 the principals of the revenue estimating conference shall report their estimates to
12 the house and senate subcommittees responsible for school aid appropriations not later
13 than 7 days after the conclusion of the revenue conference.

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

20 ~~(12) For a district that received a grant under former section 32e for 2001-~~
21 ~~2002, the district's foundation allowance for 2002-2003 and each succeeding fiscal~~
22 ~~year shall be adjusted to be an amount equal to the sum of the district's foundation~~
23 ~~allowance, as otherwise calculated under this section, plus the quotient of 100% of~~
24 ~~the amount of the grant award to the district for 2001-2002 under former section 32e~~
25 ~~divided by the number of pupils in the district's membership for 2001-2002 who were~~
26 ~~residents of and enrolled in the district. All of the following apply to districts~~
27 ~~receiving a foundation allowance adjustment under this subsection:~~

1 ~~(a) Except as otherwise provided in this subdivision, a district qualifying for~~
2 ~~a foundation allowance adjustment under this subsection shall use the funds resulting~~
3 ~~from this adjustment for at least 1 of grades K to 3 for purposes allowable under~~
4 ~~former section 32e as in effect for 2001-2002. For an individual school or schools~~
5 ~~operated by a district qualifying for a foundation allowance adjustment under this~~
6 ~~subsection that have been determined by the department to meet the adequate yearly~~
7 ~~progress standards of the federal no child left behind act of 2001, Public Law 107-~~
8 ~~110, in both mathematics and English language arts at all applicable grade levels for~~
9 ~~all applicable subgroups, the district may submit to the department an application for~~
10 ~~flexibility in using the funds resulting from this adjustment that are attributable to~~
11 ~~the pupils in the school or schools. The application shall identify the affected~~
12 ~~school or schools and the affected funds and shall contain a plan for using the funds~~
13 ~~for specific purposes identified by the district that are designed to reduce class~~
14 ~~size, but that may be different from the purposes otherwise allowable under this~~
15 ~~subdivision. The department shall approve the application if the department determines~~
16 ~~that the purposes identified in the plan are reasonably designed to reduce class size.~~
17 ~~If the department does not act to approve or disapprove an application within 30 days~~
18 ~~after it is submitted to the department, the application is considered to be approved.~~
19 ~~If an application for flexibility in using the funds is approved, the district may use~~
20 ~~the funds identified in the application for any purpose identified in the plan.~~

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

24 ~~(c) Notwithstanding subsection (8), for a district that is formed or~~
25 ~~reconfigured by consolidation of 2 or more districts, 1 of which received an~~
26 ~~adjustment under this subsection for 2012-2013, the resulting district's foundation~~
27 ~~allowance for 2013-2014 and each succeeding fiscal year shall be adjusted to be an~~

1 amount equal to the sum of the resulting district's foundation allowance as calculated
2 under subsection (9) excluding any adjustment calculated under this subsection plus
3 [(the original district's adjustment under this subsection in 2012-2013 times the
4 number of pupils in the original district's membership for 2012-2013) divided by the
5 number of pupils in the resulting district's membership for 2013-2014].

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

11 (12) ~~(13)~~ Payments to districts, public school academies, or the education
12 achievement system shall not be made under this section. Rather, the calculations
13 under this section shall be used to determine the amount of state payments under
14 section 22b.

15 (13) ~~(14)~~ If an amendment to section 2 of article VIII of the state
16 constitution of 1963 allowing state aid to some or all nonpublic schools is approved
17 by the voters of this state, each foundation allowance or per pupil payment
18 calculation under this section may be reduced.

19 (14) ~~(15)~~ As used in this section:

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

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

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

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

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

6 (f) "Immediately preceding state fiscal year" means the state fiscal year
7 immediately preceding the current state fiscal year.

8 (G) "LOCAL PORTION OF THE DISTRICT'S FOUNDATION ALLOWANCE" MEANS AN AMOUNT THAT
9 IS EQUAL TO THE DIFFERENCE BETWEEN THE SUM OF THE PRODUCT OF THE TAXABLE VALUE PER
10 MEMBERSHIP PUPIL OF ALL PROPERTY IN THE DISTRICT THAT IS NONEXEMPT PROPERTY TIMES THE
11 DISTRICT'S CERTIFIED MILLS AND, FOR A DISTRICT WITH CERTIFIED MILLS EXCEEDING 12, THE
12 PRODUCT OF THE TAXABLE VALUE PER MEMBERSHIP PUPIL OF PROPERTY IN THE DISTRICT THAT IS
13 COMMERCIAL PERSONAL PROPERTY TIMES THE CERTIFIED MILLS MINUS 12 MILLS AND THE QUOTIENT
14 OF THE PRODUCT OF THE CAPTURED ASSESSED VALUATION UNDER TAX INCREMENT FINANCING ACTS
15 TIMES THE DISTRICT'S CERTIFIED MILLS DIVIDED BY THE DISTRICT'S MEMBERSHIP EXCLUDING
16 SPECIAL EDUCATION PUPILS.

17 (H) ~~(g)~~ "Local school operating revenue" means school operating taxes levied
18 under section 1211 of the revised school code, MCL 380.1211. For a receiving district,
19 if school operating taxes are to be levied on behalf of a dissolved district that has
20 been attached in whole or in part to the receiving district to satisfy debt
21 obligations of the dissolved district under section 12 of the revised school code, MCL
22 380.12, local school operating revenue does not include school operating taxes levied
23 within the geographic area of the dissolved district.

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

27 (J) ~~(i)~~ "Maximum public school academy allocation", except as otherwise

1 provided in this subdivision, means the maximum per-pupil allocation as calculated by
 2 adding the highest per-pupil allocation among all public school academies for the
 3 immediately preceding state fiscal year plus the difference between twice the ~~dollar~~
 4 ~~amount of the adjustment from~~ **AMOUNT OF THE DIFFERENCE BETWEEN THE BASIC FOUNDATION**
 5 **ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND THE BASIC FOUNDATION FOR** the
 6 immediately preceding state fiscal year ~~to the current state fiscal year made in the~~
 7 ~~basic foundation allowance~~ and [(~~the dollar amount of the adjustment from the~~ **AMOUNT**
 8 **OF THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL**
 9 **YEAR AND THE BASIC FOUNDATION FOR THE** immediately preceding state fiscal year ~~to the~~
 10 ~~current state fiscal year made in the basic foundation allowance~~ minus ~~\$10.00~~ **\$8.00**)
 11 times (the difference between the highest per-pupil allocation among all public school
 12 academies for the immediately preceding state fiscal year and the ~~sum of \$7,108.00~~
 13 ~~plus the total dollar amount of all adjustments made from 2006 2007 to the immediately~~
 14 ~~preceding state fiscal year in the lowest per pupil allocation among all public school~~
 15 ~~academies~~ **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL**
 16 **YEAR**) divided by the difference between the basic foundation allowance for the current
 17 state fiscal year and the ~~sum of \$7,108.00 plus the total dollar amount of all~~
 18 ~~adjustments made from 2006 2007 to the immediately preceding state fiscal year in the~~
 19 ~~lowest per pupil allocation among all public school academies~~ **MINIMUM FOUNDATION**
 20 **ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR]**.

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

23 (L) "MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL
 24 YEAR," MEANS \$7,076.00.

25 (M) ~~(k)~~ "Nonexempt property" means property that is not a principal residence,
 26 qualified agricultural property, qualified forest property, supportive housing
 27 property, industrial personal property, or commercial personal property.

1 (N) ~~(1)~~ "Principal residence", "qualified agricultural property", "qualified
2 forest property", "supportive housing property", "industrial personal property", and
3 "commercial personal property" mean those terms as defined in section 1211 of the
4 revised school code, MCL 380.1211.

5 (O) ~~(m)~~ "Receiving district" means a district to which all or part of the
6 territory of a dissolved district is attached under section 12 of the revised school
7 code, MCL 380.12.

8 (P) ~~(n)~~ "School operating purposes" means the purposes included in the
9 operation costs of the district as prescribed in sections 7 and 18 and purposes
10 authorized under section 1211 of the revised school code, MCL 380.1211.

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

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

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

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

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

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

26 Sec. 20f. (1) From the funds appropriated in section 11, there is allocated an
27 amount not to exceed \$6,000,000.00 for ~~2013-2014~~ 2014-2015 for payments to eligible

1 districts under this section. A district is eligible for funding under this section if
 2 the ~~sum of the following is less than \$5.00.~~

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

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

6 ~~—— (c) The quotient of the district's allocation under section 147a for 2012-2013~~
 7 ~~divided by the district's membership pupils for 2012-2013 minus the quotient of the~~
 8 ~~district's allocation under section 147a for 2013-2014 divided by the district's~~
 9 ~~membership pupils for 2013-2014~~ **DISTRICT RECEIVED A PAYMENT UNDER THIS SECTION AS IT**
 10 **WAS IN EFFECT FOR 2013-2014.**

11 (2) The amount allocated to each eligible district under this section is an
 12 amount per membership pupil equal to \$5.00 ~~minus the sum of the following:~~

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

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

16 ~~—— (c) The quotient of the district's allocation under section 147a for 2012-2013~~
 17 ~~divided by the district's membership pupils for 2012-2013 minus the quotient of the~~
 18 ~~district's allocation under section 147a for 2013-2014 divided by the district's~~
 19 ~~membership pupils for 2013-2014~~ **THE AMOUNT PER MEMBERSHIP PUPIL THE DISTRICT RECEIVED**
 20 **IN 2013-2014.**

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

24 Sec. 20g. (1) From the ~~general fund money~~ **FUNDS** appropriated under section 11,
 25 there is allocated an amount not to exceed \$2,200,000.00 for ~~2013-2014~~ **2014-2015** for
 26 grants to eligible districts for transition costs related to the enrollment of pupils
 27 who were previously enrolled in a district that was dissolved under section 12 of the

1 revised school code, MCL 380.12 **AND FIRST RECEIVED PAYMENTS UNDER THIS SECTION IN**
2 ~~2013-2014. It is the intent of the legislature to continue this transition funding~~
3 **FUNDING UNDER THIS SECTION WILL CONTINUE** for a total of 4 fiscal years following the
4 dissolution of a district, **AT WHICH TIME PAYMENTS WILL CEASE.**

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

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

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

18 (2) With the consent of the pupil's parent or legal guardian, a district shall
19 enroll an eligible pupil in up to 2 online courses as **DEFINED IN THIS SECTION AND**
20 requested by the pupil during an academic term, semester, or trimester. ~~It is the~~
21 ~~intent of the legislature to consider increasing the limit on the number of online~~
22 ~~courses that a pupil may enroll in beginning in 2014 2015 for pupils who have~~
23 ~~demonstrated previous success with online courses.~~ **A DISTRICT MAY NOT ESTABLISH**
24 **ADDITIONAL REQUIREMENTS WHICH WOULD PROHIBIT A PUPIL FROM TAKING AN ONLINE COURSE. IF**
25 **A PUPIL HAS DEMONSTRATED PREVIOUS SUCCESS WITH ONLINE COURSES AND THE SCHOOL**
26 **LEADERSHIP AND THE PUPIL'S PARENT OR GUARDIAN DETERMINE THAT IT IS IN THE BEST**
27 **INTEREST OF THE PUPIL, A PUPIL MAY BE ENROLLED IN MORE THAN 2 ONLINE COURSES IN A**

1 **SPECIFIC ACADEMIC TERM, SEMESTER, OR TRIMESTER.** Consent of the pupil's parent or legal
2 guardian is not required if the pupil is at least age 18 or is an emancipated minor.

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

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

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

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

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

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

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

26 (e) The online course is of insufficient quality or rigor. A district that
27 denies a pupil enrollment for this reason shall make a reasonable effort to assist the

1 pupil to find an alternative course in the same or a similar subject that is of
2 acceptable rigor and quality.

3 (F) IF THE COST OF THE ONLINE COURSE EXCEEDS THE AMOUNT IDENTIFIED IN
4 SUBSECTION (8).

5 (G) THE ONLINE COURSE ENROLLMENT REQUEST DOES NOT OCCUR WITHIN THE SAME
6 TIMELINES ESTABLISHED BY THE DISTRICT FOR FACE-TO-FACE ENROLLMENT AND SCHEDULE
7 CHANGES.

8 (6) If a pupil is denied enrollment in an online course by a district, the
9 pupil may appeal the denial by submitting a letter to the superintendent of the
10 intermediate district in which the pupil's educating district is located. The letter
11 of appeal shall include the reason provided by the district for not enrolling the
12 pupil and the reason why the pupil is claiming that the enrollment should be approved.
13 The intermediate district superintendent or designee shall respond to the appeal
14 within 5 days after it is received. If the intermediate district superintendent or
15 designee determines that the denial of enrollment does not meet 1 or more of the
16 reasons specified in subsection (5), the district shall allow the pupil to enroll in
17 the online course.

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

20 (a) Provide the Michigan virtual university with the course syllabus in a form
21 and method prescribed by the Michigan virtual university for inclusion in a statewide
22 online course catalog. The district **OR INTERMEDIATE DISTRICT** shall also provide on its
23 publicly accessible website a link to the course syllabi for all of the online courses
24 offered by the district **OR INTERMEDIATE DISTRICT** and a link to the statewide catalog
25 of online courses maintained by the Michigan virtual university.

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

1 (C) NOT LATER THAN OCTOBER 1, 2014, PROVIDE THE MICHIGAN VIRTUAL UNIVERSITY WITH
2 THE NUMBER OF ENROLLMENTS IN EACH ONLINE COURSE THE DISTRICT OR INTERMEDIATE DISTRICT
3 OFFERED TO PUPILS PURSUANT TO THIS SECTION IN THE PRIOR SCHOOL YEAR, AND THE NUMBER OF
4 ENROLLMENTS THAT EARNED 60 PERCENT OR MORE OF THE TOTAL COURSE POINTS FOR EACH ONLINE
5 COURSE.

6 (8) For a pupil enrolled in 1 or more online courses published in the pupil's
7 educating district's catalog of online courses under subsection (7) or in the
8 statewide catalog of online courses maintained by the Michigan virtual university, the
9 district shall use foundation allowance or per pupil funds calculated under section 20
10 to pay for the expenses associated with the online course or courses. ~~The district~~
11 ~~shall pay 80% of the cost of the online course upon enrollment and 20% upon completion~~
12 ~~as determined by the district.~~ A district is not required to pay toward the cost of an
13 online course an amount that exceeds ~~1/12~~ 6.25% of the ~~district's~~ **MINIMUM** foundation
14 allowance or per pupil payment **FOR THE CURRENT FISCAL YEAR** as calculated under section
15 20 ~~per semester or an amount that exceeds 1/18 of the district's foundation allowance~~
16 ~~or per pupil payment as calculated under section 20 per trimester.~~

17 (9) An online learning pupil shall have the same rights and access to
18 technology in his or her **PRIMARY** educating district's school facilities as all other
19 pupils enrolled in the **PRIMARY** educating district.

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

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

1 (12) As used in this section:

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

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

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

13 (ii) The online course content outline.

14 (iii) The online course required assessments.

15 (iv) The online course prerequisites.

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

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

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

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

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

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

27 (xi) The number of eligible nonresident pupils that will be accepted by the

1 district OR INTERMEDIATE DISTRICT in the online course.

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

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

5 (D) "PRIMARY DISTRICT" MEANS THE DISTRICT THAT ENROLLS THE PUPIL AND REPORTS
6 THE FTE FOR PUPIL MEMBERSHIP PURPOSES.

7 Sec. 22a. (1) From the appropriation in section 11, there is allocated an
8 amount not to exceed ~~\$5,630,000,000.00 for 2012-2013 and there is allocated an amount~~
9 ~~not to exceed \$5,536,700,000.00~~ \$5,403,000,000.00 for ~~2013-2014~~ 2014-2015 for payments
10 to districts and qualifying public school academies to guarantee each district and
11 qualifying public school academy an amount equal to its 1994-95 total state and local
12 per pupil revenue for school operating purposes under section 11 of article IX of the
13 state constitution of 1963. Pursuant to section 11 of article IX of the state
14 constitution of 1963, this guarantee does not apply to a district in a year in which
15 the district levies a millage rate for school district operating purposes less than it
16 levied in 1994. However, subsection (2) applies to calculating the payments under this
17 section. Funds allocated under this section that are not expended in the state fiscal
18 year for which they were allocated, as determined by the department, may be used to
19 supplement the allocations under sections 22b and 51c in order to fully fund those
20 calculated allocations for the same fiscal year.

21 (2) To ensure that a district receives an amount equal to the district's 1994-
22 95 total state and local per pupil revenue for school operating purposes, there is
23 allocated to each district a state portion of the district's 1994-95 foundation
24 allowance in an amount calculated as follows:

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

1 sum of the product of the taxable value per membership pupil of all property in the
2 district that is nonexempt property times the district's certified mills and, for a
3 district with certified mills exceeding 12, the product of the taxable value per
4 membership pupil of property in the district that is commercial personal property
5 times the certified mills minus 12 mills and the quotient of the ad valorem property
6 tax revenue of the district captured under tax increment financing acts divided by the
7 district's membership. For a district that has a millage reduction required under
8 section 31 of article IX of the state constitution of 1963, the state portion of the
9 district's foundation allowance shall be calculated as if that reduction did not
10 occur. For a receiving district, if school operating taxes are to be levied on behalf
11 of a dissolved district that has been attached in whole or in part to the receiving
12 district to satisfy debt obligations of the dissolved district under section 12 of the
13 revised school code, MCL 380.12, taxable value per membership pupil of all property in
14 the receiving district that is nonexempt property and taxable value per membership
15 pupil of property in the receiving district that is commercial personal property do
16 not include property within the geographic area of the dissolved district; ad valorem
17 property tax revenue of the receiving district captured under tax increment financing
18 acts does not include ad valorem property tax revenue captured within the geographic
19 boundaries of the dissolved district under tax increment financing acts; and certified
20 mills do not include the certified mills of the dissolved district.

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

1 payment calculated under this subdivision. If the result of a calculation under this
2 subdivision is negative, there shall not be a state payment or a deduction under this
3 subdivision. The taxable values per membership pupil used in the calculations under
4 this subdivision are as adjusted by ad valorem property tax revenue captured under tax
5 increment financing acts divided by the district's membership. For a receiving
6 district, if school operating taxes are to be levied on behalf of a dissolved district
7 that has been attached in whole or in part to the receiving district to satisfy debt
8 obligations of the dissolved district under section 12 of the revised school code, MCL
9 380.12, ad valorem property tax revenue captured under tax increment financing acts do
10 not include ad valorem property tax revenue captured within the geographic boundaries
11 of the dissolved district under tax increment financing acts.

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

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

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

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

7 (6) As used in this section:

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

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

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

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

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

26 (f) "Hold harmless millage" means, for a district with a 1994-95 foundation
27 allowance greater than \$6,500.00, the number of mills by which the exemption from the

1 levy of school operating taxes on a homestead, qualified agricultural property,
2 qualified forest property, supportive housing property, industrial personal property,
3 and commercial personal property could be reduced as provided in section 1211 of the
4 revised school code, MCL 380.1211, and the number of mills of school operating taxes
5 that could be levied on all property as provided in section 1211(2) of the revised
6 school code, MCL 380.1211, as certified by the department of treasury for the 1994 tax
7 year. For a receiving district, if school operating taxes are to be levied on behalf
8 of a dissolved district that has been attached in whole or in part to the receiving
9 district to satisfy debt obligations of the dissolved district under section 12 of the
10 revised school code, MCL 380.12, school operating taxes do not include school
11 operating taxes levied within the geographic area of the dissolved district.

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

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

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

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

24 (k) "Receiving district" means a district to which all or part of the territory
25 of a dissolved district is attached under section 12 of the revised school code, MCL
26 380.12.

27 (l) "School operating taxes" means local ad valorem property taxes levied under

1 section 1211 of the revised school code, MCL 380.1211, and retained for school
2 operating purposes as defined in section 20.

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

8 (n) "Taxable value per membership pupil" means each of the following divided by
9 the district's membership:

10 (i) For the number of mills by which the exemption from the levy of school
11 operating taxes on a homestead, qualified agricultural property, qualified forest
12 property, supportive housing property, industrial personal property, and commercial
13 personal property may be reduced as provided in section 1211 of the revised school
14 code, MCL 380.1211, the taxable value of homestead, qualified agricultural property,
15 qualified forest property, supportive housing property, industrial personal property,
16 and commercial personal property for the calendar year ending in the current state
17 fiscal year. For a receiving district, if school operating taxes are to be levied on
18 behalf of a dissolved district that has been attached in whole or in part to the
19 receiving district to satisfy debt obligations of the dissolved district under section
20 12 of the revised school code, MCL 380.12, mills do not include mills within the
21 geographic area of the dissolved district.

22 (ii) For the number of mills of school operating taxes that may be levied on
23 all property as provided in section 1211(2) of the revised school code, MCL 380.1211,
24 the taxable value of all property for the calendar year ending in the current state
25 fiscal year. For a receiving district, if school operating taxes are to be levied on
26 behalf of a dissolved district that has been attached in whole or in part to the
27 receiving district to satisfy debt obligations of the dissolved district under section

1 12 of the revised school code, MCL 380.12, school operating taxes do not include
2 school operating taxes levied within the geographic area of the dissolved district.

3 Sec. 22b. (1) From the appropriation in section 11, there is allocated an
4 amount not to exceed ~~\$3,215,000,000.00 for 2012-2013 and there is allocated an amount~~
5 ~~not to exceed \$3,373,700,000.00~~ **\$3,578,000,000.00** for ~~2013-2014~~ **2014-2015** for
6 discretionary nonmandated payments to districts under this section. Funds allocated
7 under this section that are not expended in the state fiscal year for which they were
8 allocated, as determined by the department, may be used to supplement the allocations
9 under sections 22a and 51c in order to fully fund those calculated allocations for the
10 same fiscal year.

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

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

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

18 (b) Comply with sections 1278a and 1278b of the revised school code, MCL
19 380.1278a and 380.1278b.

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

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

24 (e) Comply with section 21f.

25 (4) Districts are encouraged to use funds allocated under this section for the
26 purchase and support of payroll, human resources, and other business function software
27 that is compatible with that of the intermediate district in which the district is

1 located and with other districts located within that intermediate district.

2 (5) From the allocation in subsection (1), the department shall pay up to
3 \$1,000,000.00 in litigation costs incurred by this state related to commercial or
4 industrial property tax appeals, including, but not limited to, appeals of
5 classification, that impact revenues dedicated to the state school aid fund.

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

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

24 (8) If the local claims review board or a court of competent jurisdiction makes
25 a final determination that this state is in violation of section 29 of article IX of
26 the state constitution of 1963 regarding state payments to districts, the state budget
27 director shall use work project funds under subsection (7) or allocate from the

1 discretionary funds for nonmandated payments under this section the amount as may be
2 necessary to satisfy the amount owed to districts before making any payments to
3 districts under subsection (2).

4 (9) If a claim is made in court that challenges the legislative determination
5 of the adequacy of funding for this state's constitutional obligations or alleges that
6 there exists an unfunded constitutional requirement, any interested party may seek an
7 expedited review of the claim by the local claims review board. If the claim exceeds
8 \$10,000,000.00, this state may remove the action to the court of appeals, and the
9 court of appeals shall have and shall exercise jurisdiction over the claim.

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

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

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

3 Sec. 22d. (1) From the appropriation in section 11, an amount not to exceed
4 \$2,584,600.00 is allocated for ~~2013-2014~~ 2014-2015 for supplemental payments to rural
5 districts under this section.

6 (2) From the allocation under subsection (1), there is allocated for ~~2013-2014~~
7 2014-2015 an amount not to exceed \$957,300.00 for payments under this subsection to
8 districts that meet all of the following:

9 (a) Operates grades K to 12.

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

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

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

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

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

1 under subsection (2) and shall be paid to the eligible districts in the same manner as
2 payments under section 22b.

3 (4) Subject to subsection (6), from the allocation in subsection (1), there is
4 allocated for ~~2013-2014~~ 2014-2015 an amount not to exceed \$1,627,300.00 for payments
5 under this subsection to districts that meet all of the following:

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

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

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

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

15 Sec. 22f. (1) From the appropriation in section 11, there is allocated for
16 ~~2013-2014~~ 2014-2015 an amount not to exceed \$80,000,000.00 to provide incentive
17 payments to districts that meet best practices under this section. Payments received
18 under this section may be used for any purpose for which payments under sections 22a
19 and 22b may be used.

20 (2) The amount of the incentive payment under this section is an amount equal
21 to \$52.00 per pupil. A district shall receive an incentive payment under this section
22 if the district satisfies at least 7 of the following requirements not later than June
23 1, ~~2014~~ 2015:

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

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

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

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

15 (d) The district monitors individual pupil academic growth in each subject area
16 at least twice during the school year using competency-based online assessments and
17 reports those results to the pupil and his or her parent or guardian, or provides the
18 department with a plan and is able to show progress toward developing the technology
19 infrastructure necessary for the implementation of pupil academic growth assessments
20 by 2014-2015.

21 (e) The district supports opportunities for pupils to receive postsecondary
22 credit while attending secondary school, by doing at least 1 of the following, and
23 makes all eligible pupils and their parents or guardians aware of these opportunities:

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

27 (ii) Offers college-level equivalent courses, as defined in section 1471 of the

1 revised school code, MCL 380.1471.

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

6 (iv) Provides other opportunities to pupils that allow those pupils to graduate
7 with a high school diploma and also complete coursework that a postsecondary
8 institution normally applies toward satisfaction of degree requirements.

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

12 (f) The district offers online courses or blended learning opportunities to all
13 eligible pupils. In order to satisfy this requirement, a district must make all
14 eligible pupils and their parents or guardians aware of these opportunities and must
15 publish an online course syllabus as described in section 21f for each online course
16 that the district offers. For the purposes of this subdivision:

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

23 (ii) "Online course" means a course of study that is capable of generating a
24 credit or a grade, that is provided in an interactive internet-connected learning
25 environment, in which pupils are separated from their teachers by time or location, or
26 both, and in which a teacher with a valid Michigan teaching certificate is responsible
27 for determining appropriate instructional methods for each pupil, diagnosing learning

1 needs, assessing pupil learning, prescribing intervention strategies, reporting
2 outcomes, and evaluating the effects of instruction and support strategies.

3 (g) The district provides to parents and community members a dashboard or
4 report card demonstrating the district's efforts to manage its finances responsibly.
5 The dashboard or report card shall include revenue and expenditure projections for the
6 district for fiscal year ~~2013-2014 and fiscal year 2014-2015~~ **AND FISCAL YEAR 2015-**
7 **2016**, a listing of all debt service obligations, detailed by project, including
8 anticipated fiscal year ~~2013-2014~~ **2014-2015** payment for each project, a listing of
9 total outstanding debt, and at least all of the following for the 3 most recent school
10 years for which the data are available:

11 (i) Graduation and dropout rates.

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

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

14 (iv) Elementary and middle school MEAP scores.

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

17 (vi) General fund balance.

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

19 (h) The district provides physical education or provides health education.

20 (3) If the department determines that a district has intentionally submitted
21 false information in order to qualify for an incentive payment under this section, the
22 district forfeits an amount equal to the amount it received under this section from
23 its total state school aid for ~~2014-2015~~ **2015-2016**.

24 (4) If the department determines that funds allocated under this section will
25 remain unexpended after the initial allocation of \$52.00 per pupil to eligible
26 districts under subsection (2), the remaining unexpended amount is allocated on an
27 equal per pupil basis to districts that meet the requirements of subsection (2) and

1 that have a foundation allowance, as calculated under section 20, in an amount that is
2 less than the basic foundation allowance under that section.

3 Sec. 22g. (1) From the funds appropriated in section 11, there is allocated for
4 ~~2013-2014~~ 2014-2015 only an amount not to exceed \$5,000,000.00 for competitive
5 assistance grants to districts and intermediate districts.

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

12 Sec. 22i. (1) From the ~~state school aid fund money~~ **FUNDS** appropriated in
13 section 11, there is allocated for ~~2013-2014~~ 2014-2015 an amount not to exceed
14 ~~\$45,000,000.00~~ **\$50,000,000.00** for the technology infrastructure grant program for
15 districts or intermediate districts on behalf of their constituent districts. Funds
16 received under this subsection shall be used for the development or improvement of a
17 district's technology infrastructure, the shared services consolidation of technology
18 and data, and hardware in preparation for the planned implementation in 2014-2015 of
19 online ~~growth~~ assessments.

20 (2) The department shall develop a competitive application process and method
21 of grant distribution to eligible districts and intermediate districts that
22 demonstrate need for grants under subsection (1). The department may consult with the
23 department of technology, management, and budget during the grant process and grant
24 distribution. Grants to districts shall not exceed \$2,000,000.00 per district. A grant
25 to an intermediate district on behalf of its constituent districts shall not exceed
26 \$2,000,000.00 per constituent district. To receive a grant under subsection (1), an
27 intermediate district shall demonstrate that a grant awarded to the intermediate

1 district on behalf of its constituent districts would provide savings compared to
2 providing grants to individual districts.

3 ~~(3) From the general fund money appropriated in section 11, there is allocated~~
4 ~~an amount not to exceed \$5,000,000.00 for 2013-2014 to be awarded through a~~
5 ~~competitive bid process to a single provider of whole school technology as described~~
6 ~~in this subsection. The department shall issue a single request for proposal with~~
7 ~~application rules written and administered by the department, and with a focus on~~
8 ~~economic and geographic diversity. To be eligible to receive the grant under this~~
9 ~~section, a provider shall meet all of the following:~~

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

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

13 ~~—— (i) One to one mobile devices.~~

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

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

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

17 ~~—— (v) Wireless audio equipment.~~

18 ~~—— (vi) Operating software.~~

19 ~~—— (vii) Instructional software.~~

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

21 ~~—— (ix) Professional development.~~

22 ~~—— (x) Ongoing support.~~

23 (3) FROM THE AMOUNT ALLOCATED IN SUBSECTION (1), THERE IS ALLOCATED FOR 2014-
24 2015 AN AMOUNT NOT TO EXCEED \$8,500,000.00 FOR THE FOLLOWING PURPOSES:

25 (A) CONVERTING EXISTING STUDENT ASSESSMENTS TO ONLINE ASSESSMENTS.

26 (B) PROVIDING PAPER AND PENCIL TEST VERSIONS TO DISTRICTS NOT PREPARED TO
27 IMPLEMENT ONLINE ASSESSMENTS.

1 (C) EXPANDING WRITING ASSESSMENTS TO ADDITIONAL GRADE LEVELS.

2 (D) PROVIDING AN INCREASED NUMBER OF CONSTRUCTED RESPONSE TEST QUESTIONS SO
3 THAT PUPILS CAN DEMONSTRATE HIGHER-ORDER SKILLS SUCH AS PROBLEM SOLVING AND
4 COMMUNICATING REASONING.

5 Sec. 22j. (1) From the appropriation in section 11, there is allocated for
6 ~~2013-2014-2014-2015~~ an amount not to exceed \$46,400,000.00 to provide separate
7 incentive payments to districts that meet student academic performance funding goals
8 under subsections (2) to (5). Payments received under this section may be used for any
9 purpose for which payments under sections 22a and 22b may be used.

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

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

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

27 (i) For each pupil who began the school year not performing proficiently in

1 mathematics and who declines in proficiency, as determined by the department, over the
2 school year, 0 points.

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

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

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

12 (v) For each pupil who began the school year not performing proficiently in
13 mathematics and who improves in proficiency, as determined by the department, over the
14 school year, 3 points.

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

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

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

27 (4) An amount not to exceed 30% of the maximum per pupil amount allocated under

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

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

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

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

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

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

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

26 (vi) For each pupil who began the school year performing proficiently in
27 reading and who improves in proficiency, as determined by the department, over the

1 school year, 2 points.

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

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

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

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

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

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

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

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

15 Sec. 24. (1) From the appropriation in section 11, there is allocated for ~~2013-~~
16 ~~2014~~ ~~2014-2015~~ an amount not to exceed \$8,000,000.00 for payments to the educating
17 district or intermediate district for educating pupils assigned by a court or the
18 department of human services to reside in or to attend a juvenile detention facility
19 or child caring institution licensed by the department of human services and approved
20 by the department to provide an on-grounds education program. The amount of the
21 payment under this section to a district or intermediate district shall be calculated
22 as prescribed under subsection (2).

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

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

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

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

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

26 Sec. 24a. From the appropriation in section 11, there is allocated an amount
27 not to exceed ~~\$2,167,500.00~~ \$2,195,500.00 for ~~2013-2014~~ 2014-2015 for payments to

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

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

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

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

27 Sec. 25e. (1) ~~The center shall work with the department, districts, and~~

1 ~~intermediate districts to develop a~~ **PUPIL TRANSFERS UNDER THIS SECTION SHALL BE**
2 **PROCESSED USING THE** pupil membership transfer application and a pupil transfer process
3 **ADMINISTERED BY THE CENTER** under this section. ~~The center shall complete development~~
4 ~~of this pupil membership transfer application not later than November 1, 2013.~~

5 (2) If a pupil counted in membership for the pupil membership count day
6 transfers from a district or intermediate district to enroll in another district or
7 intermediate district after the pupil membership count day and before the supplemental
8 count day and, due to the pupil's enrollment and attendance status as of the pupil
9 membership count day, the pupil was not counted in membership in the educating
10 district or intermediate district, the educating district or intermediate district may
11 report the enrollment and attendance information to the center through the pupil
12 transfer process within 30 days after the transfer or within 30 days after the sixth
13 Wednesday after the pupil membership count day, whichever is later. Pupil transfers
14 may be submitted no earlier than the first day after the certification deadline for
15 the pupil membership count day and before the supplemental count day. Upon receipt of
16 the transfer information under this subsection indicating that a pupil has enrolled
17 and is in attendance in an educating district or intermediate district as described in
18 this subsection, the pupil transfer process shall do the following:

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

20 (b) Notify both the pupil auditing staff of the intermediate district in which
21 the educating district is located and the pupil auditing staff of the intermediate
22 district in which the district that previously enrolled the pupil is located. The
23 pupil auditing staff shall approve or deny the pupil membership transfer.

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

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

27 (a) Adjust the membership calculation for each district or intermediate

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

15 (b) Adjust the membership calculation for the educating district or
16 intermediate district in which the pupil is enrolled and is in attendance so that the
17 district's or intermediate district's membership is increased to allow the district or
18 intermediate district to receive an amount equal to the difference between the full-
19 time equated membership claimed in the fall pupil membership count and the sum of the
20 adjustments calculated under subdivision (a) for each district or intermediate
21 district in which the pupil was previously enrolled and in attendance. The educating
22 district or intermediate district shall receive a prorated foundation allowance in an
23 amount equal to the product of the adjustment under this subdivision for the educating
24 district or intermediate district multiplied by the foundation allowance or per pupil
25 payment as calculated under section 20 for the educating district or intermediate
26 district. The foundation allowance or per pupil payment shall be adjusted by the
27 pupil's full-time equated status as affected by the membership definition under

1 section 6(4).

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

7 (5) If a pupil enrolls in an educating district or intermediate district as
8 described in subsection (2), the district or intermediate district in which the pupil
9 is counted in membership or another educating district or intermediate district that
10 received an adjustment in its membership calculation under subsection (3), if any, and
11 the educating district or intermediate district shall provide to the center and the
12 department all information they require to comply with this section.

13 (6) As used in this section, "educating district or intermediate district"
14 means the district or intermediate district in which a pupil enrolls after the pupil
15 membership count day or after an adjustment was made in another district's or
16 intermediate district's membership calculation under this section due to the pupil's
17 enrollment and attendance.

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

26 ~~(2) In addition to the allocation under subsection (1), from the general fund~~
27 ~~money appropriated under section 11, there is allocated an amount not to exceed~~

1 ~~§3,200,000.00 for 2013-2014 to reimburse public libraries pursuant to section 12 of~~
2 ~~the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in~~
3 ~~2013. The allocations shall be made not later than 60 days after the department of~~
4 ~~treasury certifies to the department and to the state budget director that the~~
5 ~~department of treasury has received all necessary information to properly determine~~
6 ~~the amounts due to each eligible recipient.~~

7 Sec. 26b. (1) From the appropriation in section 11, there is allocated for
8 ~~2013-2014~~ 2014-2015 an amount not to exceed ~~\$4,009,500.00~~ **\$4,210,000.00** for payments
9 to districts, intermediate districts, and community college districts for the portion
10 of the payment in lieu of taxes obligation that is attributable to districts,
11 intermediate districts, and community college districts pursuant to section 2154 of
12 the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

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

16 Sec. 26c. (1) From the appropriation in section 11, there is allocated an
17 amount not to exceed ~~\$209,400.00 for 2012-2013 and an amount not to exceed \$266,200.00~~
18 **\$293,100.00** for ~~2013-2014~~ 2014-2015 to the promise zone fund created in subsection

19 (3).

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

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

1 (a) The state treasurer shall direct the investment of the promise zone fund.
2 The state treasurer shall credit to the promise zone fund interest and earnings from
3 fund investments.

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

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

10 Sec. 31a. (1) From the state school aid fund money appropriated in section 11,
11 there is allocated for ~~2013-2014~~ 2014-2015 an amount not to exceed \$317,695,500.00 for
12 payments to eligible districts, eligible public school academies, and the education
13 achievement system ~~under this section. Subject to subsection (14), the amount of the~~
14 ~~additional allowance under this section, other than funding under subsection (6) or~~
15 ~~(7), shall be based on the number of actual pupils in membership in the district or~~
16 ~~public school academy or the education achievement system who met the income~~
17 ~~eligibility criteria for free breakfast, lunch, or milk in the immediately preceding~~
18 ~~state fiscal year, as determined under the Richard B. Russell national school lunch~~
19 ~~act, 42 USC 1751 to 1769i, and reported to the department not later than the fifth~~
20 ~~Wednesday after the pupil membership count day of the immediately preceding fiscal~~
21 ~~year and adjusted not later than December 31 of the immediately preceding fiscal year~~
22 ~~in the form and manner prescribed by the center. However, for a public school academy~~
23 ~~that began operations as a public school academy, or for an achievement school that~~
24 ~~began operations as an achievement school, after the pupil membership count day of the~~
25 ~~immediately preceding school year, the basis for the additional allowance under this~~
26 ~~section shall be the number of actual pupils in membership in the public school~~
27 ~~academy or the education achievement system who met the income eligibility criteria~~

1 ~~for free breakfast, lunch, or milk in the current state fiscal year, as determined~~
2 ~~under the Richard B. Russell national school lunch act and reported to the department~~
3 ~~not later than the fifth Wednesday after the pupil membership count day~~ **FOR THE**
4 **PURPOSES OF ENSURING THAT THIRD GRADERS ARE PROFICIENT IN READING BY THE END OF THE**
5 **THIRD GRADE AND THAT HIGH SCHOOL GRADUATES ARE CAREER AND COLLEGE READY.**

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

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

17 (b) ~~The district or public school academy or the education achievement system~~
18 ~~agrees to use the funding only for purposes allowed under this section and to comply~~
19 ~~with the program and accountability requirements under this section.~~

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

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

19 (4) Except as otherwise provided in this section, a district or public school
20 academy, or the education achievement system, receiving funding under this section
21 shall use that money only to provide instructional programs and direct
22 noninstructional services,—including, but not limited to, medical, **MENTAL HEALTH**, or
23 counseling services, for at-risk pupils; for school health clinics; and for the
24 purposes of subsection (5), (6), ~~or~~ (7), **OR (10)**. In addition, a district that is a
25 school district of the first class or a district or public school academy in which at
26 least 50% of the pupils in membership met the income eligibility criteria for free
27 breakfast, lunch, or milk in the immediately preceding state fiscal year, as

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

20 (5) ~~Except as otherwise provided in subsection (12), a~~ A district or public
21 school academy that receives funds under this section and that operates a school
22 breakfast program under section 1272a of the revised school code, MCL 380.1272a, or
23 the education achievement system if it operates a school breakfast program, shall use
24 from the funds received under this section an amount, not to exceed \$10.00 per pupil
25 for whom the district or public school academy or the education achievement system
26 receives funds under this section, necessary to pay for costs associated with the
27 operation of the school breakfast program.

1 (6) From the funds allocated under subsection (1), there is allocated for ~~2013-~~
2 ~~2014~~ 2014-2015 an amount not to exceed \$3,557,300.00 to support child and adolescent
3 health centers. These grants shall be awarded for 5 consecutive years beginning with
4 2003-2004 in a form and manner approved jointly by the department and the department
5 of community health. Each grant recipient shall remain in compliance with the terms of
6 the grant award or shall forfeit the grant award for the duration of the 5-year period
7 after the noncompliance. To continue to receive funding for a child and adolescent
8 health center under this section a grant recipient shall ensure that the child and
9 adolescent health center has an advisory committee and that at least one-third of the
10 members of the advisory committee are parents or legal guardians of school-aged
11 children. A child and adolescent health center program shall recognize the role of a
12 child's parents or legal guardian in the physical and emotional well-being of the
13 child. Funding under this subsection shall be used to support child and adolescent
14 health center services provided to children up to age 21. If any funds allocated under
15 this subsection are not used for the purposes of this subsection for the fiscal year
16 in which they are allocated, those unused funds shall be used that fiscal year to
17 avoid or minimize any proration that would otherwise be required under subsection ~~(14)~~
18 (11) for that fiscal year.

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

1 determined by the department.

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

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

26 (10) Subject to subsections (5), (6), **AND** (7), ~~(12), and (13)~~, a district may
27 use up to 100% of the funds it receives under this section ~~to reduce the ratio of~~

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

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

16 ~~(12) For an individual school or schools operated by a district or public~~
17 ~~school academy receiving funds under this section or the education achievement system~~
18 ~~that have been determined by the department to meet the adequate yearly progress~~
19 ~~standards of the no child left behind act of 2001, Public Law 107-110, in both~~
20 ~~mathematics and English language arts at all applicable grade levels for all~~
21 ~~applicable subgroups, the district or public school academy or the education~~
22 ~~achievement system may use not more than 20% of the funds it receives under this~~
23 ~~section for specific alternative purposes identified by the district or public school~~
24 ~~academy or the education achievement system that are designed to benefit at risk~~
25 ~~pupils in the school, but that may be different from the purposes otherwise allowable~~
26 ~~under this section. If a district or public school academy or the education~~
27 ~~achievement system uses funds for alternative purposes allowed under the flexibility~~

1 ~~provisions under this subsection, the district or public school academy or the~~
2 ~~education achievement system shall maintain documentation of the amounts used for~~
3 ~~those alternative purposes and shall make that information available to the department~~
4 ~~upon request.~~

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

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

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

1 (11) ~~(14)~~ If necessary, and before any proration required under section 296,
2 the department shall prorate payments under this section by reducing the amount of the
3 per pupil payment under this section by a dollar amount calculated by determining the
4 amount by which the amount necessary to fully fund the requirements of this section
5 exceeds the maximum amount allocated under this section and then dividing that amount
6 by the total statewide number of pupils who met the income eligibility criteria for
7 free breakfast, lunch, or milk in the immediately preceding fiscal year, as described
8 in subsection ~~(1)~~ (3).

9 (12) ~~(15)~~ If a district is formed by consolidation after June 1, 1995, and if 1
10 or more of the original districts was not eligible before the consolidation for an
11 additional allowance under this section, the amount of the additional allowance under
12 this section for the consolidated district shall be based on the number of pupils
13 described in subsection ~~(1)~~ (3) enrolled in the consolidated district who reside in
14 the territory of an original district that was eligible before the consolidation for
15 an additional allowance under this section. **IN ADDITION, IF A DISTRICT IS DISSOLVED**
16 **PURSUANT TO SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, THE INTERMEDIATE**
17 **DISTRICT TO WHICH THE DISSOLVED SCHOOL DISTRICT IS CONSTITUENT SHALL DETERMINE THE**
18 **ESTIMATED NUMBER OF PUPILS THAT MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE**
19 **BREAKFAST, LUNCH, OR MILK, AS DESCRIBED UNDER SUBSECTION (3), ENROLLED IN EACH OF THE**
20 **OTHER DISTRICTS WITHIN THE INTERMEDIATE DISTRICT AND PROVIDE THAT ESTIMATE TO THE**
21 **DEPARTMENT FOR THE PURPOSES OF DISTRIBUTING FUNDS UNDER THIS SECTION WITHIN 60 DAYS**
22 **AFTER THE SCHOOL DISTRICT IS DECLARED DISSOLVED.**

23 (13) ~~(16)~~ As used in this section, "at-risk pupil" means a pupil for whom the
24 district has documentation that the pupil meets ~~at least 2~~ **ANY** of the following
25 criteria: ~~is a victim of child abuse or neglect; is below grade level in English~~
26 ~~language arts or mathematics; is a pregnant teenager or teenage parent; is eligible~~
27 ~~for a federal free or reduced price lunch subsidy; has atypical behavior or attendance~~

1 ~~patterns, or has a family history of school failure, incarceration, or substance~~
2 ~~abuse. At risk pupil also includes all pupils in a priority school as defined in the~~
3 ~~elementary and secondary education act of 2001 flexibility request approved by the~~
4 ~~United States department of education. For pupils for whom the results of at least the~~
5 ~~applicable Michigan education assessment program (MEAP) test have been received, at-~~
6 ~~risk pupil also includes a pupil who does not meet the other criteria under this~~
7 ~~subsection but who did not achieve at least a score of level 2 on the most recent MEAP~~
8 ~~English language arts, mathematics, science test, or social studies for which results~~
9 ~~for the pupil have been received. For pupils for whom the results of the Michigan~~
10 ~~merit examination have been received, at risk pupil also includes a pupil who does not~~
11 ~~meet the other criteria under this subsection but who did not achieve proficiency on~~
12 ~~the reading, writing, mathematics, science, or social studies components of the most~~
13 ~~recent Michigan merit examination for which results for the pupil have been received.~~
14 ~~For pupils in grades K-3, at risk pupil also includes a pupil who is at risk of not~~
15 ~~meeting the district's core academic curricular objectives in English language arts or~~
16 ~~mathematics.~~

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

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

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

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

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

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

6 (I) THE PUPIL IS ELIGIBLE FOR FREE BREAKFAST, LUNCH OR MILK.

7 (II) THE PUPIL IS ABSENT MORE THAN 10 PERCENT OF ENROLLED DAYS OR 10 SCHOOL
8 DAYS DURING THE SCHOOL YEAR.

9 (III) THE PUPIL IS HOMELESS.

10 (IV) THE PUPIL IS A MIGRANT.

11 (V) THE PUPIL IS AN ENGLISH LANGUAGE LEARNER.

12 (VI) THE PUPIL IS AN IMMIGRANT.

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

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

23 (15) ~~(17)~~ A district or public school academy that receives funds under this
24 section or the education achievement system may use funds received under this section
25 to provide an anti-bullying or crisis intervention program.

26 SEC. 31B. (1) FROM THE APPROPRIATIONS IN SECTION 11, THERE IS ALLOCATED AN
27 AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2014-2015 FOR PAYMENTS TO AT-RISK DISTRICTS

1 SELECTED TO PARTICIPATE IN A PILOT PROJECT UNDER THIS SECTION FOR A YEAR-ROUND
2 INSTRUCTIONAL PROGRAM FOR THE 2015-2016 SCHOOL YEAR.

3 (2) THE DEPARTMENT SHALL SELECT DISTRICTS TO PARTICIPATE IN THE PROJECT FROM
4 AMONG DISTRICTS THAT ARE ELIGIBLE FOR THE COMMUNITY ELIGIBILITY OPTION FOR FREE AND
5 REDUCED PRICE LUNCH UNDER 42 USC 1759A. A DISTRICT SEEKING TO PARTICIPATE SHALL APPLY
6 TO THE DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT NOT LATER THAN
7 DECEMBER 1, 2014. THE DEPARTMENT SHALL SELECT DISTRICTS FOR PARTICIPATION NOT LATER
8 THAN FEBRUARY 1, 2015.

9 (3) A DISTRICT PARTICIPATING IN THE PILOT PROJECT IS NOT REQUIRED TO PROVIDE
10 MORE THAN THE MINIMUM NUMBER OF DAYS AND HOURS OF PUPIL INSTRUCTION PRESCRIBED UNDER
11 SECTION 101 BUT SHALL SPREAD THE INSTRUCTION OVER THE ENTIRE YEAR IN AT LEAST 1 OF ITS
12 SCHOOLS. THE DISTRICT SHALL COMMIT TO PROVIDING THE YEAR-ROUND INSTRUCTIONAL CALENDAR
13 FOR AT LEAST 3 SCHOOL YEARS.

14 (4) FOR A DISTRICT PARTICIPATING IN THE PILOT PROJECT, EXCESSIVE HEAT IS
15 CONSIDERED TO BE A CONDITION NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES FOR THE
16 PURPOSE OF DAYS OR HOURS BEING COUNTED AS DAYS OR HOURS OF PUPIL INSTRUCTION UNDER
17 SECTION 101(4).

18 (5) THE PAYMENTS MADE UNDER THIS SECTION TO DISTRICTS SHALL BE USED FOR
19 NECESSARY MODIFICATIONS TO INSTRUCTIONAL FACILITIES, MODIFICATIONS TO CURRENT
20 CONTRACTS, AND OTHER NONRECURRING COSTS OF PREPARING FOR THE OPERATION OF A YEAR-ROUND
21 INSTRUCTIONAL PROGRAM AS APPROVED BY THE DEPARTMENT.

22 (6) NOTWITHSTANDING SECTION 17B, PAYMENTS TO DISTRICTS UNDER THIS SECTION SHALL
23 BE PAID ON A SCHEDULE DETERMINED BY THE DEPARTMENT.

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

27 (2) The amounts allocated from state sources under this section shall be used

1 to pay the amount necessary to reimburse districts for 6.0127% of the necessary costs
2 of the state mandated portion of the school lunch programs provided by those
3 districts. The amount due to each district under this section shall be computed by the
4 department using the methods of calculation adopted by the Michigan supreme court in
5 the consolidated cases known as Durant v State of Michigan, Michigan supreme court
6 docket no. 104458-104492.

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

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

15 (5) From the federal funds appropriated in section 11, there is allocated for
16 ~~2013-2014~~ 2014-2015 all available federal funding, estimated at ~~\$460,000,000.00~~
17 \$510,000,000.00 for the national school lunch program and all available federal
18 funding, estimated at \$3,200,000.00 for the emergency food assistance program.

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

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

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

27 (2) The funds allocated under this section for school breakfast programs shall

1 be made available to all eligible applicant districts that meet all of the following
2 criteria:

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

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

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

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

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

18 Sec. 32d. (1) From the funds appropriated in section 11, there is allocated to
19 eligible intermediate districts and consortia of intermediate districts for great
20 start readiness programs an amount not to exceed ~~\$149,275,000.00~~ **\$239,275,000.00** for
21 ~~2013-2014-2014-2015. In addition, from the funds appropriated in section 11, there is~~
22 ~~allocated to the great start readiness reserve fund created under subsection (14) an~~
23 ~~amount not to exceed \$25,000,000.00 for 2013-2014.~~ Funds allocated under this section
24 for great start readiness programs shall be used to provide part-day, school-day, or
25 GSRP/head start blended comprehensive free compensatory classroom programs designed to
26 improve the readiness and subsequent achievement of educationally disadvantaged
27 children who meet the participant eligibility and prioritization guidelines as defined

1 by the department. ~~Beginning in 2013-2014, for~~ **FOR** a child to be eligible to
2 participate in a program under this section, the child shall be at least 4, but less
3 than 5, years of age as of the date specified for determining a child's eligibility to
4 attend school under section 1147 of the revised school code, MCL 380.1147.

5 (2) Funds allocated under subsection (1) shall be allocated to intermediate
6 districts or consortia of intermediate districts based on the formula in section 39.
7 An intermediate district or consortium of intermediate districts receiving funding
8 under this section shall act as the fiduciary for the great start readiness programs.
9 In order to be eligible to receive funds allocated under this subsection from an
10 intermediate district or consortium of intermediate districts, a district, a
11 consortium of districts, or a public or private for-profit or nonprofit legal entity
12 or agency shall comply with this section and section 39.

13 (3) In addition to the allocation under subsection (1), from the general fund
14 money appropriated under section 11, there is allocated an amount not to exceed
15 \$300,000.00 for ~~2013-2014~~ **2014-2015** for a competitive grant to continue a longitudinal
16 evaluation of children who have participated in great start readiness programs.

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

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

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

27 (c) Nutritional services for all program participants supported by federal,

1 state, and local resources as applicable.

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

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

6 (f) Active and continuous involvement of the parents or guardians of the
7 program participants.

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

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

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

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

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

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

1 (b) ~~Ensure~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, ENSURE** that at
2 least 90% of the children participating in an eligible great start readiness program
3 for whom the ~~provider~~ **INTERMEDIATE DISTRICT** is receiving funds under this section are
4 children who live with families with a household income that is equal to or less than
5 250% of the federal poverty level. **IF THE INTERMEDIATE DISTRICT DETERMINES THAT ALL**
6 **ELIGIBLE CHILDREN ARE BEING SERVED AND THAT THERE ARE NO CHILDREN ON THE WAITING LIST**
7 **THAT IS REQUIRED TO BE MAINTAINED PURSUANT TO SECTION 39(1)(D) WHO LIVE WITH FAMILIES**
8 **WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY**
9 **LEVEL, THE INTERMEDIATE DISTRICT MAY THEN ENROLL CHILDREN THAT LIVE WITH FAMILIES WITH**
10 **A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN 300% OF THE FEDERAL POVERTY LEVEL.**
11 **THE ENROLLMENT PROCESS SHALL CONSIDER INCOME AND RISK FACTORS, SUCH THAT CHILDREN**
12 **DETERMINED WITH HIGHER NEED ARE ENROLLED PRIOR TO THOSE CHILDREN WITH LESSER NEED. FOR**
13 **PURPOSES OF THIS SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN FOSTER CARE OR WHO**
14 **ARE EXPERIENCING HOMELESSNESS OR WHO HAVE INDIVIDUALIZED EDUCATION PLANS RECOMMENDING**
15 **PLACEMENT IN AN INCLUSIVE PRESCHOOL SETTING SHALL BE CONSIDERED TO LIVE WITH FAMILIES**
16 **WITH HOUSEHOLD INCOME EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY LEVEL**
17 **REGARDLESS OF ACTUAL FAMILY INCOME.**

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

20 (i) Teachers possessing proper training. ~~For programs managed directly by a~~
21 ~~district or intermediate district~~ **A LEAD TEACHER MUST HAVE** a valid teaching
22 certificate ~~and~~ **WITH** an early childhood (ZA or ZS) endorsement ~~are required. This~~
23 ~~provision does not apply to an eligible child development program. In that situation,~~
24 ~~a teacher must have a valid Michigan teaching certificate with an early childhood (ZA~~
25 ~~or ZS) endorsement, a valid Michigan elementary teaching certificate with a child~~
26 ~~development associate credential, or a bachelor's degree in child development~~ **OR EARLY**
27 **CHILDHOOD DEVELOPMENT** with specialization in preschool teaching. However, if an

1 applicant demonstrates to the department that it is unable to fully comply with this
2 subparagraph after making reasonable efforts to comply, teachers who have significant
3 but incomplete training in early childhood education or child development may be used
4 if the applicant provides to the department, and the department approves, a plan for
5 each teacher to come into compliance with the standards in this subparagraph. A
6 teacher's compliance plan must be completed within 2 years of the date of employment.
7 Progress toward completion of the compliance plan shall consist of at least 2 courses
8 per calendar year.

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

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

1 eligible for a federally funded preschool program that has the capacity to serve those
2 children.

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

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

12 (8) An intermediate district or consortium of intermediate districts receiving
13 a grant under this section **MUST DESIGNATE AN EARLY CHILDHOOD COORDINATOR, AND** may
14 provide services directly or may contract with 1 or more districts or public or
15 private for-profit or nonprofit providers that meet all requirements of subsection (4)
16 and retain for administrative services **PROVIDED BY THE INTERMEDIATE DISTRICT AND THE**
17 **SUB-RECIPIENTS LOCATED WITHIN THE INTERMEDIATE DISTRICT** an amount equal to not more
18 than 7% of the grant amount. In addition, an intermediate district or consortium of
19 intermediate districts may expend not more than 2% of the total grant amount for
20 **OUTREACH**, recruiting and public awareness of the program.

21 (9) Each grant recipient shall enroll children identified under subsection
22 (5)(b) according to how far the child's household income is below 250% of the federal
23 poverty level by ranking each applicant child's household income from lowest to
24 highest and dividing the applicant children into quintiles based on how far the
25 child's household income is below 250% of the federal poverty level, and then
26 enrolling children in the quintile with the lowest household income before enrolling
27 children in the quintile with the next lowest household income until slots are

1 completely filled. IF THE GRANT RECIPIENT DETERMINES THAT ALL ELIGIBLE CHILDREN WHO
2 LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS EQUAL TO OR LESS THAN 250% OF THE
3 FEDERAL POVERTY LEVEL ARE BEING SERVED AND THAT THERE ARE NO CHILDREN ON THE WAITING
4 LIST THAT IS REQUIRED TO BE MAINTAINED PURSUANT TO SECTION 39(1)(D), THE GRANT
5 RECIPIENT MAY ENROLL CHILDREN THAT DO NOT LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME
6 THAT IS EQUAL TO OR LESS THAN 300% OF THE FEDERAL POVERTY LEVEL ONLY IF THE ENROLLMENT
7 PROCESS CONSIDERS INCOME AND RISK FACTORS, SUCH THAT CHILDREN DETERMINED WITH HIGHER
8 NEED ARE ENROLLED PRIOR TO THOSE CHILDREN WITH LESSER NEED. FOR PURPOSES OF THIS
9 SUBDIVISION, ALL AGE-ELIGIBLE CHILDREN SERVED IN FOSTER CARE OR WHO ARE EXPERIENCING
10 HOMELESSNESS OR WHO HAVE INDIVIDUALIZED EDUCATION PLANS RECOMMENDING PLACEMENT IN AN
11 INCLUSIVE PRESCHOOL SETTING SHALL BE CONSIDERED TO LIVE WITH FAMILIES WITH HOUSEHOLD
12 INCOME EQUAL TO OR LESS THAN 250% OF THE FEDERAL POVERTY LEVEL REGARDLESS OF ACTUAL
13 FAMILY INCOME.

14 (10) An intermediate district or consortium of intermediate districts receiving
15 a grant under this section shall conduct a local process to contract with interested
16 and eligible public and private for-profit and nonprofit community-based providers
17 that meet all requirements of subsection (4) for at least 30% of its total slot
18 allocation. If the intermediate district or consortium is not able to contract for at
19 least 30% of its total slot allocation, the grant recipient shall notify the
20 department and, if the department verifies that the intermediate district or
21 consortium attempted to contract for at least 30% of its total slot allocation and was
22 not able to do so, then the intermediate district or consortium may retain and use all
23 of its allocated slots as provided under this section.

24 (11) A recipient of funds under this section shall report to the department in
25 a form and manner prescribed by the department the number of children participating in
26 the program who meet the income eligibility criteria under subsection (5)(b) and the
27 total number of children participating in the program. For children participating in

1 the program who meet the income eligibility criteria specified under subsection
2 (5)(b), a recipient shall also report whether or not a parent is available to provide
3 care based on employment status. For the purposes of this subsection, "employment
4 status" shall be defined by the department of human services in a manner consistent
5 with maximizing the amount of spending that may be claimed for temporary assistance
6 for needy families maintenance of effort purposes.

7 (12) As used in this section:

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

10 (b) "Part-day program" means a program that operates at least 4 days per week,
11 30 weeks per year, for at least 3 hours of teacher-child contact time per day but for
12 fewer hours of teacher-child contact time per day than a school-day program.

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

17 (13) An intermediate district or consortium of intermediate districts receiving
18 funds under this section shall establish a sliding scale of tuition rates based upon
19 household income for children participating in an eligible great start readiness
20 program who live with families with a household income that is more than ~~250%~~ 300% of
21 the federal poverty level to be used by all of its providers, as approved by the
22 department. A grant recipient shall charge tuition according to that sliding scale of
23 tuition rates on a uniform basis for any child who does not meet the income
24 eligibility requirements under this section.

25 ~~(14) The great start readiness reserve fund is created as a separate account~~
26 ~~within the state school aid fund established by section 11 of article IX of the state~~
27 ~~constitution of 1963. Money available in the great start readiness reserve fund may~~

1 ~~not be expended for 2013-2014 unless transferred by the legislature not later than~~
2 ~~January 31, 2014 to the allocation under subsection (1) for great start readiness~~
3 ~~programs. Money in the great start readiness reserve fund shall be expended only for~~
4 ~~purposes for which state school aid fund money may be expended. The state treasurer~~
5 ~~shall direct the investment of the great start readiness reserve fund. The state~~
6 ~~treasurer shall credit to the great start readiness reserve fund interest and earnings~~
7 ~~from fund investments. Money in the great start readiness reserve fund at the close of~~
8 ~~a fiscal year shall remain in the great start readiness reserve fund and shall not~~
9 ~~lapse to the unreserved school aid fund balance or the general fund.~~

10 Sec. 32p. (1) From the ~~school aid fund appropriation~~ **FUNDS APPROPRIATED** in
11 section 11, there is allocated an amount not to exceed \$10,900,000.00 to intermediate
12 districts for ~~2013-2014~~ **2014-2015** for the purpose of providing early childhood funding
13 to intermediate school districts in block grants, supporting the activities under
14 subsection (2), and providing early childhood programs for children from birth through
15 age 8. ~~Beginning in 2013-2014, the~~ **THE** funding provided to each intermediate district
16 under this section shall be determined by the distribution formula established by the
17 department's office of great start to provide equitable funding statewide. In order to
18 receive funding under this section, each intermediate district shall provide an
19 application to the office of great start not later than September 15 of the
20 immediately preceding fiscal year indicating the activities planned to be provided.

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

27 (a) Children born healthy.

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

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

5 (d) Children prepared to succeed in fourth grade and beyond by reading
6 proficiently by the end of third grade.

7 (3) Each local great start collaborative and parent coalition shall convene a
8 ~~workgroup to serve as a school readiness advisory committee as required under section~~
9 ~~32d and shall~~ **WORKGROUPS TO MAKE RECOMMENDATIONS ABOUT COMMUNITY SERVICES DESIGNED TO**
10 **ACHIEVE THE OUTCOMES DESCRIBED ABOVE AND TO** ensure that its local great start system
11 includes the following supports for children from birth through age 8:

12 (a) Physical health.

13 (b) Social-emotional health.

14 (c) Family supports and basic needs.

15 (d) Parent education and child advocacy.

16 (e) Early education and care.

17 (4) Not later than December 1 of each year, each intermediate district shall
18 provide a report to the department detailing the activities actually provided during
19 the immediately preceding school year and the families and children actually served.
20 The department shall compile and summarize these reports and submit its summary to the
21 house and senate appropriations subcommittees on school aid and to the house and
22 senate fiscal agencies **NO LATER THAN FEBRUARY 15 OF EACH YEAR.** ~~The block grants~~
23 ~~allocated under this section implement legislative intent language for this purpose~~
24 ~~enacted in 2011 PA 62.~~

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

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

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

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

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

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

22 (d) The estimated number of children who meet the criteria of section 32d who
23 will remain unserved after the applicant and community early childhood programs have
24 met their funded enrollments. The applicant shall maintain a waiting list of
25 identified unserved eligible children who would be served when openings are available.

26 (2) ~~AN~~ **AFTER NOTIFICATION OF FUNDING ALLOCATIONS, AN** applicant receiving funds
27 under section 32d shall also submit ~~a final application~~ **AN IMPLEMENTATION PLAN** for

1 approval, in a form and manner prescribed by the department, by a date specified by
2 the department, that details how the applicant complies with the program components
3 established by the department pursuant to section 32d.

4 (3) ~~The~~ **FOR 2014-2015, THE** number of prekindergarten children construed to be
5 in need of special readiness assistance under section 32d shall be calculated for each
6 applicant in the following manner: 1/2 of the percentage of the applicant's pupils in
7 grades 1 to 5 in all districts served by the applicant who are eligible for free
8 lunch, as determined using the district's pupil membership count as of the pupil
9 membership count day in the school year prior to the fiscal year for which the
10 calculation is made, under the Richard B. Russell national school lunch act, 42 USC
11 1751 to 1769i, shall be multiplied by the average kindergarten enrollment of the
12 districts served by the applicant on the pupil membership count day of the 2
13 immediately preceding fiscal years.

14 (4) The initial allocation for each fiscal year to each eligible applicant
15 under section 32d shall be determined by multiplying the number of children determined
16 by the formula under subsection (3) or the number of children the applicant indicates
17 it will be able to serve under subsection (1)(c), whichever is less, by ~~\$3,625.00~~
18 **\$3,725.00** and shall be distributed among applicants in decreasing order of
19 concentration of eligible children as determined by the formula under subsection (3).
20 If the number of children an applicant indicates it will be able to serve under
21 subsection (1)(c) includes children able to be served in a school-day program, then
22 the number able to be served in a school-day program shall be doubled for the purposes
23 of making this calculation of the lesser of the number of children determined by the
24 formula under subsection (3) and the number of children the applicant indicates it
25 will be able to serve under subsection (1)(c) and determining the amount of the
26 initial allocation to the applicant under section 32d. A district may contract with a
27 head start agency to serve children enrolled in head start with a school-day program

1 by blending head start funds with a part-day great start readiness program allocation.
2 All head start and great start readiness program policies and regulations apply to the
3 blended program.

4 (5) If funds allocated for eligible applicants ~~or to the great start readiness~~
5 ~~reserve fund under section 32d~~ remain after the initial allocation under subsection
6 (4), the allocation under this subsection shall be distributed to each eligible
7 applicant under section 32d in decreasing order of concentration of eligible children
8 as determined by the formula under subsection (3). The allocation shall be determined
9 by multiplying the number of children each district within the applicant's service
10 area served in the immediately preceding fiscal year or the number of children the
11 applicant indicates it will be able to serve under subsection (1)(c), whichever is
12 less, minus the number of children for which the applicant received funding in
13 subsection (4) by ~~\$3,625.00~~ **\$3,725.00**.

14 (6) If funds allocated for eligible applicants or to the great start readiness
15 reserve fund under section 32d remain after the allocations under subsections (4) and
16 (5), remaining funds shall be distributed to each eligible applicant under section 32d
17 in decreasing order of concentration of eligible children as determined by the formula
18 under subsection (3). If the number of children the applicant indicates it will be
19 able to serve under subsection (1)(c) exceeds the number of children for which funds
20 have been received under subsections (4) and (5), the allocation under this subsection
21 shall be determined by multiplying the number of children the applicant indicates it
22 will be able to serve under subsection (1)(c) less the number of children for which
23 funds have been received under subsections (4) and (5) by ~~\$3,625.00~~ **\$3,725.00** until
24 the funds allocated for eligible applicants in section 32d are distributed.

25 (7) An applicant that offers supplementary child care funded by funds other
26 than those received under section 32d and therefore offers full-day programs as part
27 of its early childhood development program shall receive priority in the allocation of

1 funds under section 32d over other eligible applicants. As used in this subsection,
2 "full-day program" means a program that provides supplementary child care that totals
3 at least 10 hours of programming per day.

4 (8) If, taking into account the total amount to be allocated to the applicant
5 as calculated under this section, an applicant determines that it is able to include
6 additional eligible children in the great start readiness program without additional
7 funds under section 32d, the applicant may include additional eligible children but
8 shall not receive additional funding under section 32d for those children.

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

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

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

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

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

25 (e) An amount estimated at \$2,393,500.00 for rural and low income schools,
26 funded from DED-OESE, rural and low income school funds.

27 (f) An amount estimated at \$591,500,000.00 to provide supplemental programs to

1 enable educationally disadvantaged children to meet challenging academic standards,
2 funded from DED-OESE, title I, disadvantaged children funds.

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

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

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

11 (2) From the federal funds appropriated in section 11, there is allocated for
12 ~~2013-2014~~ **2014-2015** to districts, intermediate districts, and other eligible entities
13 all available federal funding, estimated at ~~\$31,700,000.00~~ **\$31,300,000.00** for the
14 following programs that are funded by federal grants:

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

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

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

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

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

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

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

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

12 (3) ~~(4)~~ All federal funds allocated under this section shall be distributed in
13 accordance with federal law and with flexibility provisions outlined in Public Law
14 107-116, and in the education flexibility partnership act of 1999, Public Law 106-25.
15 Notwithstanding section 17b, payments of federal funds to districts, intermediate
16 districts, and other eligible entities under this section shall be paid on a schedule
17 determined by the department.

18 (4) ~~(5)~~ For the purposes of applying for federal grants appropriated under this
19 article, the department shall allow an intermediate district to submit a consortium
20 application on behalf of 2 or more districts with the agreement of those districts as
21 appropriate according to federal rules and guidelines.

22 (5) ~~(6)~~ As used in this section:

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

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

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

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

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

1 Sec. 41. ~~(1)~~ From the appropriation in section 11, there is allocated an amount
2 not to exceed \$1,200,000.00 for ~~2013-2014~~ **2014-2015** to applicant districts and
3 intermediate districts offering programs of instruction for pupils of limited English-
4 speaking ability under section 1153 of the revised school code, MCL 380.1153. ~~Subject~~
5 ~~to subsection (2), reimbursement~~ **REIMBURSEMENT** shall be on a per-pupil basis and shall
6 be based on the number of pupils of limited English-speaking ability in membership on
7 the pupil membership count day. Funds allocated under this section shall be used
8 solely for instruction in speaking, reading, writing, or comprehension of English. A
9 pupil shall not be counted under this section or instructed in a program under this
10 section for more than 3 years.

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

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

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

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

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

20 (a) The initial amount allocated to a district under this subsection toward
21 fulfilling the specified percentages shall be calculated by multiplying the district's
22 special education pupil membership, excluding pupils described in subsection (11),
23 times the foundation allowance under section 20 of the pupil's district of residence,
24 not to exceed the basic foundation allowance under section 20 for the current fiscal
25 year, or, for a special education pupil in membership in a district that is a public
26 school academy, times an amount equal to the amount per membership pupil calculated
27 under section 20(6) or, for a pupil described in this subsection who is counted in

1 membership in the education achievement system, times an amount equal to the amount
2 per membership pupil under section 20(7). For an intermediate district, the amount
3 allocated under this subdivision toward fulfilling the specified percentages shall be
4 an amount per special education membership pupil, excluding pupils described in
5 subsection (11), and shall be calculated in the same manner as for a district, using
6 the foundation allowance under section 20 of the pupil's district of residence, not to
7 exceed the basic foundation allowance under section 20 for the current fiscal year.

8 (b) After the allocations under subdivision (a), districts and intermediate
9 districts for which the payments calculated under subdivision (a) do not fulfill the
10 specified percentages shall be paid the amount necessary to achieve the specified
11 percentages for the district or intermediate district.

12 (3) From the funds allocated under subsection (1), there is allocated ~~each~~
13 ~~fiscal year for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** an amount not to exceed
14 \$1,000,000.00 to make payments to districts and intermediate districts under this
15 subsection. If the amount allocated to a district or intermediate district for a
16 fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to
17 the district or intermediate district for 1996-97 under sections 52 and 58, there is
18 allocated to the district or intermediate district for the fiscal year an amount equal
19 to that difference, adjusted by applying the same proration factor that was used in
20 the distribution of funds under section 52 in 1996-97 as adjusted to the district's or
21 intermediate district's necessary costs of special education used in calculations for
22 the fiscal year. This adjustment is to reflect reductions in special education program
23 operations or services between 1996-97 and subsequent fiscal years. Adjustments for
24 reductions in special education program operations or services shall be made in a
25 manner determined by the department and shall include adjustments for program or
26 service shifts.

27 (4) If the department determines that the sum of the amounts allocated for a

1 fiscal year to a district or intermediate district under subsection (2)(a) and (b) is
2 not sufficient to fulfill the specified percentages in subsection (2), then the
3 shortfall shall be paid to the district or intermediate district during the fiscal
4 year beginning on the October 1 following the determination and payments under
5 subsection (3) shall be adjusted as necessary. If the department determines that the
6 sum of the amounts allocated for a fiscal year to a district or intermediate district
7 under subsection (2)(a) and (b) exceeds the sum of the amount necessary to fulfill the
8 specified percentages in subsection (2), then the department shall deduct the amount
9 of the excess from the district's or intermediate district's payments under this
10 article for the fiscal year beginning on the October 1 following the determination and
11 payments under subsection (3) shall be adjusted as necessary. However, if the amount
12 allocated under subsection (2)(a) in itself exceeds the amount necessary to fulfill
13 the specified percentages in subsection (2), there shall be no deduction under this
14 subsection.

15 (5) State funds shall be allocated on a total approved cost basis. Federal
16 funds shall be allocated under applicable federal requirements, except that an amount
17 not to exceed \$3,500,000.00 may be allocated by the department ~~each fiscal year for~~
18 ~~2012-2013 and for 2013-2014~~ **FOR 2014-2015** to districts, intermediate districts, or
19 other eligible entities on a competitive grant basis for programs, equipment, and
20 services that the department determines to be designed to benefit or improve special
21 education on a statewide scale.

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

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

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

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

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

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

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

19 (d) Reimbursement for ancillary and other related services, as defined by R
20 340.1701c of the Michigan administrative code, shall not be provided when those
21 services are covered by and available through private group health insurance carriers
22 or federal reimbursed program sources unless the department and district or
23 intermediate district agree otherwise and that agreement is approved by the state
24 budget director. Expenses, other than the incidental expense of filing, shall not be
25 borne by the parent. In addition, the filing of claims shall not delay the education
26 of a pupil. A district or intermediate district shall be responsible for payment of a
27 deductible amount and for an advance payment required until the time a claim is paid.

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

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

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

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

26 (11) From the funds allocated in subsection (1), there is allocated the amount
27 necessary, estimated at ~~\$4,300,000.00 for 2012-2013, and estimated at \$4,300,000.00~~

1 \$3,300,000.00 for ~~2013-2014~~ 2014-2015, to pay the foundation allowances for pupils
2 described in this subsection. The allocation to a district under this subsection shall
3 be calculated by multiplying the number of pupils described in this subsection who are
4 counted in membership in the district times the foundation allowance under section 20
5 of the pupil's district of residence, not to exceed the basic foundation allowance
6 under section 20 for the current fiscal year, or, for a pupil described in this
7 subsection who is counted in membership in a district that is a public school academy,
8 times an amount equal to the amount per membership pupil under section 20(6) or, for a
9 pupil described in this subsection who is counted in membership in the education
10 achievement system, times an amount equal to the amount per membership pupil under
11 section 20(7). The allocation to an intermediate district under this subsection shall
12 be calculated in the same manner as for a district, using the foundation allowance
13 under section 20 of the pupil's district of residence, not to exceed the basic
14 foundation allowance under section 20 for the current fiscal year. This subsection
15 applies to all of the following pupils:

16 (a) Pupils described in section 53a.

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

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

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

1 subsection (1) shall be made in the following order:

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

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

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

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

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

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

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

23 Sec. 51c. As required by the court in the consolidated cases known as Durant v
24 State of Michigan, Michigan supreme court docket no. 104458-104492, from the
25 allocation under section 51a(1), there is allocated ~~each fiscal year for 2012-2013 and~~
26 ~~for 2013-2014~~ the amount necessary, estimated at ~~\$642,000,000.00 for 2012-2013, and~~
27 ~~estimated at \$662,200,000.00~~ **\$630,500,000.00** for ~~2013-2014~~ **2014-2015**, for payments to

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

7 Sec. 51d. (1) From the federal funds appropriated in section 11, there is
8 allocated for ~~2013-2014~~ **2014-2015** all available federal funding, estimated at
9 \$74,000,000.00, for special education programs **AND SERVICES** that are funded by federal
10 grants. All federal funds allocated under this section shall be distributed in
11 accordance with federal law. Notwithstanding section 17b, payments of federal funds to
12 districts, intermediate districts, and other eligible entities under this section
13 shall be paid on a schedule determined by the department.

14 (2) From the federal funds allocated under subsection (1), the following
15 amounts are allocated for ~~2013-2014~~ **2014-2015**:

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

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

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

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

24 Sec. 53a. (1) For districts, reimbursement for pupils described in subsection
25 (2) shall be 100% of the total approved costs of operating special education programs
26 and services approved by the department and included in the intermediate district plan
27 adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766,

1 minus the district's foundation allowance calculated under section 20. For
2 intermediate districts, reimbursement for pupils described in subsection (2) shall be
3 calculated in the same manner as for a district, using the foundation allowance under
4 section 20 of the pupil's district of residence, not to exceed the basic foundation
5 allowance under section 20 for the current fiscal year.

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

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

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

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

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

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

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

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

3 (5) Not more than ~~\$13,500,000.00~~ **\$10,500,000.00** of the allocation for ~~2013-2014~~
4 **2014-2015** in section 51a(1) shall be allocated under this section.

5 Sec. 54. Each intermediate district shall receive an amount per pupil for each
6 pupil in attendance at the Michigan schools for the deaf and blind. The amount shall
7 be proportionate to the total instructional cost at each school. Not more than
8 \$1,688,000.00 of the allocation for ~~2013-2014~~ **2014-2015** in section 51a(1) shall be
9 allocated under this section.

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

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

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

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

22 (2) From the allocation under section 51a(1), there is allocated an amount not
23 to exceed \$37,758,100.00 for ~~2013-2014~~ **2014-2015** to reimburse intermediate districts
24 levying millages for special education pursuant to part 30 of the revised school code,
25 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall
26 be limited as if the funds were generated by these millages and governed by the
27 intermediate district plan adopted pursuant to article 3 of the revised school code,

1 MCL 380.1701 to 380.1766. As a condition of receiving funds under this section, an
2 intermediate district distributing any portion of special education millage funds to
3 its constituent districts shall submit for departmental approval and implement a
4 distribution plan.

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

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

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

15 Sec. 61a. (1) From the appropriation in section 11, there is allocated an
16 amount not to exceed \$26,611,300.00 for ~~2013-2014~~ 2014-2015 to reimburse on an added
17 cost basis districts, except for a district that served as the fiscal agent for a
18 vocational education consortium in the 1993-94 school year, and secondary area
19 vocational-technical education centers for secondary-level career and technical
20 education programs according to rules approved by the superintendent. Applications for
21 participation in the programs shall be submitted in the form prescribed by the
22 department. The department shall determine the added cost for each career and
23 technical education program area. The allocation of added cost funds shall be based on
24 the type of career and technical education programs provided, the number of pupils
25 enrolled, and the length of the training period provided, and shall not exceed 75% of
26 the added cost of any program. With the approval of the department, the board of a
27 district maintaining a secondary career and technical education program may offer the

1 program for the period from the close of the school year until September 1. The
2 program shall use existing facilities and shall be operated as prescribed by rules
3 promulgated by the superintendent.

4 (2) Except for a district that served as the fiscal agent for a vocational
5 education consortium in the 1993-94 school year, districts and intermediate districts
6 shall be reimbursed for local career and technical education administration, shared
7 time career and technical education administration, and career education planning
8 district career and technical education administration. The definition of what
9 constitutes administration and reimbursement shall be pursuant to guidelines adopted
10 by the superintendent. Not more than \$800,000.00 of the allocation in subsection (1)
11 shall be distributed under this subsection.

12 (3) In addition to the funds allocated in subsection (1), from the
13 appropriation in section 11, there is allocated an amount not to exceed \$1,000,000.00
14 for ~~2013-2014~~ 2014-2015 districts or intermediate districts for area career and
15 technical education centers for the purpose of integrating the Michigan merit
16 curriculum content standards under sections 1278a and 1278b of the revised school
17 code, MCL 380.1278a and 380.1278b, into state-approved career and technical education
18 instructional programs for the purpose of awarding academic credit. The department
19 shall determine the allocation to each career and technical education center in a
20 manner that provides for maximum integration of Michigan merit curriculum content
21 standards statewide.

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

23 (a) "Membership" means for a particular fiscal year the total membership for
24 the immediately preceding fiscal year of the intermediate district and the districts
25 constituent to the intermediate district or the total membership for the immediately
26 preceding fiscal year of the area vocational-technical program.

27 (b) "Millage levied" means the millage levied for area vocational-technical

1 education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to
2 380.690, including a levy for debt service obligations incurred as the result of
3 borrowing for capital outlay projects and in meeting capital projects fund
4 requirements of area vocational-technical education.

5 (c) "Taxable value" means the total taxable value of the districts constituent
6 to an intermediate district or area vocational-technical education program, except
7 that if a district has elected not to come under sections 681 to 690 of the revised
8 school code, MCL 380.681 to 380.690, the membership and taxable value of that district
9 shall not be included in the membership and taxable value of the intermediate
10 district. However, the membership and taxable value of a district that has elected not
11 to come under sections 681 to 690 of the revised school code, MCL 380.681 to 380.690,
12 shall be included in the membership and taxable value of the intermediate district if
13 the district meets both of the following:

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

16 (ii) The district contributes an annual amount to the operation of the program
17 that is commensurate with the revenue that would have been raised for operation of the
18 program if millage were levied in the district for the program under sections 681 to
19 690 of the revised school code, MCL 380.681 to 380.690.

20 (2) From the appropriation in section 11, there is allocated an amount not to
21 exceed \$9,190,000.00 for ~~2013-2014~~ **2014-2015** to reimburse intermediate districts and
22 area vocational-technical education programs established under section 690(3) of the
23 revised school code, MCL 380.690, levying millages for area vocational-technical
24 education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to
25 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if
26 the funds were generated by those millages.

27 (3) Reimbursement for the millages levied in ~~2012-2013~~ **2013-2014** shall be made

1 in ~~2013-2014~~ 2014-2015 at an amount per ~~2012-2013~~ 2013-2014 membership pupil computed
2 by subtracting from ~~\$186,500.00~~ \$188,100.00 the ~~2012-2013~~ 2013-2014 taxable value
3 behind each membership pupil and multiplying the resulting difference by the ~~2012-2013~~
4 2013-2014 millage levied.

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

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

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

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

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

23 (B) ENTERS INTO A WRITTEN AGREEMENT WITH A POSTSECONDARY INSTITUTION PRIOR TO
24 THE ENROLLMENT OF DISTRICT PUPILS.

25 (C) AGREES TO PAY ALL ELIGIBLE CHARGES PURSUANT TO SECTION 21B.

26 (D) AWARDS HIGH SCHOOL CREDIT FOR THE POSTSECONDARY COURSE IF THE PUPIL
27 SUCCESSFULLY COMPLETES THE COURSE.

1 (3) FUNDS SHALL BE AWARDED TO DISTRICTS IN THE FOLLOWING MANNER:

2 (A) A PAYMENT OF \$10.00 PER CREDIT, FOR UP TO 3 CREDITS, FOR EACH PUPIL THAT
3 ENROLLS IN A CREDIT-BEARING COURSE AT AN ELIGIBLE POSTSECONDARY INSTITUTION DURING THE
4 2014-2015 FISCAL YEAR.

5 (B) AN ADDITIONAL PAYMENT OF \$30.00 PER PUPIL PER COURSE IDENTIFIED IN (A), IF
6 THE PUPIL SUCCESSFULLY COMPLETES, AND IS AWARDED BOTH HIGH SCHOOL AND POSTSECONDARY
7 CREDIT FOR THE COURSE IN 2014-2015.

8 (4) A DISTRICT REQUESTING PAYMENT UNDER THIS SECTION SHALL SUBMIT AN
9 APPLICATION TO THE DEPARTMENT IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT.
10 NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION SHALL BE MADE ON A SCHEDULE
11 DETERMINED BY THE DEPARTMENT.

12 SEC. 64C. (1) THE DEPARTMENT SHALL COMMISSION AN INDEPENDENT THIRD PARTY AT A
13 COST OF NO MORE THAN \$250,000.00 TO CONDUCT A STUDY AND PREPARE A REPORT ANALYZING THE
14 STATE'S CURRENT CAREER READINESS EDUCATION SYSTEM.

15 (2) THE PURPOSE OF THE STUDY SHALL BE TO RESEARCH CURRENT HIGH SCHOOL AND
16 POSTSECONDARY CURRICULUM AND FACILITIES AND DEVELOP RECOMMENDATIONS FOR THE
17 IMPLEMENTATION OF A STATEWIDE SYSTEM TO SUPPORT CAREER PATHWAYS THAT LEAD TO EDUCATION
18 AND TRAINING OPPORTUNITIES TO LESSEN THE EXISTING TALENT GAP IN THE STATE.

19 (3) THE STUDY SHALL, AT A MINIMUM, INCLUDE RECOMMENDATIONS THAT ADDRESS THE
20 FOLLOWING:

21 (A) IDENTIFICATION OF REDUNDANCY OF ROLES, PROGRAMS AND CAPITAL INFRASTRUCTURE
22 AMONG PUBLIC SCHOOLS, INTERMEDIATE DISTRICTS, COMMUNITY COLLEGES AND UNIVERSITIES IN
23 PROVIDING HIGH-SKILLED DEGREES AND CREDENTIALS AND MAKE RECOMMENDATIONS TO BETTER
24 COORDINATE THOSE ROLES, PROGRAMS AND FACILITIES.

25 (B) DEVELOPMENT OF A STATEWIDE STRATEGY AND RELATED POLICIES THAT WILL RESULT
26 IN MORE COORDINATED AND EXPEDITED PATHWAYS FOR STUDENTS TO OBTAIN HIGH-SKILLED COLLEGE
27 DEGREES AND CREDENTIALS, REGARDLESS OF POINT OF ENTRY.

1 (C) PROPOSED METRICS THAT CAN BE USED TO MEASURE THE STATE'S SUCCESS TOWARDS
2 ACHIEVING THE DESIRED OUTCOMES.

3 (D) IDENTIFICATION OF SPECIFIC BARRIERS FOR STUDENTS, AND POTENTIAL WAYS TO
4 ADDRESS THOSE BARRIERS.

5 (4) THE DEPARTMENT SHALL ENSURE THAT EDUCATORS AND THE BUSINESS COMMUNITY ARE
6 SOLICITED FOR THEIR INPUT AS PART OF THE STUDY.

7 (5) THE REPORT SUMMARIZING THE RESULTS OF THE STUDY UNDER THIS SECTION SHALL BE
8 PRESENTED TO THE DEPARTMENT NO LATER THAN SEPTEMBER 30, 2015.

9 Sec. 74. (1) From the amount appropriated in section 11, there is allocated an
10 amount not to exceed ~~\$3,299,000.00~~ \$3,316,500.00 for ~~2013-2014~~ 2014-2015 for the
11 purposes of this section.

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

23 (3) From the allocation in subsection (1), there is allocated ~~each fiscal year~~
24 for 2014-2015 the amount necessary to pay the reasonable costs of nonspecial education
25 auxiliary services transportation provided pursuant to section 1323 of the revised
26 school code, MCL 380.1323. Districts funded under this subsection shall not receive
27 funding under any other section of this article for nonspecial education auxiliary

1 services transportation.

2 (4) From the funds allocated in subsection (1), there is allocated an amount
3 not to exceed ~~\$1,674,000.00~~ **\$1,691,500.00** for ~~2013-2014~~ **2014-2015** for reimbursement to
4 districts and intermediate districts for costs associated with the inspection of
5 school buses and pupil transportation vehicles by the department of state police as
6 required under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a,
7 and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The
8 department of state police shall prepare a statement of costs attributable to each
9 district for which bus inspections are provided and submit it to the department and to
10 an intermediate district serving as fiduciary in a time and manner determined jointly
11 by the department and the department of state police. Upon review and approval of the
12 statement of cost, the department shall forward to the designated intermediate
13 district serving as fiduciary the amount of the reimbursement on behalf of each
14 district and intermediate district for costs detailed on the statement within 45 days
15 after receipt of the statement. The designated intermediate district shall make
16 payment in the amount specified on the statement to the department of state police
17 within 45 days after receipt of the statement. The total reimbursement of costs under
18 this subsection shall not exceed the amount allocated under this subsection.
19 Notwithstanding section 17b, payments to eligible entities under this subsection shall
20 be paid on a schedule prescribed by the department.

21 Sec. 81. (1) Except as otherwise provided in this section, from the
22 appropriation in section 11, there is allocated ~~each fiscal year for 2012-2013 and for~~
23 ~~2013-2014~~ **2014-2015** to the intermediate districts the sum necessary, but not to exceed
24 ~~\$64,115,100.00 each fiscal year~~ **\$64,115,000.00**, to provide state aid to intermediate
25 districts under this section.

26 (2) From the allocation in subsection (1), there is allocated an amount not to
27 exceed \$62,108,000.00 for allocations to each intermediate district for ~~2012-2013~~

1 2014-2015 in an amount equal to 100% of the amount allocated to the intermediate
2 district under this subsection for ~~2011-2012. From the allocation in subsection (1),~~
3 ~~there is allocated an amount not to exceed \$62,108,000.00 for allocations to each~~
4 ~~intermediate district for 2013-2014 in an amount equal to 100.0% of the amount~~
5 ~~allocated to the intermediate district under this subsection for 2012-2013 2013-2014.~~
6 Funding provided under this section shall be used to comply with requirements of this
7 article and the revised school code that are applicable to intermediate districts, and
8 for which funding is not provided elsewhere in this article, and to provide technical
9 assistance to districts as authorized by the intermediate school board.

10 (3) Intermediate districts receiving funds under subsection (2) shall
11 collaborate with the department to develop expanded professional development
12 opportunities for teachers to update and expand their knowledge and skills needed to
13 support the Michigan merit curriculum.

14 (4) From the allocation in subsection (1), there is allocated to an
15 intermediate district, formed by the consolidation or annexation of 2 or more
16 intermediate districts or the attachment of a total intermediate district to another
17 intermediate school district or the annexation of all of the constituent K-12
18 districts of a previously existing intermediate school district which has
19 disorganized, an additional allotment of \$3,500.00 each fiscal year for each
20 intermediate district included in the new intermediate district for 3 years following
21 consolidation, annexation, or attachment. From the allocation in subsection (1), there
22 is allocated \$7,000.00 for purposes of this subsection for 2012-2013, for 2013-2014,
23 and for 2014-2015, after which the payment under this subsection will cease.

24 (5) In order to receive funding under subsection (2), an intermediate district
25 shall do all of the following:

26 (a) Demonstrate to the satisfaction of the department that the intermediate
27 district employs at least 1 person who is trained in pupil accounting and auditing

1 procedures, rules, and regulations.

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

6 (c) Comply with sections 1278a and 1278b of the revised school code, MCL
7 380.1278a and 380.1278b.

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

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

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

13 ~~(6) From the allocation in subsection (1), there is allocated an amount not to
14 exceed \$2,000,000.00 for 2012-2013 for an incentive payment to each intermediate
15 district that meets best practices as determined by the department under this
16 subsection. The amount of the incentive payment is an amount equal to 3.2% of the
17 amount allocated to the intermediate district under subsection (2). An intermediate
18 district is eligible for an incentive payment under this subsection if the
19 intermediate district satisfies at least 4 of the following requirements not later
20 than June 1, 2013:~~

21 ~~—— (a) The intermediate district enters into an agreement with the department to
22 do all of the following:~~

23 ~~—— (i) Develop a service consolidation plan in 2012-2013 to reduce operating costs
24 that is in compliance with guidelines that were developed by the department for former
25 section 11d as that section was in effect for 2010-2011.~~

26 ~~—— (ii) Implement the service consolidation plan in 2013-2014 and report to the
27 department not later than February 1, 2014 on the intermediate district's progress in~~

1 ~~implementing the service consolidation plan.~~

2 ~~—— (b) The intermediate district has obtained competitive bids on the provision of~~
3 ~~1 or more noninstructional services for the intermediate district or its constituent~~
4 ~~districts with a value of at least \$50,000.00.~~

5 ~~—— (c) The intermediate district develops a technology plan in accordance with~~
6 ~~department policy on behalf of all constituent districts within the intermediate~~
7 ~~district that integrates technology into the classroom and prepares teachers to use~~
8 ~~digital technologies as part of the instructional program of each of its constituent~~
9 ~~districts.~~

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

14 ~~—— (i) A list of services offered by the intermediate district that are shared by~~
15 ~~other local or intermediate districts and a list of the districts or intermediate~~
16 ~~districts that participate.~~

17 ~~—— (ii) The total cost savings to local or other intermediate districts that share~~
18 ~~services with the intermediate district.~~

19 ~~—— (iii) The number and percentage of teachers in the intermediate district~~
20 ~~service area that are trained to integrate technology into the classroom.~~

21 ~~—— (iv) The total funds received from levying special education and vocational~~
22 ~~education millages, and the number of special education and vocational education~~
23 ~~pupils served with those dollars.~~

24 ~~—— (v) The number and percentage of individualized education programs developed~~
25 ~~for special education pupils that contain academic goals.~~

26 ~~—— (e) The intermediate district works in a consortium with 1 or more other~~
27 ~~intermediate districts to develop information management system requirements and bid~~

1 ~~specifications that can be used as statewide models. At a minimum, these~~
2 ~~specifications shall include pupil management systems for both general and special~~
3 ~~education, learning management tools, and business services.~~

4 (6) ~~(7)~~ From the allocation in subsection (1), there is allocated an amount not
5 to exceed \$2,000,000.00 for ~~2013-2014~~ 2014-2015 for an incentive payment to each
6 intermediate district that meets best practices as determined by the department under
7 this subsection. The amount of the incentive payment is an amount equal to 3.2% of the
8 amount allocated to the intermediate district under subsection (2). An intermediate
9 district is eligible for an incentive payment under this subsection if the
10 intermediate district satisfies at least 5 of the following requirements not later
11 than June 1, ~~2014~~ 2015:

12 (a) The intermediate district enters into an agreement with the department to
13 comply with all of the following:

14 (i) If the intermediate district developed a service consolidation plan in
15 ~~2012-2013-2013-2014~~, implement the service consolidation plan in ~~2013-2014~~ 2014-2015
16 and report to the department not later than February 1, ~~2014~~ 2015 on the intermediate
17 district's progress in implementing the service consolidation plan.

18 (ii) If the intermediate district did not develop a service consolidation plan
19 in 2012-2013 OR 2013-2014, develop a service consolidation plan in ~~2013-2014~~ 2014-2015
20 to reduce operating costs that is in compliance with guidelines that were developed by
21 the department for former section 11d as that section was in effect for 2010-2011.

22 ~~(iii) If the intermediate district developed a service consolidation plan in~~
23 ~~2013-2014, implement the service consolidation plan in 2014-2015 and report to the~~
24 ~~department not later than February 1, 2015 on the intermediate district's progress in~~
25 ~~implementing the service consolidation plan.~~

26 (III) ~~(iv)~~ Make the intermediate district's service consolidation plan publicly
27 available on the intermediate district's website.

1 (b) The intermediate district has obtained competitive bids on the provision of
2 1 or more noninstructional services for the intermediate district or its constituent
3 districts with a value of at least \$50,000.00. The unfunded accrued liability costs
4 for retirement and other benefits shall be excluded from the intermediate district's
5 current costs for the purpose of comparing competitive bids to the current costs of
6 providing services.

7 (c) The intermediate district develops a technology plan in accordance with
8 department policy on behalf of all constituent districts within the intermediate
9 district that integrates technology into the classroom and prepares teachers to use
10 digital technologies as part of the instructional program of each of its constituent
11 districts. An intermediate district that developed a technology plan in 2012-2013 **OR**
12 **2013-2014** shall ~~begin implementing~~ **CONTINUE TO IMPLEMENT** that technology plan in ~~2013-~~
13 ~~2014~~ **2014-2015**.

14 (d) The intermediate district provides to parents and community members a
15 dashboard or report card demonstrating the intermediate district's efforts to manage
16 its finances responsibly. The dashboard or report card shall include revenue and
17 expenditure projections for the intermediate district for ~~2013-2014 and~~ **2014-2015 AND**
18 **2015-2016**, a listing of all debt service obligations, detailed by project, including
19 anticipated ~~2013-2014~~ **2014-2015** payment for each project, a listing of total
20 outstanding debt, and at least all of the following for the 3 most recent school years
21 for which the data are available:

22 (i) A list of services offered by the intermediate district that are shared by
23 other local or intermediate districts and a list of the districts or intermediate
24 districts that participate.

25 (ii) The total cost savings to local or other intermediate districts that share
26 services with the intermediate district.

27 (iii) The number and percentage of teachers in the intermediate district

1 service area that are trained to integrate technology into the classroom.

2 (iv) The total funds received from levying special education and vocational
3 education millages, and the number of special education and vocational education
4 pupils served with those dollars.

5 (v) The number and percentage of individualized education programs developed
6 for special education pupils that contain academic goals.

7 (e) The intermediate district works in a consortium with 1 or more other
8 intermediate districts and the center to develop local information management system
9 requirements and bid specifications that result in a recommended model information
10 system that supports interoperability to ensure linkage and connectivity in a manner
11 that facilitates the efficient exchange of data among districts, intermediate
12 districts, and the center. At a minimum, these specifications shall include pupil
13 management systems for both general and special education, learning management tools,
14 and business services.

15 (f) If an intermediate district provides medical, pharmacy, dental, vision,
16 disability, long-term care, or any other type of benefit that would constitute a
17 health care services benefit, to employees and their dependents, the intermediate
18 district is the policyholder for each of its insurance policies that covers 1 or more
19 of these benefits. An intermediate district that does not directly employ its staff or
20 an intermediate district with a voluntary employee beneficiary association that pays
21 no more than the maximum per employee contribution amount and that contributes no more
22 than the maximum employer contribution percentage of total annual costs for the
23 medical benefit plans as described in sections 3 and 4 of the publicly funded health
24 insurance contribution act, 2011 PA 152, MCL 15.563 and 15.564, is considered to have
25 satisfied this requirement.

26 **SEC. 94. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION 11, THERE IS**
27 **ALLOCATED FOR 2014-2015 AN AMOUNT NOT TO EXCEED \$250,000.00 FOR EFFORTS TO INCREASE**

1 THE NUMBER OF PUPILS WHO PARTICIPATE AND SUCCEED IN ADVANCED PLACEMENT AND
2 INTERNATIONAL BACCALAUREATE PROGRAMS.

3 (2) FUNDS AWARDED UNDER THIS SECTION SHALL BE USED TO COVER PART OR ALL OF THE
4 COSTS OF ADVANCED PLACEMENT TEST FEES OR INTERNATIONAL BACCALAUREATE TEST FEES FOR LOW
5 INCOME PUPILS WHO TAKE AN ADVANCED PLACEMENT OR AN INTERNATIONAL BACCALAUREATE TEST.
6 PAYMENTS ARE ESTIMATED AT \$20.00 PER TEST COMPLETED.

7 (3) FUNDS UNDER THIS SECTION SHALL BE AWARDED IF THE FOLLOWING CRITERIA ARE
8 MET:

9 (A) PUPILS FOR WHOM PAYMENT IS MADE MUST MEET ELIGIBILITY REQUIREMENTS OF THE
10 FEDERAL ADVANCED PLACEMENT TEST FEE PROGRAM UNDER SECTION 1701 OF THE NO CHILD LEFT
11 BEHIND ACT OF 2001, PUBLIC LAW 107-110.

12 (B) THE TESTS ARE ADMINISTERED BY THE COLLEGE BOARD, THE INTERNATIONAL
13 BACCALAUREATE ORGANIZATION OR OTHER APPROVED TEST PROVIDER.

14 (4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION SHALL BE MADE ON A
15 SCHEDULE DETERMINED BY THE DEPARTMENT.

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

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

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

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

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

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

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

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

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

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

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

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

17 (2) Each state department, officer, or agency that collects information from
18 districts, intermediate districts, or postsecondary institutions as required under
19 state or federal law shall make arrangements with the center to ensure that the state
20 department, officer, or agency is in compliance with subsection (1). This subsection
21 does not apply to information collected by the department of treasury under the
22 uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a; the revised
23 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
24 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to 388.1939; or
25 section 1351a of the revised school code, MCL 380.1351a.

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

1 (4) The center shall ensure that the P-20 longitudinal data system required
2 under subsection (1)(b) meets all of the following:

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

5 (b) Supports interoperability by using standard data structures, data formats,
6 and data definitions to ensure linkage and connectivity in a manner that facilitates
7 the exchange of data among agencies and institutions within the state and between
8 states.

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

12 (d) Enables the matching of individual teachers with information about their
13 certification and the institutions that prepared and recommended those teachers for
14 state certification.

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

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

20 (g) Provides this state with the ability to meet federal and state reporting
21 requirements.

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

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

27 (ii) Contains student-level enrollment, demographic, and program participation

1 information.

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

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

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

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

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

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

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

15 (i) Contains data that provide information regarding the extent to which
16 individual students transition successfully from secondary school to postsecondary
17 education, including, but not limited to, all of the following:

18 (A) Enrollment in remedial coursework.

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

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

23 (5) From the general fund appropriation in section 11, there is allocated an
24 amount not to exceed ~~\$9,535,100.00~~ **\$12,022,800.00** for ~~2013-2014~~ **2014-2015** to the
25 department of technology, management, and budget to support the operations of the
26 center. In addition, from the federal funds appropriated in section 11 there is
27 allocated for ~~2013-2014~~ **2014-2015** the amount necessary, estimated at \$193,500.00, to

1 support the operations of the center and to establish a P-20 longitudinal data system
2 as provided under this section in compliance with the assurance provided to the United
3 States department of education in order to receive state fiscal stabilization funds.

4 The center shall cooperate with the department to ensure that this state is in
5 compliance with federal law and is maximizing opportunities for increased federal
6 funding to improve education in this state.

7 (6) From the funds allocated in subsection (5), there is allocated for ~~2013-~~
8 ~~2014~~ 2014-2015 an amount not to exceed \$850,000.00 for competitive grants to support
9 collaborative efforts on the P-20 longitudinal data system. All of the following apply
10 to grants awarded under this subsection:

11 (a) The center shall award competitive grants to eligible intermediate
12 districts or a consortium of intermediate districts based on criteria established by
13 the center.

14 (b) Activities funded under the grant shall support the P-20 longitudinal data
15 system portal and may include portal hosting, hardware and software acquisition,
16 maintenance, enhancements, user support and related materials, and professional
17 learning tools and activities aimed at improving the utility of the P-20 longitudinal
18 data system.

19 (c) An applicant that received a grant under this subsection for the
20 immediately preceding fiscal year shall receive priority for funding under this
21 section. However, after 3 fiscal years of continuous funding, an applicant is required
22 to compete openly with new applicants.

23 ~~(7) From the funds allocated in subsection (5), there is allocated for 2013-~~
24 ~~2014 an amount not to exceed \$100,000.00 for the center to develop the pupil transfer~~
25 ~~application as required under section 25c.~~

26 (7) ~~(8)~~ Funds allocated under this section that are not expended in the fiscal
27 year in which they were allocated may be carried forward to a subsequent fiscal year

1 and are appropriated for the purposes for which the funds were originally allocated.

2 ~~(9) It is the intent of the legislature that, beginning in 2014-2015, a~~
3 ~~district shall report to the center by June 30, in a manner prescribed by the center,~~
4 ~~the number of pupils in the district who have had 10 or more unexcused absences each~~
5 ~~school year. For pupils in grades 9 to 12, the report shall include both the total~~
6 ~~number of unexcused absences in any single course and the total number of unexcused~~
7 ~~absences in all courses. Each district shall define unexcused absence. It is the~~
8 ~~intent of the legislature that a district that reports false information under this~~
9 ~~subsection shall forfeit an amount equal to 5% of its total state aid allocation under~~
10 ~~this act.~~

11 (8) ~~(10)~~ The center may bill departments as necessary in order to fulfill
12 reporting requirements of state and federal law. The center may also enter into
13 agreements to supply custom data, analysis, and reporting to other principal executive
14 departments, state agencies, local units of government, and other individuals and
15 organizations. The center may receive and expend funds in addition to those authorized
16 in subsection (5) to cover the costs associated with salaries, benefits, supplies,
17 materials, and equipment necessary to provide such data, analysis, and reporting
18 services.

19 (9) ~~(11)~~ As used in this section:

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

22 (b) "State education agency" means the department.

23 **SEC. 95A. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR**
24 **2014-2015 AN AMOUNT NOT TO EXCEED \$22,070,000.00 FROM THE STATE SCHOOL AID FUND AND AN**
25 **AMOUNT NOT TO EXCEED \$5,730,000.00 FROM THE GENERAL FUND FOR THE PURPOSE OF**
26 **IMPLEMENTING EVALUATION SYSTEMS FOR EDUCATORS AND ADMINISTRATORS PURSUANT TO SECTION**
27 **1249, MCL 380.1249, AND SECTION 1249B, MCL 380.1249B, OF THE REVISED SCHOOL CODE.**

1 (2) THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET AND THE DEPARTMENT
2 SHALL REQUEST PROPOSALS FROM VENDORS FOR THE EDUCATOR AND ADMINISTRATOR OBSERVATION
3 TOOLS SPECIFIED IN SECTION 1249(5)(A)(i) AND SECTION 1249B. THE DEPARTMENT, WITH THE
4 ASSISTANCE OF THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET, SHALL REVIEW THE
5 SUBMITTED PROPOSALS AND DETERMINE THE LOWEST RESPONSIVE, RESPONSIBLE BIDDER CONSISTENT
6 WITH THE REQUIREMENTS FOR EDUCATOR AND ADMINISTRATOR OBSERVATION TOOLS CONTAINED IN
7 SECTION 1249 AND 1249B. UP TO \$22,070,000.00 FROM THE STATE SCHOOL AID FUND ALLOCATION
8 IN SUBSECTION (1) SHALL BE DISTRIBUTED TO DISTRICTS AND INTERMEDIATE DISTRICTS ON A
9 PER EDUCATOR BASIS TO IMPLEMENT ONE OF THE FOUR TEACHER OBSERVATION TOOLS SPECIFIED IN
10 SECTION 1249(5)(A)(i) AND ONE OF THE TWO ADMINISTRATOR OBSERVATION TOOLS SPECIFIED IN
11 SECTION 1249B.

12 (3) FROM THE GENERAL FUND ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED TO
13 THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION AN AMOUNT NOT TO EXCEED
14 \$2,700,000.00 FOR THE PURPOSES OF DEVELOPING MECHANISMS FOR EDUCATORS AND EVALUATORS
15 TO EDIT AND VERIFY EDUCATOR-STUDENT ROSTERS NECESSARY FOR LOCAL CALCULATIONS OF
16 STUDENT GROWTH DATA.

17 (4) FROM THE GENERAL FUND ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED AN
18 AMOUNT NOT TO EXCEED \$3,030,000.00 FOR THE FOLLOWING PURPOSES:

19 (A) PROVIDE VALUE-ADDED MODELING COMPONENTS THAT ARE UTILIZED IN THE STUDENT
20 GROWTH AND ASSESSMENT COMPONENT OF THE EVALUATION PROCESS.

21 (B) PROCURE AN ELECTRONIC REPORTING SYSTEM THAT WILL INTEGRATE OBSERVATION TOOL
22 DATA AND DATA FROM VALUE-ADDED MODELING OF STUDENT GROWTH AND ASSESSMENT COMPONENTS OF
23 THE EVALUATION SYSTEMS FOR DISTRICTS AND INTERMEDIATE DISTRICTS.

24 (C) PILOT ALTERNATIVE EVALUATIONS WITH DISTRICTS FOR ANY STUDENT POPULATIONS
25 THAT CANNOT BE EVALUATED BY THE EVALUATION SYSTEM IMPLEMENTED PURSUANT TO SECTION 1249
26 AND 1249B OF THE REVISED SCHOOL CODE.

27 Sec. 98. (1) From the general fund money appropriated in section 11, there is

1 allocated an amount not to exceed \$9,387,500.00 for ~~2013-2014~~ 2014-2015 for the
2 purposes described in this section.

3 (2) The Michigan virtual university shall operate the Michigan virtual learning
4 research institute. The Michigan virtual learning research institute shall do all of
5 the following:

6 (a) Support and accelerate innovation in education through the following
7 activities:

8 (i) Test, evaluate, and recommend as appropriate new technology-based
9 instructional tools and resources.

10 (ii) Research, design, and recommend digital education delivery models for use
11 by pupils and teachers that include age-appropriate multimedia instructional content.

12 ~~(iii) Research, design, and recommend competency based online assessments.~~

13 (III) ~~(iv)~~ Research, develop, and recommend annually to the department criteria
14 by which cyber schools and online course providers should be monitored and evaluated
15 to ensure a quality education for their pupils.

16 (IV) ~~(v)~~ Based on pupil completion and performance data reported to the
17 department or the center for educational performance and information from cyber
18 schools and other online course providers operating in this state, analyze the
19 effectiveness of online learning delivery models in preparing pupils to be college-
20 and career-ready and publish a report that highlights enrollment totals, completion
21 rates, and the overall impact on pupils. The report shall be submitted to the house
22 and senate appropriations subcommittees on state school aid, the state budget
23 director, the house and senate fiscal agencies, and the department not later than
24 December 1, ~~2014~~ 2015.

25 (V) ~~(vi)~~ Before August 31, ~~2014~~ 2015, provide an extensive professional
26 development program to at least 500 educational personnel, including teachers, school
27 administrators, and school board members, that focuses on the effective integration of

1 digital learning into curricula and instruction. Not later than December 1, ~~2014~~ 2015,
2 the Michigan virtual learning research institute shall submit a report to the house
3 and senate appropriations subcommittees on state school aid, the state budget
4 director, the house and senate fiscal agencies, and the department on the number and
5 percentage of teachers, school administrators, and school board members who have
6 received professional development services from the Michigan virtual university. The
7 report shall also identify barriers and other opportunities to encourage the adoption
8 of digital learning in the public education system.

9 (VI) ~~(vii)~~ Identify and share best practices for planning, implementing, and
10 evaluating online and blended education delivery models with intermediate districts,
11 districts, and public school academies to accelerate the adoption of innovative
12 education delivery models statewide.

13 (b) Provide leadership for this state's system of digital learning education by
14 doing the following activities:

15 (i) Develop and report policy recommendations to the governor and the
16 legislature that accelerate the expansion of effective online learning in this state's
17 schools.

18 (ii) Provide a clearinghouse for research reports, academic studies,
19 evaluations, and other information related to online learning.

20 (iii) Promote and distribute the most current instructional design standards
21 and guidelines for online teaching.

22 (iv) In collaboration with the department and interested colleges and
23 universities in this state, ~~recommend to the superintendent guidelines and standards~~
24 ~~for a new teacher endorsement credential~~ **SUPPORT IMPLEMENTATION AND IMPROVEMENTS**
25 related to effective digital learning instruction.

26 (v) Pursue public/private partnerships that include districts to study and
27 implement competency-based technology-rich online learning models.

1 (vi) Convene focus groups and conduct annual surveys of teachers,
2 administrators, pupils, parents, and others to identify barriers and opportunities
3 related to online learning.

4 (vii) Produce an annual consumer awareness report for schools and parents about
5 effective online education providers and education delivery models, performance data,
6 cost structures, and research trends.

7 (viii) Research and establish an internet-based platform that educators can use
8 to create student-centric learning tools and resources and facilitate a user network
9 that assists educators in using the platform. As part of this initiative, the Michigan
10 virtual university shall work collaboratively with districts and intermediate
11 districts to establish a plan to make available online resources that align to
12 Michigan's K-12 curriculum standards for use by students, educators, and parents.

13 (ix) Create and maintain a public statewide catalog of online learning courses
14 being offered by all public schools in this state. The Michigan virtual learning
15 research institute shall identify and develop a list of nationally recognized best
16 practices for online learning and use this list to ~~provide~~ **SUPPORT** reviews of online
17 course vendors, courses, and instructional practices. The Michigan virtual learning
18 research institute shall also provide a mechanism for intermediate districts to use
19 the identified best practices to review content offered by constituent districts. The
20 Michigan virtual learning research institute shall review the online course offerings
21 of the Michigan virtual university, and make the results from these reviews available
22 to the public as part of the statewide catalog. The Michigan virtual learning research
23 institute shall ensure that the statewide catalog is made available to the public on
24 the Michigan virtual university website and ~~linked to~~ **ALLOW THE ABILITY TO LINK IT TO**
25 each district's website as provided for in section 21f. Beginning in 2014-2015, the
26 statewide catalog shall also contain all of the following:

27 (A) The number of ~~pupils-enrolled~~ **ENROLLMENTS** in each online course in the

1 ~~2012-2013~~ PRIOR school year.

2 (B) The number of ~~pupils who successfully completed~~ **ENROLLMENTS THAT EARNED 60**
3 **PERCENT OR MORE OF THE TOTAL COURSE POINTS FOR** each online course in the ~~2012-2013~~
4 **PRIOR** school year.

5 (C) The completion rate for each online course.

6 **(x) COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE THE NEED AND PROCESS FOR**
7 **INCORPORATING REGISTRATION, PAYMENT SERVICES AND TRANSCRIPT FUNCTIONALITY TO THE**
8 **STATEWIDE CATALOG.**

9 **(xi) COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE DISTRICT LEVEL ACCOUNTABILITY**
10 **AND TEACHER EFFECTIVENESS ISSUES RELATED TO ONLINE LEARNING UNDER SECTION 21F AND MAKE**
11 **FINDINGS AND RECOMMENDATIONS PUBLICLY AVAILABLE.**

12 (3) In order for the Michigan virtual university to receive any funds allocated
13 under this section, the Michigan virtual school must maintain its accreditation status
14 from recognized national and international accrediting entities.

15 (4) If the course offerings are included in the statewide catalog of online
16 courses under subsection (2)(b)(ix), the Michigan virtual school operated by the
17 Michigan virtual university may offer online course offerings, including, but not
18 limited to, all of the following:

19 (a) Information technology courses.

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

22 (c) Courses and dual enrollment opportunities.

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

24 (e) General education development test preparation courses for adjudicated
25 youth.

26 (f) Special interest courses.

27 (g) Professional development programs for teachers, school administrators,

1 other school employees, and school board members.

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

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

12 (a) A list of the districts served by the Michigan virtual school.

13 (b) A list of online course titles available to districts.

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

16 (d) The overall course completion rate percentage.

17 (7) The governor may appoint an advisory group for the Michigan virtual
18 learning research institute established under subsection (2). The members of the
19 advisory group shall serve at the pleasure of the governor and shall serve without
20 compensation. The purpose of the advisory group is to make recommendations to the
21 governor, the legislature, and the president and board of the Michigan virtual
22 university that will accelerate innovation in this state's education system in a
23 manner that will prepare elementary and secondary students to be career and college
24 ready and that will promote the goal of increasing the percentage of citizens of this
25 state with high-quality degrees and credentials to at least 60% by 2025.

26 (8) Not later than November 1, ~~2013~~ 2014, the Michigan virtual university shall
27 submit to the house and senate appropriations subcommittees on state school aid, the

1 state budget director, and the house and senate fiscal agencies a detailed budget for
2 the ~~2013-2014~~ 2014-2015 fiscal year that includes a breakdown on its projected costs
3 to deliver online educational services to districts and a summary of the anticipated
4 fees to be paid by districts for those services. Beginning in 2013-2014, not later
5 than February 1, the Michigan virtual university shall submit to the house and senate
6 appropriations subcommittees on state school aid, the state budget director, and the
7 house and senate fiscal agencies a breakdown on its actual costs to deliver online
8 educational services to districts and a summary of the actual fees paid by districts
9 for those services based on audited financial statements for the immediately preceding
10 fiscal year.

11 (9) As used in this section:

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

18 (b) "Cyber school" means a full-time instructional program of online courses
19 for pupils that may or may not require attendance at a physical school location.

20 (c) "Digital learning" means instruction delivered via a web-based educational
21 delivery system that uses various information technologies to provide a structured
22 learning environment, including online and blended learning instructional methods.

23 (d) "Online course" means a course of study that is capable of generating a
24 credit or a grade, that is provided in an interactive internet-connected learning
25 environment, in which pupils are separated from their teachers by time or location, or
26 both, and in which a teacher who holds a valid Michigan teaching certificate is
27 responsible for determining appropriate instructional methods for each pupil,

1 diagnosing learning needs, assessing pupil learning, prescribing intervention
2 strategies, reporting outcomes, and evaluating the effects of instruction and support
3 strategies.

4 Sec. 99. (1) From the funds appropriated in section 11, there is allocated for
5 ~~2013-2014~~ 2014-2015 an amount not to exceed ~~\$2,850,000.00~~ \$2,750,000.00 from the state
6 school aid fund and an amount not to exceed ~~\$375,000.00~~ \$475,000.00 from the general
7 fund to support the activities and programs of mathematics and science centers and for
8 other purposes as described in this section. In addition, from the federal funds
9 appropriated in section 11, there is allocated for ~~2013-2014~~ 2014-2015 an amount
10 estimated at \$5,249,300.00 from DED-OESE, title II, mathematics and science
11 partnership grants.

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

19 (3) The department shall not award a state grant under this section to more
20 than 1 mathematics and science center located in a designated region as prescribed in
21 the ~~2007~~ 2012 master plan unless each of the grants serves a distinct target
22 population or provides a service that does not duplicate another program in the
23 designated region.

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

1 (5) Allocations under this section to support the activities and programs of
2 mathematics and science centers shall be continuing support grants to all 33
3 established mathematics and science centers. Each established mathematics and science
4 center that was funded in the immediately preceding fiscal year shall receive state
5 funding in an amount equal to 100% of the amount it was allocated under this
6 subsection for the immediately preceding fiscal year. If a center declines state
7 funding or a center closes, the remaining money available under this section shall be
8 distributed to the remaining centers, as determined by the department.

9 (6) From the funds allocated in subsection (1), there is allocated for ~~2013-~~
10 ~~2014~~ 2014-2015 an amount not to exceed \$750,000.00 in a form and manner determined by
11 the department to those centers able to provide curriculum and professional
12 development support to assist districts in implementing the Michigan merit curriculum
13 components for mathematics and science. Funding under this subsection is in addition
14 to funding allocated under subsection (5).

15 (7) From the ~~state school aid~~ **GENERAL** fund money allocated in subsection (1),
16 there is allocated for ~~2013-2014~~ 2014-2015 an amount not to exceed \$100,000.00 ~~in a~~
17 ~~form and manner determined by the department to a single mathematics and science~~
18 ~~center that is a participant in~~ **TO** the Michigan STEM partnership, to be used to
19 administer the grant process under this subsection. From the general fund money
20 allocated in subsection (1), there is allocated for ~~2013-2014~~ 2014-2015 an amount not
21 to exceed \$375,000.00 to the Michigan STEM partnership to be used for a competitive
22 grant process to award competitive grants to organizations conducting student-focused,
23 project-based programs and competitions, either in the classroom or extracurricular,
24 in science, technology, engineering, and mathematics subjects such as, but not limited
25 to, robotics, coding, and design-build-test projects, from pre-kindergarten through
26 college level. Funding under this subsection is in addition to funding allocated under
27 subsection (5) and shall be used for connecting mathematics and science centers for

1 science, technology, engineering, and mathematics purposes **AND TO SUPPORT THE GOALS**
2 **AND MISSION OF THE MICHIGAN STEM PARTNERSHIP**. A program receiving funds under section
3 99h may not receive funds under this subsection.

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

8 (9) Not later than September 30, ~~2013~~ **2018**, the department shall reevaluate and
9 update the comprehensive master plan described in subsection (1).

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

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

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

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

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

24 (13) As used in this section:

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

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

27 Sec. 99h. (1) From the appropriation in section 11, there is allocated an

1 amount not to exceed ~~\$3,000,000.00~~ \$2,000,000.00 for ~~2013-2014~~ 2014-2015 for
2 competitive grants to districts that provide pupils in grades 7 to 12 with expanded
3 opportunities to improve mathematics, science, and technology skills by participating
4 in events hosted by a science and technology development program known as FIRST (for
5 inspiration and recognition of science and technology) robotics.

6 (2) A district applying for a FIRST tech challenge or FIRST robotics
7 competition program grant shall submit an application in a form and manner determined
8 by the department. To be eligible for a grant, a district shall demonstrate in its
9 application that the district has established a partnership for the purposes of the
10 FIRST program with at least 1 sponsor, business entity, higher education institution,
11 or technical school.

12 (3) The department shall distribute the grant funding under this section for
13 the following purposes:

14 (a) ~~Except as otherwise provided in subparagraph (iii), not more than~~
15 ~~\$1,000,000.00 for grants~~ **GRANTS** to districts to pay for stipends of \$1,500.00 for 1
16 coach per team, distributed as follows:

17 (i) Not more than 500 stipends for coaches of high school teams, including
18 existing teams.

19 (ii) Not more than 100 stipends for coaches of middle school or junior high
20 teams, including existing teams.

21 (iii) If the requests for stipends exceed the numbers of stipends allowed under
22 subparagraphs (i) and (ii), and if there is funding remaining unspent under
23 subdivisions (b) and (c), the department shall use that remaining unspent funding for
24 grants to districts to pay for additional stipends in a manner that expands the
25 geographical distribution of teams.

26 (b) ~~not more than \$1,000,000.00 for grants~~ **GRANTS** to districts for event
27 registrations, materials, travel costs, and other expenses associated with the

1 preparation for and attendance at FIRST tech challenge and FIRST robotics
2 competitions. Each grant recipient shall provide a local match from other private or
3 local funds for the funds received under this subdivision equal to at least 50% of the
4 costs of participating in an event. The department shall set maximum grant amounts
5 under this subdivision in a manner that maximizes the number of teams that will be
6 able to receive funding.

7 (c) ~~not more than \$1,000,000.00 for grants~~ **GRANTS** to districts for awards to
8 teams that advance to the state and world championship competitions. The department
9 shall determine an equal amount per team for those teams that advance to the state
10 championship and a second equal award amount to those teams that advance to the world
11 championship.

12 **(4) THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT APPROPRIATION,**
13 **AND ANY UNEXPENDED FUNDS FOR 2014-2015 ARE CARRIED FORWARD INTO 2015-2016. THE PURPOSE**
14 **OF THE WORK PROJECT IS TO CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER**
15 **SUBSECTION (1). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30,**
16 **2017.**

17 Sec. 101. (1) To be eligible to receive state aid under this article, not later
18 than the fifth Wednesday after the pupil membership count day and not later than the
19 fifth Wednesday after the supplemental count day, each district superintendent shall
20 submit to the center and the intermediate superintendent, in the form and manner
21 prescribed by the center, the number of pupils enrolled and in regular daily
22 attendance in the district as of the pupil membership count day and as of the
23 supplemental count day, as applicable, for the current school year. In addition, a
24 district maintaining school during the entire year, as provided under section 1561 of
25 the revised school code, MCL 380.1561, shall submit to the center and the intermediate
26 superintendent, in the form and manner prescribed by the center, the number of pupils
27 enrolled and in regular daily attendance in the district for the current school year

1 pursuant to rules promulgated by the superintendent. Not later than the sixth
2 Wednesday after the pupil membership count day and not later than the sixth Wednesday
3 after the supplemental count day, the district shall certify the data in a form and
4 manner prescribed by the center and file the certified data with the intermediate
5 superintendent. If a district fails to submit and certify the attendance data, as
6 required under this subsection, the center shall notify the department and state aid
7 due to be distributed under this article shall be withheld from the defaulting
8 district immediately, beginning with the next payment after the failure and continuing
9 with each payment until the district complies with this subsection. If a district does
10 not comply with this subsection by the end of the fiscal year, the district forfeits
11 the amount withheld. A person who willfully falsifies a figure or statement in the
12 certified and sworn copy of enrollment shall be punished in the manner prescribed by
13 section 161.

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

26 (3) Except as otherwise provided in subsections (11) and (12), all of the
27 following apply to the provision of pupil instruction:

1 (a) Except as otherwise provided in this section, each district shall provide
2 at least 1,098 hours and, beginning in 2010-2011, the required minimum number of days
3 of pupil instruction. Beginning in 2012-2013, the required minimum number of days of
4 pupil instruction is 170. Beginning in 2014-2015, the required minimum number of days
5 of pupil instruction is 175. However, a district shall not provide fewer days of pupil
6 instruction than the district provided for 2009-2010. **IF A COLLECTIVE BARGAINING**
7 **AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR WAS IN EFFECT FOR EMPLOYEES OF A**
8 **DISTRICT AS OF JUNE 13, 2013, AND IF THAT SCHOOL CALENDAR IS NOT IN COMPLIANCE WITH**
9 **THIS SUBSECTION, THEN THIS SUBSECTION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE**
10 **EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT.** A district may apply for a waiver
11 under subsection (9) from the requirements of this subdivision. ~~For 2012-2013 only, if~~
12 ~~a district is unable to provide the required minimum number of days of pupil~~
13 ~~instruction because of school closures occurring before April 20, 2013 due to~~
14 ~~conditions not within the control of school authorities, such as severe storms, fires,~~
15 ~~epidemics, utility power unavailability, water or sewer failure, or health conditions~~
16 ~~as defined by the city, county, or state health authorities, but the district does~~
17 ~~provide at least the required minimum number of hours of pupil instruction, the~~
18 ~~district is not subject to the minimum number of days of pupil instruction requirement~~
19 ~~of this subsection. A district that uses the 2012-2013 exception from the minimum~~
20 ~~number of days of pupil instruction requirement shall submit to the department not~~
21 ~~later than July 1, 2013, in the form and manner prescribed by the department, a report~~
22 ~~that details the amount of instructional time that was lost due to school closures and~~
23 ~~the amount of additional instructional time that was added to compensate, when the~~
24 ~~additional instructional time was provided; the activities that were carried out and~~
25 ~~subject areas addressed during the additional instructional time; and other~~
26 ~~information specified by the department to assess whether appropriate instruction~~
27 ~~occurred during the additional instructional time. The department shall aggregate and~~

1 ~~provide these reports to the senate and house standing committees on education.~~

2 (b) Except as otherwise provided in this article, a district failing to comply
3 with the required minimum hours and days of pupil instruction under this subsection
4 shall forfeit from its total state aid allocation an amount determined by applying a
5 ratio of the number of hours or days the district was in noncompliance in relation to
6 the required minimum number of hours and days under this subsection. Not later than
7 August 1, the board of each district shall certify to the department the number of
8 hours and days of pupil instruction in the previous school year. If the district did
9 not provide at least the required minimum number of hours and days of pupil
10 instruction under this subsection, the deduction of state aid shall be made in the
11 following fiscal year from the first payment of state school aid. A district is not
12 subject to forfeiture of funds under this subsection for a fiscal year in which a
13 forfeiture was already imposed under subsection (6).

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

16 (d) If a collective bargaining agreement that provides a complete school
17 calendar is in effect for employees of a district as of October 19, 2009, and if that
18 school calendar is not in compliance with this subsection, then this subsection does
19 not apply to that district until after the expiration of that collective bargaining
20 agreement.

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

25 (f) At the request of a district that operates a department-approved
26 alternative education program and that does not provide instruction for pupils in all
27 of grades K to 12, the superintendent may grant a waiver from the requirements of

1 subdivision (e). The waiver shall indicate that an eligible district is subject to the
2 proration provisions of subdivision (e) only if the district does not have at least
3 50% of the district's membership in attendance on any day of pupil instruction. In
4 order to be eligible for this waiver, a district must maintain records to substantiate
5 its compliance with the following requirements:

6 (i) The district offers the minimum hours of pupil instruction as required
7 under this section.

8 (ii) For each enrolled pupil, the district uses appropriate academic
9 assessments to develop an individual education plan that leads to a high school
10 diploma.

11 (iii) The district tests each pupil to determine academic progress at regular
12 intervals and records the results of those tests in that pupil's individual education
13 plan.

14 (g) All of the following apply to a waiver granted under subdivision (f):

15 (i) If the waiver is for a blended model of delivery, a waiver that is granted
16 for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it
17 is revoked by the superintendent.

18 (ii) If the waiver is for a 100% online model of delivery and the educational
19 program for which the waiver is granted makes educational services available to pupils
20 for a minimum of at least 1,098 hours during a school year and ensures that each pupil
21 participates in the educational program for at least 1,098 hours during a school year,
22 a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year
23 remains in effect unless it is revoked by the superintendent.

24 (iii) A waiver that is not a waiver described in subparagraph (i) or (ii) is
25 valid for 1 fiscal year and must be renewed annually to remain in effect.

26 (h) The superintendent shall promulgate rules for the implementation of this
27 subsection.

1 (4) Except as otherwise provided in this subsection, the first 6 days or the
2 equivalent number of hours for which pupil instruction is not provided because of
3 conditions not within the control of school authorities, such as severe storms, fires,
4 epidemics, utility power unavailability, water or sewer failure, or health conditions
5 as defined by the city, county, or state health authorities, shall be counted as hours
6 and days of pupil instruction. With the approval of the superintendent of public
7 instruction, the department shall count as hours and days of pupil instruction for a
8 fiscal year not more than 6 additional days or the equivalent number of additional
9 hours for which pupil instruction is not provided in a district after April 1 of the
10 applicable school year due to unusual and extenuating occurrences resulting from
11 conditions not within the control of school authorities such as those conditions
12 described in this subsection. Subsequent such hours or days shall not be counted as
13 hours or days of pupil instruction.

14 (5) A district shall not forfeit part of its state aid appropriation because it
15 adopts or has in existence an alternative scheduling program for pupils in
16 kindergarten if the program provides at least the number of hours required under
17 subsection (3) for a full-time equated membership for a pupil in kindergarten as
18 provided under section 6(4).

19 (6) In addition to any other penalty or forfeiture under this section, if at
20 any time the department determines that 1 or more of the following have occurred in a
21 district, the district shall forfeit in the current fiscal year beginning in the next
22 payment to be calculated by the department a proportion of the funds due to the
23 district under this article that is equal to the proportion below the required minimum
24 number of hours and days of pupil instruction under subsection (3), as specified in
25 the following:

26 (a) The district fails to operate its schools for at least the required minimum
27 number of hours and days of pupil instruction under subsection (3) in a school year,

1 including hours and days counted under subsection (4).

2 (b) The board of the district takes formal action not to operate its schools
3 for at least the required minimum number of hours and days of pupil instruction under
4 subsection (3) in a school year, including hours and days counted under subsection
5 (4).

6 (7) In providing the minimum number of hours and days of pupil instruction
7 required under subsection (3), a district shall use the following guidelines, and a
8 district shall maintain records to substantiate its compliance with the following
9 guidelines:

10 (a) Except as otherwise provided in this subsection, a pupil must be scheduled
11 for at least the required minimum number of hours of instruction, excluding study
12 halls, or at least the sum of 90 hours plus the required minimum number of hours of
13 instruction, including up to 2 study halls.

14 (b) The time a pupil is assigned to any tutorial activity in a block schedule
15 may be considered instructional time, unless that time is determined in an audit to be
16 a study hall period.

17 (c) Except as otherwise provided in this subdivision, a pupil in grades 9 to 12
18 for whom a reduced schedule is determined to be in the individual pupil's best
19 educational interest must be scheduled for a number of hours equal to at least 80% of
20 the required minimum number of hours of pupil instruction to be considered a full-time
21 equivalent pupil. A pupil in grades 9 to 12 who is scheduled in a 4-block schedule may
22 receive a reduced schedule under this subsection if the pupil is scheduled for a
23 number of hours equal to at least 75% of the required minimum number of hours of pupil
24 instruction to be considered a full-time equivalent pupil.

25 (d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education
26 program or a special education pupil cannot receive the required minimum number of
27 hours of pupil instruction solely because of travel time between instructional sites

1 during the school day, that travel time, up to a maximum of 3 hours per school week,
2 shall be considered to be pupil instruction time for the purpose of determining
3 whether the pupil is receiving the required minimum number of hours of pupil
4 instruction. However, if a district demonstrates to the satisfaction of the department
5 that the travel time limitation under this subdivision would create undue costs or
6 hardship to the district, the department may consider more travel time to be pupil
7 instruction time for this purpose.

8 (e) In grades 7 through 12, instructional time that is part of a junior reserve
9 officer training corps (JROTC) program shall be considered to be pupil instruction
10 time regardless of whether the instructor is a certificated teacher if all of the
11 following are met:

12 (i) The instructor has met all of the requirements established by the United
13 States department of defense and the applicable branch of the armed services for
14 serving as an instructor in the junior reserve officer training corps program.

15 (ii) The board of the district or intermediate district employing or assigning
16 the instructor complies with the requirements of sections 1230 and 1230a of the
17 revised school code, MCL 380.1230 and 380.1230a, with respect to the instructor to the
18 same extent as if employing the instructor as a regular classroom teacher.

19 (8) Except as otherwise provided in subsections (11) and (12), the department
20 shall apply the guidelines under subsection (7) in calculating the full-time
21 equivalency of pupils.

22 (9) Upon application by the district for a particular fiscal year, the
23 superintendent may waive for a district the minimum number of hours and days of pupil
24 instruction requirement of subsection (3) for a department-approved alternative
25 education program or another innovative program approved by the department, including
26 a 4-day school week. If a district applies for and receives a waiver under this
27 subsection and complies with the terms of the waiver, the district is not subject to

1 forfeiture under this section for the specific program covered by the waiver. If the
2 district does not comply with the terms of the waiver, the amount of the forfeiture
3 shall be calculated based upon a comparison of the number of hours and days of pupil
4 instruction actually provided to the minimum number of hours and days of pupil
5 instruction required under subsection (3). Pupils enrolled in a department-approved
6 alternative education program under this subsection shall be reported to the center in
7 a form and manner determined by the center. All of the following apply to a waiver
8 granted under this subsection:

9 (a) If the waiver is for a blended model of delivery, a waiver that is granted
10 for the 2011-2012 fiscal year or a subsequent fiscal year remains in effect unless it
11 is revoked by the superintendent.

12 (b) If the waiver is for a 100% online model of delivery and the educational
13 program for which the waiver is granted makes educational services available to pupils
14 for a minimum of at least 1,098 hours during a school year and ensures that each pupil
15 participates in the educational program for at least 1,098 hours during a school year,
16 a waiver that is granted for the 2011-2012 fiscal year or a subsequent fiscal year
17 remains in effect unless it is revoked by the superintendent.

18 (c) A waiver that is not a waiver described in subdivision (a) or (b) is valid
19 for 1 fiscal year and must be renewed annually to remain in effect.

20 (10) Until 2014-2015, a district may count up to 38 hours of qualifying
21 professional development for teachers as hours of pupil instruction. Professional
22 development provided online is allowable and encouraged, as long as the instruction
23 has been approved by the district. The department shall issue a list of approved
24 online professional development providers, which shall include the Michigan virtual
25 school. As used in this subsection, "qualifying professional development" means
26 professional development that is focused on 1 or more of the following:

27 (a) Achieving or improving adequate yearly progress as defined under the no

1 child left behind act of 2001, Public Law 107-110.

2 (b) Achieving accreditation or improving a school's accreditation status under
3 section 1280 of the revised school code, MCL 380.1280.

4 (c) Achieving highly qualified teacher status as defined under the no child
5 left behind act of 2001, Public Law 107-110.

6 (d) Integrating technology into classroom instruction.

7 (e) Maintaining teacher certification.

8 (11) Subsections (3) and (8) do not apply to a school of excellence that is a
9 cyber school, as defined in section 551 of the revised school code, MCL 380.551, and
10 is in compliance with section 553a of the revised school code, MCL 380.553a.

11 (12) Subsections (3) and (8) do not apply to eligible pupils enrolled in a
12 dropout recovery program that meets the requirements of section 23a. As used in this
13 subsection, "eligible pupil" means that term as defined in section 23a.

14 (13) Beginning in 2013, at least every 2 years the superintendent shall review
15 the waiver standards set forth in the pupil accounting and auditing manuals to ensure
16 that the waiver standards and waiver process continue to be appropriate and responsive
17 to changing trends in online learning. The superintendent shall solicit and consider
18 input from stakeholders as part of this review.

19 Sec. 102. (1) A district or intermediate district receiving money under this
20 article shall not adopt or operate under a deficit budget, and a district or
21 intermediate district shall not incur an operating deficit in a fund during a school
22 fiscal year. ~~A IF A~~ district or intermediate district ~~that~~ has an existing deficit
23 fund balance, ~~that~~ incurs a deficit fund balance in the most recently completed school
24 fiscal year, or ~~that~~ adopts a current year budget that projects a deficit fund
25 balance, ~~shall not be allotted or paid a further sum under this article~~ **ALL OF THE**
26 **FOLLOWING APPLY**

27 (A) **THE DISTRICT OR INTERMEDIATE DISTRICT SHALL NOTIFY THE DEPARTMENT**

1 IMMEDIATELY UPON THE OCCURRENCE OF THE CIRCUMSTANCE.

2 (B) WITHIN 30 DAYS AFTER NOTIFYING THE DEPARTMENT, THE DISTRICT OR INTERMEDIATE
3 DISTRICT SHALL SUBMIT TO THE DEPARTMENT AND THE STATE TREASURER A PREPLAN FINANCIAL
4 REPORT IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY.

5 (C) THE DEPARTMENT MAY WITHHOLD SOME OR ALL OF THE MONEY PAYABLE TO THE
6 DISTRICT OR INTERMEDIATE DISTRICT UNDER THIS ARTICLE, IN AN AMOUNT THE DEPARTMENT
7 DETERMINES NECESSARY TO INCENTIVIZE THE DISTRICT OR INTERMEDIATE DISTRICT TO ELIMINATE
8 THE DEFICIT, until the district or intermediate district submits to the department for
9 approval a budget for the current school fiscal year and a ~~plan to eliminate the~~
10 ~~district's or intermediate district's deficit not later than the end of the second~~
11 ~~school fiscal year after the deficit was incurred or the budget projecting a deficit~~
12 ~~was adopted. Withheld state aid payments shall be released~~ DEFICIT ELIMINATION PLAN IN
13 THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OR UNTIL THE DEFICIT ELIMINATION PLAN
14 IS APPROVED BY THE DEPARTMENT, AS DETERMINED BY THE DEPARTMENT. THE DEPARTMENT MAY
15 REQUIRE A DEFICIT ELIMINATION PLAN TO INCLUDE AN EDUCATION PLAN FOR THE DISTRICT OR
16 INTERMEDIATE DISTRICT.

17 (D) THE DEPARTMENT SHALL RELEASE MONEY WITHHELD UNDER THIS SUBSECTION after the
18 department approves the deficit elimination plan. ~~and ensures that the budget for the~~
19 ~~current school fiscal year is balanced.~~

20 (E) After the department approves a district's or intermediate district's
21 deficit elimination plan, the district or intermediate district shall post the deficit
22 elimination plan on the district's or intermediate district's website.

23 (2) Not later than March 1 of each year, the department shall prepare a report
24 of deficits incurred or projected by districts and intermediate districts in the
25 immediately preceding fiscal year and the progress made in reducing those deficits and
26 submit the report to the standing committees of the legislature responsible for K-12
27 education legislation, the appropriations subcommittees of the legislature responsible

1 for K-12 education appropriations, the house and senate fiscal agencies, the state
 2 treasurer, and the state budget director. The department also shall submit quarterly
 3 interim reports concerning the progress made by districts and intermediate districts
 4 in reducing those deficits **TO THE APPROPRIATIONS SUBCOMMITTEES OF THE LEGISLATURE**
 5 **RESPONSIBLE FOR K-12 EDUCATION APPROPRIATIONS, THE HOUSE AND SENATE FISCAL AGENCIES,**
 6 **THE STATE TREASURER, AND THE STATE BUDGET DIRECTOR.** On a quarterly basis, the
 7 superintendent of public instruction shall publicly present those reports to the
 8 appropriations subcommittees of the legislature responsible for K-12 education
 9 appropriations.

10 ~~(3) The amount of the permissible deficit for each school fiscal year shall not~~
 11 ~~exceed the amount of state aid reduced by an executive order during that school fiscal~~
 12 ~~year.~~

13 (3) ~~(4)~~ A district or intermediate district that has an existing deficit fund
 14 balance, that incurs a deficit fund balance in the most recently completed school
 15 fiscal year, or that adopts a current year budget that projects a deficit fund balance
 16 shall submit to the department **AND THE STATE TREASURER** a monthly monitoring report on
 17 revenue and expenditures in a form and manner prescribed by the department and shall
 18 post these reports on its website.

19 (4) ~~(5)~~ If a district or intermediate district is ~~not able to comply with the~~
 20 ~~provisions of this section, the district or intermediate district shall submit to the~~
 21 ~~department a plan to eliminate its deficit. Upon approval of the plan submitted,~~
 22 **REQUIRED TO SUBMIT A DEFICIT ELIMINATION PLAN UNDER THIS SECTION, AND THE DEFICIT**
 23 **ELIMINATION PLAN IS APPROVED BY THE DEPARTMENT,** the superintendent ~~of public~~
 24 ~~instruction~~ may continue allotment and payment of funds under this article., ~~extend~~
 25 **WHEN APPROVING A DEFICIT ELIMINATION PLAN, THE SUPERINTENDENT SHALL ESTABLISH** the
 26 period of time ~~in~~ **WITHIN** which a district or intermediate district ~~has to~~ **MUST**
 27 eliminate its deficit, and **MAY** set special conditions that the district or

1 intermediate district must meet ~~during the period of the extension.~~ WHILE THE DEFICIT
2 ELIMINATION PLAN IS IN EFFECT. After the department approves a district's or
3 intermediate district's deficit elimination plan under this subsection, the district
4 or intermediate district shall post the deficit elimination plan on the district's or
5 intermediate district's website. THE REQUIREMENTS OF THIS SECTION RELATING TO A
6 DEFICIT ELIMINATION PLAN DO NOT APPLY TO A DISTRICT OR INTERMEDIATE DISTRICT IF THE
7 DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO SUBMIT AN ENHANCED DEFICIT
8 ELIMINATION PLAN UNDER SUBSECTION (5).

9 (5) IF, BASED UPON INFORMATION INCLUDED IN A PERIODIC FINANCIAL STATUS REPORT
10 REQUIRED UNDER SECTION 102A OR NOTIFICATION FROM THE SUPERINTENDENT OF PUBLIC
11 INSTRUCTION, A PREPLAN FINANCIAL REPORT REQUIRED UNDER THIS SECTION, OR A DEFICIT
12 ELIMINATION PLAN REQUIRED UNDER THIS SECTION, THE STATE TREASURER DETERMINES THAT A
13 DISTRICT OR INTERMEDIATE DISTRICT IS SUBJECT TO RAPIDLY DETERIORATING FINANCIAL
14 CIRCUMSTANCES, PERSISTENTLY DECLINING ENROLLMENT, OR OTHER INDICATORS OF FINANCIAL
15 STRESS LIKELY TO RESULT IN RECURRING OPERATING DEFICITS OR RECURRING FINANCIAL STRESS
16 WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THE STATE TREASURER MAY REQUIRE THE
17 DISTRICT OR INTERMEDIATE DISTRICT TO SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN IN
18 THE FORM AND MANNER DETERMINED BY THE DEPARTMENT OF TREASURY. AN ENHANCED DEFICIT
19 ELIMINATION PLAN SHALL PROVIDE FOR THE RESOLUTION OF THE DETERIORATING FINANCIAL
20 CIRCUMSTANCES, PERSISTENTLY DECLINING ENROLLMENT, OR OTHER INDICATORS OF RECURRING
21 OPERATING DEFICITS OR RECURRING FINANCIAL STRESS AND IS SUBJECT TO APPROVAL BY THE
22 STATE TREASURER. AS A CONDITION OF APPROVING THE ENHANCED DEFICIT ELIMINATION PLAN,
23 THE STATE TREASURER MAY REQUIRE THE DISTRICT OR INTERMEDIATE SCHOOL DISTRICT TO ENTER
24 INTO A FINANCIAL RECOVERY AGREEMENT WITH THE STATE TREASURER. A FINANCIAL RECOVERY
25 AGREEMENT MAY PROVIDE FOR, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:

26 (A) ASSISTANCE AND GUIDANCE FROM THE DEPARTMENT OF TREASURY AND OTHER STATE
27 DEPARTMENTS AND AGENCIES.

1 (B) A FINANCIAL AND OPERATING PLAN FOR THE DISTRICT.

2 (C) THE APPOINTMENT OF A LOCAL AUDITOR OR INSPECTOR, OR BOTH.

3 (D) REMEDIAL MEASURES NECESSARY TO ADDRESS THE FINANCIAL CIRCUMSTANCES OF THE
4 DISTRICT OR INTERMEDIATE DISTRICT.

5 (E) ALTERNATIVE MEANS TO MORE EFFECTIVELY AND EFFICIENTLY PROVIDE PUBLIC
6 EDUCATIONAL SERVICES TO RESIDENTS OF THE DISTRICT OR INTERMEDIATE DISTRICT AND PERFORM
7 OTHER FUNCTIONS AND RESPONSIBILITIES OF THE DISTRICT OR INTERMEDIATE DISTRICT,
8 INCLUDING, BUT NOT LIMITED TO, ENTERING INTO AGREEMENTS OR COOPERATIVE ARRANGEMENTS
9 WITH OTHER ENTITIES, PUBLIC OR PRIVATE, OR JOINING ORGANIZATIONS AS PART OF PERFORMING
10 THE FUNCTIONS OF THE DISTRICT OR INTERMEDIATE DISTRICT UNDER SECTION 11A OR SECTION
11 601A OF THE REVISED SCHOOL CODE.

12 (F) THE REQUIRED RETENTION BY THE DISTRICT OR INTERMEDIATE DISTRICT OF A
13 CONSULTANT OR 1 OR MORE OTHER EXPERTS FOR THE PURPOSE OF ASSISTING THE DISTRICT OR
14 INTERMEDIATE DISTRICT TO ACHIEVE THE GOALS AND OBJECTIVES OF THE FINANCIAL RECOVERY
15 AGREEMENT.

16 (G) OTHER MEASURES CONSIDERED NECESSARY BY THE STATE TREASURER TO ADDRESS THE
17 FINANCIAL CONDITIONS WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT.

18 (6) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO SUBMIT AN ENHANCED
19 DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5), SOME OR ALL OF THE MONEY PAYABLE TO THE
20 DISTRICT UNDER THIS ARTICLE MAY BE WITHHELD IN AN AMOUNT THE STATE TREASURER
21 DETERMINES NECESSARY TO INCENTIVIZE THE DISTRICT OR INTERMEDIATE DISTRICT TO ELIMINATE
22 THE DEFICIT, UNTIL THE DISTRICT OR INTERMEDIATE DISTRICT SUBMITS TO THE STATE
23 TREASURER FOR APPROVAL A BUDGET FOR THE CURRENT SCHOOL FISCAL YEAR AND AN ENHANCED
24 DEFICIT ELIMINATION PLAN IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF
25 TREASURY UNDER THIS SECTION OR UNTIL THE ENHANCED DEFICIT ELIMINATION PLAN IS APPROVED
26 BY THE DEPARTMENT OF TREASURY, AS DETERMINED BY THE DEPARTMENT OF TREASURY. THE
27 DEPARTMENT SHALL RELEASE MONEY WITHHELD UNDER THIS SUBSECTION AFTER THE DEPARTMENT OF

1 TREASURY APPROVES THE ENHANCED DEFICIT ELIMINATION PLAN FOR THE DISTRICT OR
2 INTERMEDIATE DISTRICT. WHEN APPROVING AN ENHANCED DEFICIT ELIMINATION PLAN, THE STATE
3 TREASURER SHALL ESTABLISH THE PERIOD OF TIME WITHIN WHICH A DISTRICT OR INTERMEDIATE
4 DISTRICT MUST ELIMINATE ITS DEFICIT AND MAY SET SPECIAL CONDITIONS THAT THE DISTRICT
5 OR INTERMEDIATE DISTRICT MUST MEET WHILE THE DEFICIT ELIMINATION PLAN IS IN EFFECT.

6 (7) AFTER THE STATE TREASURER APPROVES AN ENHANCED DEFICIT ELIMINATION PLAN FOR
7 A DISTRICT OR INTERMEDIATE DISTRICT, THE DISTRICT OR INTERMEDIATE DISTRICT SHALL POST
8 THE ENHANCED DEFICIT ELIMINATION PLAN ON THE DISTRICT'S WEBSITE.

9 (8) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED TO SUBMIT AN ENHANCED
10 DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5), THE SUPERINTENDENT AND THE STATE
11 TREASURER MAY NOT CONTINUE ALLOTMENT AND PAYMENT OF FUNDS UNDER THIS ACT UNTIL THE
12 ENHANCED DEFICIT ELIMINATION PLAN IS APPROVED BY THE STATE TREASURER.

13 (9) IF A DISTRICT OR INTERMEDIATE SCHOOL DISTRICT IS REQUIRED TO SUBMIT AN
14 ENHANCED DEFICIT ELIMINATION PLAN UNDER SUBSECTION (5), THE DISTRICT OR INTERMEDIATE
15 DISTRICT SHALL SUBMIT TO THE DEPARTMENT OF TREASURY AND THE DEPARTMENT AN ENHANCED
16 MONTHLY MONITORING REPORT ON REVENUE, EXPENDITURES, CASH FLOW, LIABILITIES, BUDGET
17 AMENDMENTS, PUPIL MEMBERSHIP, AND OTHER DATA RELATING TO THE FINANCES OF THE DISTRICT
18 OR INTERMEDIATE DISTRICT IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT OF TREASURY
19 AND SHALL POST THESE REPORTS ON ITS WEBSITE.

20 (10) ~~(6) For the purposes of~~ AS USED IN this section: ~~"deficit~~

21 (A) "DEFICIT ELIMINATION PLAN" MEANS A PLAN REQUIRED UNDER THIS SECTION FOR THE
22 ELIMINATION OF A DEFICIT THAT SETS FORTH ACTIONS TO BE TAKEN TO ELIMINATE THE DEFICIT
23 WITHIN THE TIME PERIOD PRESCRIBED BY THE DEPARTMENT.

24 (B) "DEFICIT fund balance" means that term as defined in the Michigan public
25 school accounting manual published by the department.

26 (C) "ENHANCED DEFICIT ELIMINATION PLAN" MEANS MEASURES REQUIRED BY THE STATE
27 TREASURER UNDER THIS SECTION TO ADDRESS THE FINANCIAL CONDITIONS WITHIN A DISTRICT OR

1 INTERMEDIATE DISTRICT AND RESOLVE ANY DEFICIT WITHIN THE TIME PERIOD PRESCRIBED BY THE
2 DEPARTMENT AND THE STATE TREASURER.

3 (D) "PREPLAN FINANCIAL REPORT" MEANS A REPORT ON THE FINANCIAL CONDITIONS
4 WITHIN A DISTRICT OR INTERMEDIATE DISTRICT REQUIRED UNDER THIS SECTION AND SUBMITTED
5 IN A FORM AND MANNER PRESCRIBED BY THE STATE TREASURER, WHICH MAY INCLUDE, BUT IS NOT
6 LIMITED TO, FINANCIAL DATA AND OTHER INFORMATION ON LIABILITIES, PAYMENTS, ENROLLMENT,
7 BORROWING, AND OTHER CRITERIA RELATING TO THE FINANCIAL CONDITIONS WITHIN A DISTRICT
8 OR INTERMEDIATE DISTRICT.

9 SEC. 102A. (1) THE SUPERINTENDENT OR THE STATE TREASURER MAY REQUIRE A DISTRICT
10 OR INTERMEDIATE DISTRICT TO SUBMIT PERIODIC FINANCIAL STATUS REPORTS UNDER THIS
11 SECTION IF THE SUPERINTENDENT OR THE STATE TREASURER DETERMINES THAT POTENTIAL
12 FINANCIAL STRESS MAY EXIST WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THAT AN
13 OPERATING DEFICIT MAY ARISE WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT DURING THE
14 CURRENT SCHOOL FISCAL YEAR OR THE FOLLOWING 2 SCHOOL FISCAL YEARS, OR THAT THE
15 DISTRICT OR INTERMEDIATE DISTRICT MAY BE UNABLE TO MEET ITS FINANCIAL OBLIGATIONS
16 WHILE ALSO SATISFYING THE DISTRICT'S OR THE INTERMEDIATE DISTRICT'S OBLIGATIONS TO
17 PROVIDE PUBLIC EDUCATIONAL SERVICES IN A MANNER THAT COMPLIES WITH THIS ACT, THE
18 REVISED SCHOOL CODE, AND APPLICABLE RULES, BASED UPON 1 OR MORE OF THE FOLLOWING:

19 (A) FINANCIAL DATA OR OTHER INFORMATION SUBMITTED BY THE DISTRICT OR
20 INTERMEDIATE DISTRICT TO A STATE DEPARTMENT OR AGENCY.

21 (B) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN AN AUDITED FINANCIAL
22 STATEMENT OF THE DISTRICT OR INTERMEDIATE DISTRICT.

23 (C) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE DEPARTMENT, AGENCY,
24 OR AUTHORITY IN CONNECTION WITH A REQUEST TO ISSUE BONDS, NOTES, OR OTHER DEBT
25 OBLIGATIONS.

26 (D) FINANCIAL DATA OR OTHER INFORMATION INCLUDED WITHIN A RECOMMENDED BUDGET,
27 BUDGET, OR GENERAL APPROPRIATIONS ACT OF THE DISTRICT OR INTERMEDIATE DISTRICT.

1 (E) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO TIMELY TRANSMIT TO
2 THE DEPARTMENT OF TREASURY TAX PAYMENTS WITHHELD FROM PAYMENTS TO EMPLOYEES OF THE
3 DISTRICT OR INTERMEDIATE DISTRICT.

4 (F) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO MAKE TIMELY
5 PAYMENTS TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC
6 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

7 (G) THE FAILURE OF THE DISTRICT OR INTERMEDIATE DISTRICT TO MAKE TIMELY
8 REQUIRED PAYMENTS TO THE MICHIGAN UNEMPLOYMENT INSURANCE AGENCY.

9 (H) INFORMATION SUBMITTED BY A VENDOR OF THE DISTRICT OR INTERMEDIATE DISTRICT
10 INDICATING THAT THE DISTRICT OR INTERMEDIATE DISTRICT HAS FAILED TO MAKE TIMELY
11 PAYMENTS TO THE VENDOR AS REQUIRED UNDER A CONTRACT BETWEEN THE VENDOR AND THE
12 DISTRICT OR INTERMEDIATE DISTRICT.

13 (I) FINANCIAL DATA OR OTHER INFORMATION PROVIDED TO A STATE DEPARTMENT, AGENCY,
14 OR AUTHORITY BY AN OFFICER, EMPLOYEE, CONTRACTOR, OR AGENT OF THE DISTRICT OR
15 INTERMEDIATE DISTRICT.

16 (J) A REQUEST FOR A DETERMINATION UNDER THIS SUBSECTION SUBMITTED TO THE
17 SUPERINTENDENT OR STATE TREASURER BY THE SUPERINTENDENT OR BOARD OF THE DISTRICT OR
18 INTERMEDIATE DISTRICT.

19 (K) THE EXPENDITURE OF TAX REVENUE FOR UNAUTHORIZED PURPOSES BY THE DISTRICT OR
20 INTERMEDIATE DISTRICT OR THE UNAUTHORIZED TRANSFER OR DEPOSIT OF TAX REVENUE BY THE
21 DISTRICT OR INTERMEDIATE DISTRICT.

22 (2) IF A DISTRICT OR INTERMEDIATE DISTRICT IS REQUIRED BY THE SUPERINTENDENT OR
23 THE STATE TREASURER TO SUBMIT A FINANCIAL STATUS REPORT UNDER SUBSECTION (1), THE
24 DISTRICT OR INTERMEDIATE DISTRICT SHALL FILE A PERIODIC FINANCIAL STATUS REPORT
25 DESCRIBED IN SUBSECTION (3) WITH THE DEPARTMENT AND THE DEPARTMENT OF TREASURY. BEFORE
26 A DISTRICT OR INTERMEDIATE DISTRICT FILES A FINANCIAL STATUS REPORT WITH THE
27 DEPARTMENT AND THE DEPARTMENT OF TREASURY, THE FINANCIAL STATUS REPORT SHALL BE

1 REVIEWED AND APPROVED BY THE BOARD OF THE DISTRICT OR INTERMEDIATE DISTRICT.

2 (3) A PERIODIC FINANCIAL STATUS REPORT SHALL BE SUBMITTED IN THE FORM AND
3 MANNER DETERMINED BY THE DEPARTMENT OF TREASURY AFTER CONSULTATION WITH THE DEPARTMENT
4 AND THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION. THE REPORT SHALL INCLUDE
5 WITHOUT LIMITATION FINANCIAL DATA AND OTHER INFORMATION THAT THE DEPARTMENT OF
6 TREASURY AFTER CONSULTATION WITH THE DEPARTMENT AND THE CENTER FOR EDUCATIONAL
7 PERFORMANCE AND INFORMATION DETERMINES CAN ASSIST THE STATE IN DEVELOPING AN EARLY
8 WARNING SYSTEM OF FINANCIAL STRESS OR OPERATING DEFICITS IN DISTRICTS OR INTERMEDIATE
9 DISTRICTS. FINANCIAL DATA OR OTHER INFORMATION THAT MAY BE REQUIRED BY THE DEPARTMENT
10 OF TREASURY TO BE REPORTED ON A PERIODIC FINANCIAL STATUS REPORT MAY INCLUDE, BUT IS
11 NOT LIMITED TO, SOME OR ALL OF THE FOLLOWING:

12 (A) PUPIL MEMBERSHIP COUNTS FOR THE DISTRICT OR INTERMEDIATE DISTRICT AND
13 PROJECTED PUPIL MEMBERSHIP COUNTS FOR THE DISTRICT OR INTERMEDIATE DISTRICT.

14 (B) AN ASSET SUFFICIENCY RATIO. AS USED IN THIS SUBDIVISION, "ASSET SUFFICIENCY
15 RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S GENERAL FUND
16 ASSETS DIVIDED BY THE DISTRICT'S OR INTERMEDIATE DISTRICT'S GENERAL FUND LIABILITIES.

17 (C) AN OPERATING RESERVE RATIO. AS USED IN THIS SUBDIVISION, "OPERATING RESERVE
18 RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S GENERAL FUND
19 BALANCE DIVIDED BY THE DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND
20 EXPENDITURES FOR A FISCAL YEAR.

21 (D) AN OPERATING MARGIN RATIO. AS USED IN THIS SUBDIVISION, "OPERATING MARGIN
22 RATIO" MEANS THE QUOTIENT OF THE DIFFERENCE BETWEEN DISTRICT'S OR INTERMEDIATE
23 DISTRICT'S TOTAL GENERAL FUND REVENUE AND TOTAL GENERAL FUND EXPENDITURES FOR A FISCAL
24 YEAR DIVIDED BY THE DISTRICT'S OR INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND
25 REVENUE FOR THE FISCAL YEAR.

26 (E) A DEFICIT FUND BALANCE RATIO. AS USED IN THIS SUBPARAGRAPH, "DEFICIT
27 FUND BALANCE RATIO" MEANS THE QUOTIENT OF THE DIFFERENCE BETWEEN DISTRICT'S OR

1 INTERMEDIATE DISTRICT'S TOTAL REVENUE FOR A FISCAL YEAR AND THE TOTAL OF ANY
2 DEFICIT FUND BALANCES FOR THE FISCAL YEAR DIVIDED BY THE TOTAL REVENUE IN THE
3 DEFICIT FUNDS.

4 (F) A FUND BALANCE CHANGE RATIO. AS USED IN THIS SUBPARAGRAPH, "FUND BALANCE
5 CHANGE RATIO" MEANS THE QUOTIENT OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S
6 PRIOR FISCAL YEAR GENERAL FUND BALANCE AND THE CURRENT FISCAL YEAR GENERAL FUND
7 BALANCE DIVIDED BY PRIOR FISCAL YEAR GENERAL FUND BALANCE.

8 (G) A CASH FLOW BORROWING RATIO. AS USED IN THIS SUBPARAGRAPH, "CASH FLOW
9 BORROWING RATIO" MEANS THE QUOTIENT OF THE SUM OF THE TOTAL AMOUNT OF TAX
10 ANTICIPATION NOTES ISSUED BY THE DISTRICT OR INTERMEDIATE DISTRICT IN THE FISCAL
11 YEAR AND THE TOTAL AMOUNT OF STATE SCHOOL AID ANTICIPATION NOTES ISSUED BY THE
12 DISTRICT OR INTERMEDIATE DISTRICT IN THE FISCAL YEAR DIVIDED BY THE DISTRICT'S OR
13 INTERMEDIATE DISTRICT'S TOTAL GENERAL FUND REVENUE FOR THE FISCAL YEAR.

14 (H) A CASH FLOW PROJECTION FOR THE DISTRICT OR INTERMEDIATE DISTRICT.

15 (I) A COMPARISON OF EXPENDITURES BUDGETED BY THE DISTRICT OR INTERMEDIATE
16 DISTRICT FOR THE PRIOR MONTH COMPARED TO ACTUAL EXPENDITURES FOR THE PRIOR MONTH.

17 (J) OUTSTANDING ACCOUNTS PAYABLE AS OF THE PRIOR MONTH.

18 (K) FOR A DISTRICT, THE NUMBER OF STUDENTS ENROLLED IN THE DISTRICT WHO ARE
19 RESIDENTS OF THE DISTRICT AND THE NUMBER OF STUDENTS ENROLLED IN THE DISTRICT WHO
20 ARE NOT RESIDENTS OF THE DISTRICT.

21 (4) A DISTRICT OR INTERMEDIATE DISTRICT REQUIRED TO SUBMIT PERIODIC
22 FINANCIAL STATUS REPORTS UNDER THIS SECTION SHALL DO ALL OF THE FOLLOWING:

23 (A) PROVIDE THE DEPARTMENT OF TREASURY OR THE DEPARTMENT WITH OTHER
24 FINANCIAL DATA OR INFORMATION RELATING TO THE FINANCIAL CONDITION OF THE SCHOOL
25 DISTRICT AS REQUESTED BY THE DEPARTMENT OF TREASURY OR THE DEPARTMENT.

26 (B) ALLOW THE DEPARTMENT OF TREASURY OR THE DEPARTMENT TO EXAMINE ALL
27 FINANCIAL RECORDS AND BOOKS OF ACCOUNT OF THE DISTRICT OR INTERMEDIATE DISTRICT.

1 THE DEPARTMENT OF TREASURY OR THE DEPARTMENT MAY REQUIRE THE ATTENDANCE OF
2 WITNESSES AND THE PRODUCTION OF BOOKS, PAPERS, CONTRACTS, AND OTHER DOCUMENTS
3 RELEVANT TO AN ANALYSIS OF THE FINANCIAL CONDITION OF THE DISTRICT OR INTERMEDIATE
4 DISTRICT.

5 (C) PROMPTLY AND FULLY PROVIDE THE ASSISTANCE AND INFORMATION NECESSARY AND
6 PROPERLY REQUESTED BY THE DEPARTMENT OF TREASURY OR THE DEPARTMENT IN THE
7 EFFECTUATION OF THE DEPARTMENT OF TREASURY'S DUTIES UNDER THIS SECTION.

8 (5) IF A DISTRICT OR INTERMEDIATE DISTRICT FAILS TO SUBMIT A PERIODIC
9 FINANCIAL STATUS REPORT REQUIRED UNDER THIS SECTION, OR IF THE STATE TREASURER
10 DETERMINES OR IS NOTIFIED BY THE SUPERINTENDENT OF PUBLIC INSTRUCTION THAT
11 INFORMATION INCLUDED ON A PERIODIC FINANCIAL STATUS REPORT INDICATES THAT
12 FINANCIAL STRESS EXISTS WITHIN THE DISTRICT OR INTERMEDIATE DISTRICT, THAT AN
13 OPERATING DEFICIT HAS OCCURRED OR IS PROJECTED TO OCCUR WITHIN THE DISTRICT OR
14 INTERMEDIATE DISTRICT, OR THAT THE DISTRICT OR INTERMEDIATE DISTRICT WOULD BENEFIT
15 FROM STATE ASSISTANCE WITH FINANCIAL DIFFICULTIES WITHIN THE DISTRICT OR
16 INTERMEDIATE DISTRICT, THE STATE TREASURER MAY REQUIRE THE DISTRICT OR
17 INTERMEDIATE DISTRICT TO SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SECTION
18 102. THE FAILURE OF AN OFFICER OF A DISTRICT OR INTERMEDIATE TO PREPARE AND SUBMIT
19 A PERIODIC FINANCIAL REPORT AS PROVIDED UNDER THIS SECTION CONSTITUTES MALFEASANCE
20 AND IS GROUNDS FOR REMOVAL OF THE OFFICER FROM OFFICE.

21 (6) A DISTRICT OR INTERMEDIATE DISTRICT IS NOT REQUIRED TO SUBMIT PERIODIC
22 FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE DISTRICT OR INTERMEDIATE
23 DISTRICT IS REQUIRED TO SUBMIT AN ENHANCED DEFICIT ELIMINATION PLAN UNDER SECTION
24 102 OR IF A FINANCIAL EMERGENCY HAS BEEN DECLARED FOR THE DISTRICT OR INTERMEDIATE
25 DISTRICT UNDER THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012 PA 436, MCL
26 141.1541 TO 141.1575.

27 (7) A DISTRICT OR INTERMEDIATE DISTRICT IS NO LONGER REQUIRED TO SUBMIT

1 PERIODIC FINANCIAL STATUS REPORTS UNDER THIS SECTION IF THE PERIODIC FINANCIAL
2 STATUS REPORTS SUBMITTED BY A DISTRICT OR INTERMEDIATE DISTRICT INDICATE TO THE
3 STATE TREASURER THAT POTENTIAL FINANCIAL STRESS DOES NOT EXIST WITHIN THE DISTRICT
4 OR INTERMEDIATE DISTRICT, THAT AN OPERATING DEFICIT IS NOT PROJECTED TO ARISE
5 WITHIN THE DISTRICT OR INTERMEDIATE SCHOOL DISTRICT WITH THE CURRENT SCHOOL FISCAL
6 YEAR OR THE FOLLOWING 2 SCHOOL FISCAL YEARS, AND THAT THE DISTRICT OR INTERMEDIATE
7 SCHOOL DISTRICT WILL ABLE TO MEET ITS FINANCIAL OBLIGATIONS WHILE ALSO SATISFYING
8 THE SCHOOL DISTRICT'S OR THE INTERMEDIATE DISTRICT'S OBLIGATIONS TO PROVIDE PUBLIC
9 EDUCATIONAL SERVICES IN A MANNER THAT COMPLIES WITH THIS ACT, THE REVISED SCHOOL
10 CODE, AND APPLICABLE RULES PROMULGATED BY THE DEPARTMENT.

11 (8) THE STATE TREASURER SHALL NOTIFY A DISTRICT OR INTERMEDIATE DISTRICT
12 WHEN SUBSECTION (7) APPLIES TO THE DISTRICT OR INTERMEDIATE DISTRICT. THE
13 SUPERINTENDENT OF PUBLIC INSTRUCTION MAY NOTIFY THE STATE TREASURER THAT THE
14 SUPERINTENDENT OF PUBLIC INSTRUCTION HAS DETERMINED THAT CONDITIONS UNDER
15 SUBSECTION (7) APPLY TO THE DISTRICT OR INTERMEDIATE DISTRICT.

16 Sec. 104. (1) In order to receive state aid under this article, a district
17 shall comply with sections 1249, 1278a, 1278b, 1279, 1279g, and 1280b of the revised
18 school code, MCL 380.1249, 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b,
19 and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from the state
20 school aid fund money appropriated in section 11, there is allocated for ~~2013-2014~~
21 2014-2015 an amount not to exceed ~~\$26,694,400.00~~ \$33,894,400.00 for payments on behalf
22 of districts for costs associated with complying with those provisions of law. In
23 addition, from the federal funds appropriated in section 11, there is allocated for
24 ~~2013-2014~~ 2014-2015 an amount estimated at ~~\$8,250,000.00~~ \$6,250,000.00, funded from
25 DED-OESE, title VI, state assessment funds, and from DED-OSERS, section 504 of part B
26 of the individuals with disabilities education act, Public Law 94-142, plus any
27 carryover federal funds from previous year appropriations, for the purposes of

1 complying with the federal no child left behind act of 2001, Public Law 107-110.

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

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

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

12 (5) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT TO
13 EXCEED \$4,000,000.00 FOR THE MULTI-YEAR DEVELOPMENT OR SELECTION OF INTERIM
14 ASSESSMENTS TO SUPPORT LOCAL IMPLEMENTATION OF THE EDUCATOR AND ADMINISTRATOR
15 EVALUATION SYSTEMS PURSUANT TO SECTIONS 1249 AND 1249B OF THE REVISED SCHOOL CODE. THE
16 MULTI-YEAR DEVELOPMENT PLAN TO HAVE OPERATIONAL INTERIM ASSESSMENTS IN CORE CONTENT
17 AREAS WILL BE AS FOLLOWS:

18 (A) ENGLISH LANGUAGE ARTS IN GRADES 3-8 AND 11 IN 2014-15.

19 (B) MATHEMATICS IN GRADES 3-8 AND 11 IN 2014-15.

20 (C) ENGLISH LANGUAGE ARTS IN GRADES KINDERGARTEN-2 IN 2015-16.

21 (D) MATHEMATICS IN GRADES KINDERGARTEN-2 IN 2015-16.

22 (E) REQUIRED MICHIGAN MERIT CURRICULUM SCIENCE CREDITS IN 2015-16.

23 (F) REQUIRED MICHIGAN MERIT CURRICULUM SOCIAL STUDIES CREDITS IN 2015-16.

24 (G) REQUIRED MICHIGAN MERIT CURRICULUM ENGLISH LANGUAGE ARTS CREDITS IN 2016-
25 17.

26 (H) REQUIRED MICHIGAN MERIT CURRICULUM MATHEMATICS CREDITS IN 2016-17.

27 (I) SCIENCE IN GRADES 3-8 IN 2017-18.

1 (J) SOCIAL STUDIES IN GRADES 3-8 IN 2017-18.

2 (6) FROM THE ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT TO
3 EXCEED \$3,200,000.00 FOR THE DEVELOPMENT OR SELECTION OF AN ONLINE REPORTING TOOL TO
4 PROVIDE STUDENT-LEVEL ASSESSMENT DATA IN A SECURE ENVIRONMENT TO EDUCATORS, PARENTS
5 AND PUPILS IMMEDIATELY AFTER ASSESSMENTS ARE SCORED.

6 (7) ~~(5)~~ As used in this section:

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

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

9 (c) "DED-OSERS" means the DED office of special education and rehabilitative
10 services.

11 Sec. 104b. (1) In order to receive state aid under this ~~act~~ **ARTICLE**, a district
12 shall comply with this section and shall administer the Michigan merit examination to
13 pupils in grade 11, and to pupils in grade 12 who did not take the complete Michigan
14 merit examination in grade 11, as provided in this section.

15 (2) For the purposes of this section, the department of management and budget
16 shall contract with 1 or more providers to develop, supply, and score the Michigan
17 merit examination. The Michigan merit examination shall consist of all of the
18 following:

19 (a) Assessment instruments that measure English language arts, mathematics,
20 reading, and science and are used by colleges and universities in this state for
21 entrance or placement purposes. ~~This shall include a writing component in which the~~
22 ~~pupil produces an extended writing sample. The Michigan merit examination shall not~~
23 ~~require any other extended writing sample.~~

24 (b) One or more tests from 1 or more test developers that assess a pupil's
25 ability to apply at least reading and mathematics skills in a manner that is intended
26 to allow employers to use the results in making employment decisions. The department
27 of management and budget and the superintendent shall ensure that any test or tests

1 selected under this subdivision have all the components necessary to allow a pupil to
2 be eligible to receive the results of a nationally recognized evaluation of workforce
3 readiness if the pupil's test performance is adequate.

4 (c) A social studies component.

5 (d) Any other component that is necessary to obtain the approval of the United
6 States department of education to use the Michigan merit examination for the purposes
7 of the no child left behind act of 2001, Public Law 107-110.

8 (3) In addition to all other requirements of this section, all of the following
9 apply to the Michigan merit examination:

10 (a) The department of management and budget and the superintendent shall ensure
11 that any contractor used for scoring the Michigan merit examination supplies an
12 individual report for each pupil that will identify for the pupil's parents and
13 teachers whether the pupil met expectations or failed to meet expectations for each
14 standard, to allow the pupil's parents and teachers to assess and remedy problems
15 before the pupil moves to the next grade.

16 (b) The department of management and budget and the superintendent shall ensure
17 that any contractor used for scoring, developing, or processing the Michigan merit
18 examination meets quality management standards commonly used in the assessment
19 industry, including at least meeting level 2 of the capability maturity model
20 developed by the software engineering institute of Carnegie Mellon university for the
21 first year the Michigan merit examination is offered to all grade 11 pupils and at
22 least meeting level 3 of the capability maturity model for subsequent years.

23 (c) The department of management and budget and the superintendent shall ensure
24 that any contract for scoring, administering, or developing the Michigan merit
25 examination includes specific deadlines for all steps of the assessment process,
26 including, but not limited to, deadlines for the correct testing materials to be
27 supplied to schools and for the correct results to be returned to schools, and

1 includes penalties for noncompliance with these deadlines.

2 (d) The superintendent shall ensure that the Michigan merit examination meets
3 all of the following:

4 (i) Is designed to test pupils on grade level content expectations or course
5 content expectations, as appropriate, in all subjects tested.

6 (ii) Complies with requirements of the no child left behind act of 2001, Public
7 Law 107-110.

8 (iii) Is consistent with the code of fair testing practices in education
9 prepared by the joint committee on testing practices of the American psychological
10 association.

11 (iv) Is factually accurate. If the superintendent determines that a question is
12 not factually accurate and should be excluded from scoring, the state board and the
13 superintendent shall ensure that the question is excluded from scoring.

14 (4) A district shall include on each pupil's high school transcript all of the
15 following:

16 (a) For each high school graduate who has completed the Michigan merit
17 examination under this section, the pupil's scaled score on each subject area
18 component of the Michigan merit examination.

19 (b) The number of school days the pupil was in attendance at school each school
20 year during high school and the total number of school days in session for each of
21 those school years.

22 (5) The superintendent shall work with the provider or providers of the
23 Michigan merit examination to produce Michigan merit examination subject area scores
24 for each pupil participating in the Michigan merit examination, ~~including scaling and~~
25 ~~merging of test items for the different subject area components.~~ The superintendent
26 shall design and distribute to districts, intermediate districts, and nonpublic
27 schools a simple and concise document that describes the scoring for each subject area

1 and indicates the scaled score ranges for each subject area.

2 (6) The Michigan merit examination shall be administered each year ~~after March~~
3 ~~1 and before June 1 to pupils in grade 11~~ **DURING THE LAST 12 WEEKS OF EACH DISTRICT'S**
4 **SCHOOL YEAR**. The superintendent shall ensure that the Michigan merit examination is
5 scored and the scores are returned to pupils, their parents or legal guardians, and
6 districts not later than the beginning of the pupil's first semester of grade 12. The
7 returned scores shall indicate at least the pupil's scaled score for each subject area
8 component and the range of scaled scores for each subject area. In reporting the
9 scores to pupils, parents, and schools, the superintendent shall provide standards-
10 specific, meaningful, and timely feedback on the pupil's performance on the Michigan
11 merit examination.

12 (7) A district shall administer the complete Michigan merit examination to a
13 pupil only once and shall not administer the complete Michigan merit examination to
14 the same pupil more than once. If a pupil does not take the complete Michigan merit
15 examination in grade 11, the district shall administer the complete Michigan merit
16 examination to the pupil in grade 12. If a pupil chooses to retake the college
17 entrance examination component of the Michigan merit examination, as described in
18 subsection (2)(a), the pupil may do so through the provider of the college entrance
19 examination component and the cost of the retake is the responsibility of the pupil
20 unless all of the following are met:

21 (a) The pupil has taken the complete Michigan merit examination.

22 (b) The pupil did not qualify for a Michigan promise grant under section 6 of
23 the Michigan promise grant act, 2006 PA 479, MCL 390.1626, based on the pupil's
24 performance on the complete Michigan merit examination.

25 (c) The pupil meets the income eligibility criteria for free breakfast, lunch,
26 or milk, as determined under the Richard B. Russell national school lunch act, 42 USC
27 1751 to 1769i.

1 (d) The pupil has applied to the provider of the college entrance examination
2 component for a scholarship or fee waiver to cover the cost of the retake and that
3 application has been denied.

4 (e) After taking the complete Michigan merit examination, the pupil has not
5 already received a free retake of the college entrance examination component paid for
6 either by this state or through a scholarship or fee waiver by the provider.

7 (8) The superintendent shall ensure that the length of the Michigan merit
8 examination and the combined total time necessary to administer all of the components
9 of the Michigan merit examination are the shortest possible that will still maintain
10 the degree of reliability and validity of the Michigan merit examination results
11 determined necessary by the superintendent. ~~The superintendent shall ensure that the~~
12 ~~maximum total combined length of time that schools are required to set aside for~~
13 ~~pupils to answer all test questions on the Michigan merit examination does not exceed~~
14 ~~8 hours if the superintendent determines that sufficient alignment to applicable~~
15 ~~Michigan merit curriculum content standards can be achieved within that time limit.~~

16 (9) A district shall provide accommodations to a pupil with disabilities for
17 the Michigan merit examination, as provided under section 504 of title V of the
18 rehabilitation act of 1973, 29 USC 794; subtitle A of title II of the Americans with
19 disabilities act of 1990, 42 USC 12131 to 12134; the individuals with disabilities
20 education act amendments of 1997, Public Law 105-17; and the implementing regulations
21 for those statutes. The provider or providers of the Michigan merit examination and
22 the superintendent shall mutually agree upon the accommodations to be provided under
23 this subsection.

24 (10) To the greatest extent possible, the Michigan merit examination shall be
25 based on grade level content expectations or course content expectations, as
26 appropriate. Not later than July 1, 2008, the department shall identify specific grade
27 level content expectations to be taught before and after the middle of grade 11, so

1 that teachers will know what content will be covered within the Michigan merit
2 examination.

3 (11) A child who is a student in a nonpublic school or home school may take the
4 Michigan merit examination under this section. To take the Michigan merit examination,
5 a child who is a student in a home school shall contact the district in which the
6 child resides, and that district shall administer the Michigan merit examination, or
7 the child may take the Michigan merit examination at a nonpublic school if allowed by
8 the nonpublic school. Upon request from a nonpublic school, the superintendent shall
9 direct the provider or providers to supply the Michigan merit examination to the
10 nonpublic school and the nonpublic school may administer the Michigan merit
11 examination. If a district administers the Michigan merit examination under this
12 subsection to a child who is not enrolled in the district, the scores for that child
13 are not considered for any purpose to be scores of a pupil of the district.

14 (12) In contracting under subsection (2), the department of management and
15 budget shall consider a contractor that provides electronically-scored essays with the
16 ability to score constructed response feedback in multiple languages and provide
17 ongoing instruction and feedback.

18 (13) The purpose of the Michigan merit examination is to assess pupil
19 performance in mathematics, science, social studies, and English language arts for the
20 purpose of improving academic achievement and establishing a statewide standard of
21 competency. The assessment under this section provides a common measure of data that
22 will contribute to the improvement of Michigan schools' curriculum and instruction by
23 encouraging alignment with Michigan's curriculum framework standards and promotes
24 pupil participation in higher level mathematics, science, social studies, and English
25 language arts courses. These standards are based upon the expectations of what pupils
26 should learn through high school and are aligned with national standards.

27 (14) For a pupil enrolled in a middle college program, other than a middle

1 college operated as a shared educational entity or a specialized shared educational
2 entity, if the pupil receives at least 50% of his or her instruction at the high
3 school while in grade 11, the Michigan merit examination shall be administered to the
4 pupil at the high school at which the pupil receives high school instruction, and the
5 department shall include the pupil's scores on the Michigan merit examination in the
6 scores for that high school for all purposes for which a school's or district's
7 results are reported. The department shall allow the middle college program to use a
8 5-year graduation rate for determining adequate yearly progress. As used in this
9 subsection, "middle college" means a program consisting of a series of courses and
10 other requirements and conditions, including an early college or other program created
11 under a memorandum of understanding, that allows a pupil to graduate from high school
12 with both a high school diploma and a certificate or degree from a community college
13 or state public university.

14 (15) As used in this section:

15 (a) "English language arts" means reading and writing.

16 (b) "Social studies" means United States history, world history, world
17 geography, economics, and American government.

18 Sec. 107. (1) From the appropriation in section 11, there is allocated an
19 amount not to exceed \$22,000,000.00 for ~~2013-2014~~ 2014-2015 for adult education
20 programs authorized under this section. Funds allocated under this section are
21 restricted for adult education programs as authorized under this section only. A
22 recipient of funds under this section shall not use those funds for any other purpose.

23 (2) To be eligible for funding under this section, a program shall employ
24 certificated teachers and qualified administrative staff and shall offer continuing
25 education opportunities for teachers to allow them to maintain certification.

26 (3) To be eligible to be a participant funded under this section, a person
27 shall be enrolled in an adult basic education program, an adult English as a second

1 language program, a general educational development (G.E.D.) test preparation program,
 2 a job- or employment-related program, or a high school completion program, that meets
 3 the requirements of this section, **AND FOR WHICH INSTRUCTION IS PROVIDED**, and shall
 4 meet either of the following, as applicable:

5 (a) If the individual has obtained a high school diploma or a general
 6 educational development (G.E.D.) certificate, the individual meets 1 of the following:

7 (i) Is less than 20 years of age on September 1 of the school year and is
 8 enrolled in the Michigan career and technical institute.

9 (ii) Is less than 20 years of age on September 1 of the school year, is not
 10 attending an institution of higher education, and is enrolled in a job- or employment-
 11 related program through a referral by an employer **OR BY A MICHIGAN WORKFORCE AGENCY**.

12 (iii) Is enrolled in an English as a second language program.

13 (iv) Is enrolled in a high school completion program.

14 (b) If the individual has not obtained a high school diploma or G.E.D.
 15 certificate, the individual meets 1 of the following:

16 (i) Is at least 20 years of age on September 1 of the school year.

17 (ii) Is at least 16 years of age on September 1 of the school year, has been
 18 permanently expelled from school under section 1311(2) or 1311a of the revised school
 19 code, MCL 380.1311 and 380.1311a, and has no appropriate alternative education program
 20 available through his or her district of residence.

21 ~~(4) Except as otherwise provided in subsection (5), the money allocated under~~
 22 ~~this section shall be distributed as follows:~~

23 ~~—— (a) For districts and consortia that received payments for 2012-2013 under this~~
 24 ~~section, the amount allocated to each for 2013-2014 shall be based on the number of~~
 25 ~~participants served by the district or consortium for 2013-2014, using the amount~~
 26 ~~allocated per full-time equated participant under subsection (7), up to a maximum~~
 27 ~~total allocation under this subsection in an amount equal to the amount the district~~

1 ~~or consortium received for 2012-2013 under this section before any reallocations made~~
2 ~~for 2012-2013 under subsection (5).~~

3 ~~—— (b) A district or consortium that received funding in 2012-2013 under this~~
4 ~~section may operate independently of a consortium or join or form a consortium for~~
5 ~~2013-2014. The allocation for 2013-2014 to the district or the newly formed consortium~~
6 ~~under this subsection shall be determined by the department and shall be based on the~~
7 ~~proportion of the amounts that are attributable to the district or consortium that~~
8 ~~received funding in 2012-2013. A district or consortium described in this subdivision~~
9 ~~shall notify the department of its intention with regard to 2013-2014 by October 1,~~
10 ~~2013.~~

11 ~~—— (5) A district that operated an adult education program in 2012-2013 and does~~
12 ~~not intend to operate a program in 2013-2014 shall notify the department by October 1,~~
13 ~~2013 of its intention. The money intended to be allocated under this section to a~~
14 ~~district that does not operate a program in 2013-2014 and the unspent money originally~~
15 ~~allocated under this section to a district or consortium that subsequently operates a~~
16 ~~program at less than the level of funding allocated under subsection (4) and any other~~
17 ~~unallocated money under this section shall instead be proportionately reallocated to~~
18 ~~the other districts described in subsection (4)(a) that are operating an adult~~
19 ~~education program in 2013-2014 under this section.~~

20 (4) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), AN AMOUNT SHALL BE ALLOCATED
21 TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT FOR ADULT EDUCATION PROGRAMS
22 IN EACH OF THE 10 PROSPERITY REGIONS IDENTIFIED BY THE DEPARTMENT. FOR 2014-2015, 67%
23 OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT
24 SHALL BE BASED ON THE PROPORTION OF TOTAL FUNDING FORMERLY RECEIVED BY THE ADULT
25 EDUCATION PROVIDERS IN THAT PROSPERITY REGION IN 2013-2014 AND 33% SHALL BE ALLOCATED
26 BASED ON THE FACTORS IN SUBDIVISIONS (A), (B) AND (C). FOR 2015-2016, 33% OF THE
27 ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT SHALL BE

1 BASED UPON THE PROPORTION OF TOTAL FUNDING FORMERLY RECEIVED BY THE ADULT EDUCATION
2 PROVIDERS IN THAT PROSPERITY REGION IN 2013-2014 AND 67% OF THE ALLOCATION SHALL BE
3 BASED UPON THE FACTORS IN SUBDIVISIONS (A), (B) AND (C). FOR 2016-2017, 100% OF THE
4 ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT SHALL BE
5 BASED ON THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). NOT MORE THAN 5% OF AN
6 ALLOCATION AWARDED TO AN INTERMEDIATE DISTRICT THAT IS A FISCAL AGENT SHALL BE USED
7 FOR ADMINISTRATION OF THE PROGRAMS AUTHORIZED UNDER THIS SECTION BY THE INTERMEDIATE
8 DISTRICT ACTING AS THE FISCAL AGENT AND THE PROGRAM PROVIDERS.

9 (A) SIXTY PERCENT SHALL BE DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE
10 POPULATION OF PERSONS BETWEEN THE AGES OF 18 AND 24 THAT ARE NOT HIGH SCHOOL GRADUATES
11 CONTAINED IN EACH OF THE PROSPERITY REGIONS, AS REPORTED BY THE MOST RECENT 5-YEAR
12 ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS
13 BUREAU.

14 (B) THIRTY-FIVE PERCENT SHALL BE DISTRIBUTED BASED UPON THE PROPORTION OF THE
15 STATE POPULATION OF PERSONS AGED 25 OR OLDER THAT ARE NOT HIGH SCHOOL GRADUATES
16 CONTAINED IN EACH OF THE PROSPERITY REGIONS, AS REPORTED BY THE MOST RECENT 5-YEAR
17 ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS
18 BUREAU.

19 (C) FIVE PERCENT SHALL BE DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE
20 POPULATION OF PERSONS AGED 18 AND OLDER THAT LACK BASIC ENGLISH PROFICIENCY CONTAINED
21 IN EACH OF THE PROSPERITY REGIONS, AS REPORTED BY THE MOST RECENT 5-YEAR ESTIMATES
22 FROM THE AMERICAN COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS BUREAU.

23 (5) TO BE AN ELIGIBLE FISCAL AGENT, AN INTERMEDIATE DISTRICT MUST AGREE TO DO
24 THE FOLLOWING IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT:

25 (A) DISTRIBUTE FUNDS TO ADULT EDUCATION PROGRAMS IN A PROSPERITY REGION AS
26 DESCRIBED IN THIS SECTION.

27 (B) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE WORKFORCE DEVELOPMENT

1 BOARDS LOCATED IN THE PROSPERITY REGION TO DEVELOP A REGIONAL STRATEGY THAT ALIGNS
2 ADULT EDUCATION PROGRAMS AND SERVICES INTO AN EFFICIENT AND EFFECTIVE DELIVERY SYSTEM
3 FOR ADULT EDUCATION LEARNERS.

4 (C) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE WORKFORCE DEVELOPMENT
5 BOARDS LOCATED IN THE PROSPERITY REGION TO CREATE A LOCAL PROCESS AND CRITERIA THAT
6 WILL IDENTIFY ELIGIBLE ADULT EDUCATION PROVIDERS TO RECEIVE FUNDS ALLOCATED UNDER THIS
7 SECTION BASED ON LOCATION, DEMAND FOR SERVICES, AND COST TO PROVIDE INSTRUCTIONAL
8 SERVICES. ALL LOCAL PROCESSES, CRITERIA AND PROVIDER DETERMINATIONS MUST BE APPROVED
9 BY THE DEPARTMENT BEFORE FUNDS MAY BE DISTRIBUTED TO THE FISCAL AGENT.

10 (D) REPORT ADULT EDUCATION PROGRAM AND PARTICIPANT DATA AND INFORMATION AS
11 PRESCRIBED BY THE DEPARTMENT.

12 (6) The amount allocated under this section per full-time equated participant
13 ~~is~~ SHALL NOT EXCEED \$2,850.00 for a 450-hour program. The amount shall be
14 proportionately reduced for a program offering less than 450 hours of instruction.

15 (7) An adult basic education program or an adult English as a second language
16 program operated on a year-round or school year basis may be funded under this
17 section, subject to all of the following:

18 (a) The program enrolls adults who are determined by a department-approved
19 assessment, in a form and manner prescribed by the department, to be below ninth grade
20 level in reading or mathematics, or both, or to lack basic English proficiency.

21 (b) The program tests individuals for eligibility under subdivision (a) before
22 enrollment and upon completion of the program in compliance with the state-approved
23 assessment policy.

24 (c) A participant in an adult basic education program is eligible for
25 reimbursement until 1 of the following occurs:

26 (i) The participant's reading and mathematics proficiency are assessed at or
27 above the ninth grade level.

1 (ii) The participant fails to show progress on 2 successive assessments after
2 having completed at least 450 hours of instruction.

3 (d) A funding recipient enrolling a participant in an English as a second
4 language program is eligible for funding according to subsection (11) until the
5 participant meets 1 of the following:

6 (i) The participant is assessed as having attained basic English proficiency as
7 determined by a department-approved assessment.

8 (ii) The participant fails to show progress on 2 successive department-approved
9 assessments after having completed at least 450 hours of instruction. The department
10 shall provide information to a funding recipient regarding appropriate assessment
11 instruments for this program.

12 (8) A general educational development (G.E.D.) test preparation program
13 operated on a year-round or school year basis may be funded under this section,
14 subject to all of the following:

15 (a) The program enrolls adults who do not have a high school diploma.

16 (b) The program shall administer a ~~G.E.D.~~ pre-test approved by the department
17 before enrolling an individual to determine the individual's **LITERACY LEVELS,**
18 **ADMINISTER A G.E.D. PRACTICE TEST TO DETERMINE THE INDIVIDUAL'S** potential for success
19 on the G.E.D. test, and shall administer a post-test upon completion of the program in
20 compliance with the state-approved assessment policy.

21 (c) A funding recipient shall receive funding according to subsection (11) for
22 a participant, and a participant may be enrolled in the program until 1 of the
23 following occurs:

24 (i) The participant ~~passes~~ **OBTAINS** the G.E.D. ~~test~~.

25 (ii) The participant fails to show progress on 2 successive department-approved
26 assessments used to determine readiness to take the G.E.D. test after having completed
27 at least 450 hours of instruction.

1 (9) A high school completion program operated on a year-round or school year
2 basis may be funded under this section, subject to all of the following:

3 (a) The program enrolls adults who do not have a high school diploma.

4 (b) The program tests participants described in subdivision (a) before
5 enrollment and upon completion of the program in compliance with the state-approved
6 assessment policy.

7 (c) A funding recipient shall receive funding according to subsection (11) for
8 a participant in a course offered under this subsection until 1 of the following
9 occurs:

10 (i) The participant passes the course and earns a high school diploma.

11 (ii) The participant fails to earn credit in 2 successive semesters or terms in
12 which the participant is enrolled after having completed at least 900 hours of
13 instruction.

14 (10) A job- or employment-related adult education program operated on a year-
15 round or school year basis may be funded under this section, subject to all of the
16 following:

17 (a) The program enrolls adults referred by their employer who are less than 20
18 years of age, have a high school diploma, are determined to be in need of remedial
19 mathematics or communication arts skills and are not attending an institution of
20 higher education.

21 (b) The program tests participants described in subdivision (a) before
22 enrollment and upon completion of the program in compliance with the department-
23 approved assessment policy.

24 (c) An individual may be enrolled in this program and the grant recipient shall
25 receive funding according to subsection (11) until 1 of the following occurs:

26 (i) The individual achieves the requisite skills as determined by department-
27 approved assessment instruments.

1 (ii) The individual fails to show progress on 2 successive assessments after
2 having completed at least 450 hours of instruction.

3 (11) A funding recipient shall receive payments under this section in
4 accordance with the following:

5 (a) ~~Ninety~~ **SEVENTY-FIVE** percent for enrollment of eligible participants.

6 (b) ~~Ten~~ **TWENTY-FIVE** percent for **PARTICIPANT** completion of the adult basic
7 education objectives by achieving an ~~increase of at least 1 grade level of proficiency~~
8 ~~in reading or mathematics~~ **EDUCATIONAL GAIN AS DEFINED BY THE NATIONAL REPORTING SYSTEM**
9 **LEVELS**; for achieving basic English proficiency, as defined by the department ~~in the~~
10 ~~adult education guidebook~~; for obtaining a G.E.D. or passage of 1 or more individual
11 G.E.D. tests; for attainment of a high school diploma or passage of a course required
12 for a participant to attain a high school diploma; ~~or for completion of the course and~~
13 ~~demonstrated proficiency in the academic skills to be learned in the course~~ **FOR**
14 **ENROLLMENT IN A POSTSECONDARY INSTITUTION; OR FOR ENTRY OR RETAINMENT OF EMPLOYMENT,**
15 as applicable.

16 ~~(12) As used in this section, "participant" means the sum of the number of~~
17 ~~full-time equated individuals enrolled in and attending a department-approved adult~~
18 ~~education program under this section, using quarterly participant count days on the~~
19 ~~schedule described in section 6(7)(b).~~

20 (12) ~~(13)~~ A person who is not eligible to be a participant funded under this
21 section may receive adult education services upon the payment of tuition. In addition,
22 a person who is not eligible to be served in a program under this section due to the
23 program limitations specified in subsection (7), (8), (9), or (10) may continue to
24 receive adult education services in that program upon the payment of tuition. The
25 tuition level shall be determined by the local or intermediate district conducting the
26 program.

27 (13) ~~(14)~~ An individual who is an inmate in a state correctional facility shall

1 not be counted as a participant under this section.

2 (14) ~~(15) A district~~ **FUNDING RECIPIENT** shall not commingle money received under
3 this section or from another source for adult education purposes with any other funds
4 ~~of the district. A district receiving adult education funds~~ **BUT** shall establish a
5 separate ledger account for ~~these~~ funds **RECEIVED UNDER THIS SECTION**. This subsection
6 does not prohibit a district from using general funds of the district to support an
7 adult education or community education program.

8 (15) ~~(16) A district or intermediate district~~ **FUNDING RECIPIENT** receiving funds
9 under this section may establish a sliding scale of tuition rates based upon a
10 participant's family income. A ~~district or intermediate district~~ **FUNDING RECIPIENT** may
11 charge a participant tuition to receive adult education services under this section
12 from that sliding scale of tuition rates on a uniform basis. The amount of tuition
13 charged per participant shall not exceed the actual operating cost per participant
14 minus any funds received under this section per participant. A ~~district or~~
15 ~~intermediate district~~ **FUNDING RECIPIENT** may not charge a participant tuition under
16 this section if the participant's income is at or below 200% of the federal poverty
17 guidelines published by the United States department of health and human services.

18 (16) ~~(17)~~ In order to receive funds under this section, a ~~district~~ **FUNDING**
19 **RECIPIENT** shall furnish to the department, in a form and manner determined by the
20 department, all information needed to administer this program and meet federal
21 reporting requirements; shall allow the department or the department's designee to
22 review all records related to the program for which it receives funds; and shall
23 reimburse the state for all disallowances found in the review, as determined by the
24 department.

25 (17) ~~(18)~~ All intermediate district participant audits of adult education
26 programs shall be performed pursuant to the adult education participant auditing and
27 accounting manuals published by the department.

1 ~~(19) It is the intent of the legislature to study allocating funds under this~~
2 ~~section on a competitive basis beginning for 2014-2015.~~

3 ~~(18) (20) As used in this section, "department" means the Michigan strategic~~
4 ~~fund.:~~

5 (A) "DEPARTMENT" MEANS THE MICHIGAN STRATEGIC FUND.

6 (B) "ELIGIBLE ADULT EDUCATION PROVIDER" IS A DISTRICT, INTERMEDIATE DISTRICT, A
7 CONSORTIUM OF DISTRICTS, A CONSORTIUM OF INTERMEDIATE DISTRICTS, OR A CONSORTIUM OF
8 DISTRICTS AND INTERMEDIATE DISTRICTS THAT ARE IDENTIFIED AS PART OF THE LOCAL PROCESS
9 DESCRIBED IN SECTION (5) (A) (III) AND APPROVED BY THE DEPARTMENT.

10 (C) "PARTICIPANT" MEANS THE SUM OF THE NUMBER OF FULL-TIME EQUATED INDIVIDUALS
11 ENROLLED IN AND ATTENDING A DEPARTMENT-APPROVED ADULT EDUCATION PROGRAM UNDER THIS
12 SECTION, USING QUARTERLY PARTICIPANT COUNT DAYS ON THE SCHEDULE DESCRIBED IN SECTION
13 6 (7) (B) .

14 Sec. 147. (1) The allocation ~~each fiscal year for 2013-2014 and for 2014-2015~~
15 for the public school employees' retirement system pursuant to the public school
16 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made
17 using the individual projected benefit entry age normal cost method of valuation and
18 risk assumptions adopted by the public school employees retirement board and the
19 department of technology, management, and budget.

20 ~~(2) The annual level percentage of payroll contribution rates for the 2013-2014~~
21 ~~fiscal year, as determined by the retirement system, are estimated as follows:~~

22 ~~—— (a) For public school employees who first worked for a public school reporting~~
23 ~~unit before July 1, 2010 and who are enrolled in the health premium subsidy, the~~
24 ~~annual level percentage of payroll contribution rate is estimated at 29.35%, with~~
25 ~~24.79% paid directly by the employer.~~

26 ~~—— (b) For public school employees who first worked for a public school reporting~~
27 ~~unit on or after July 1, 2010 and who are enrolled in the health premium subsidy, the~~

1 ~~annual level percentage of payroll contribution rate is estimated at 29.12%, with~~
 2 ~~24.56% paid directly by the employer.~~

3 ~~—— (c) For public school employees who first worked for a public school reporting~~
 4 ~~unit on or after July 1, 2010 and who participate in the pension plus plan and in the~~
 5 ~~personal healthcare fund, the annual level percentage of payroll contribution rate is~~
 6 ~~estimated at 28.19%, with 23.63% paid directly by the employer.~~

7 ~~—— (d) For public school employees who first worked for a public school reporting~~
 8 ~~unit on or after September 4, 2012, who elect defined contribution, and who~~
 9 ~~participate in the personal healthcare fund, the annual level percentage of payroll~~
 10 ~~contribution rate is estimated at 25.52%, with 20.96% paid directly by the employer.~~

11 ~~—— (e) For public school employees who first worked for a public school reporting~~
 12 ~~unit before July 1, 2010, who elect defined contribution, and who are enrolled in the~~
 13 ~~health premium subsidy, the annual level percentage of payroll contribution rate is~~
 14 ~~estimated at 26.45%, with 21.89% paid directly by the employer.~~

15 ~~—— (f) For public school employees who first worked for a public school reporting~~
 16 ~~unit before July 1, 2010, who elect defined contribution, and who participate in the~~
 17 ~~personal healthcare fund, the annual level percentage of payroll contribution rate is~~
 18 ~~estimated at 25.52%, with 20.96% paid directly by the employer.~~

19 ~~—— (g) For public school employees who first worked for a public school reporting~~
 20 ~~unit before July 1, 2010 and who participate in the personal healthcare fund, the~~
 21 ~~annual level percentage of payroll contribution rate is estimated at 28.42%, with~~
 22 ~~23.86% paid directly by the employer.~~

23 (2) ~~(3)~~ The annual level percentage of payroll contribution rates for the 2014-
 24 2015 fiscal year, as determined by the retirement system, are estimated as follows:

25 (a) For public school employees who first worked for a public school reporting
 26 unit before July 1, 2010 and who are enrolled in the health premium subsidy, the
 27 annual level percentage of payroll contribution rate is estimated at ~~33.10%~~ 33.99%,

1 with ~~25.78%~~ 24.58% paid directly by the employer.

2 (b) For public school employees who first worked for a public school reporting
3 unit on or after July 1, 2010 and who are enrolled in the health premium subsidy, the
4 annual level percentage of payroll contribution rate is estimated at ~~32.02%~~ 32.91%,
5 with ~~24.70%~~ 23.50% paid directly by the employer.

6 (c) For public school employees who first worked for a public school reporting
7 unit on or after July 1, 2010 and who participate in the personal healthcare fund, the
8 annual level percentage of payroll contribution rate is estimated at ~~31.51%~~ 32.40%,
9 with ~~24.19%~~ 22.99% paid directly by the employer.

10 (d) For public school employees who first worked for a public school reporting
11 unit on or after September 4, 2012, who elect defined contribution, and who
12 participate in the personal healthcare fund, the annual level percentage of payroll
13 contribution rate is estimated at ~~28.28%~~ 29.17%, with ~~20.96%~~ 19.76% paid directly by
14 the employer.

15 (e) For public school employees who first worked for a public school reporting
16 unit before July 1, 2010, who elect defined contribution, and who are enrolled in the
17 health premium subsidy, the annual level percentage of payroll contribution rate is
18 estimated at ~~28.79%~~ 29.68%, with ~~21.47%~~ 20.27% paid directly by the employer.

19 (f) For public school employees who first worked for a public school reporting
20 unit before July 1, 2010, who elect defined contribution, and who participate in the
21 personal healthcare fund, the annual level percentage of payroll contribution rate is
22 estimated at ~~28.28%~~ 29.17%, with ~~20.96%~~ 19.76% paid directly by the employer.

23 (g) For public school employees who first worked for a public school reporting
24 unit before July 1, 2010 and who participate in the personal healthcare fund, the
25 annual level percentage of payroll contribution rate is estimated at ~~32.59%~~ 33.48%,
26 with ~~25.27%~~ 24.07% paid directly by the employer.

27 (4) In addition to the employer payments described in subsections (2) and (3),

1 the employer shall pay the applicable contributions to the Tier 2 plan, as determined
2 by the public school employees retirement act of 1979, 1980 PA 300 MCL 38.1301 to
3 38.1408.

4 (5) The contribution rates in subsection (2) reflect an amortization period of
5 ~~25~~ 24 years for ~~2013-2014~~ 2014-2015. The public school employees' retirement system
6 board shall notify each district and intermediate district by February 28 of each
7 fiscal year of the estimated contribution rate for the next fiscal year.

8 Sec. 147b. (1) The MPSERS retirement obligation reform reserve fund is created
9 as a separate account within the state school aid fund.

10 (2) The state treasurer may receive money or other assets from any source for
11 deposit into the MPSERS retirement obligation reform reserve fund. The state treasurer
12 shall direct the investment of the MPSERS retirement obligation reform reserve fund.
13 The state treasurer shall credit to the MPSERS retirement obligation reform reserve
14 fund interest and earnings from the MPSERS retirement obligation reform reserve fund.

15 (3) Money available in the MPSERS retirement obligation reform reserve fund
16 shall not be expended without a specific appropriation.

17 (4) Money in the MPSERS retirement obligation reform reserve fund at the close
18 of the fiscal year shall remain in the MPSERS retirement obligation reform reserve
19 fund and shall not lapse to the state school aid fund or to the general fund. The
20 department of treasury shall be the administrator of the MPSERS retirement obligation
21 reform reserve fund for auditing purposes.

22 (5) If the contributions described in section 43e of the public school
23 employees retirement act of 1979, 1980 PA 300, MCL 38.1343e, as that section was added
24 by 2010 PA 75, are determined by a final order of a court of competent jurisdiction
25 for which all rights of appeal have been exhausted to be constitutional and if the
26 order for preliminary injunction in case no. 10-45-MM issued on July 13, 2010 is
27 lifted, the money placed in a separate interest bearing account as a result of

1 implementing the preliminary injunction shall be deposited into the MPSERS retirement
2 obligation reform reserve fund created in this section to be used solely for health
3 care unfunded accrued liabilities.

4 (6) IN ADDITION TO THE APPROPRIATION IN SECTION 11, THERE IS TRANSFERRED FROM
5 THE STATE SCHOOL AID FUND TO THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND AN
6 AMOUNT EQUAL TO \$50,000,000.00.

7 Sec. 147c. (1) ~~From the state school aid fund money appropriated in section 11,~~
8 ~~there is allocated for 2012-2013 an amount not to exceed \$160,000,000.00 for payments~~
9 ~~to districts and intermediate districts that are participating entities of the~~
10 ~~retirement system.~~ From the appropriation in section 11, there is allocated for ~~2013-~~
11 ~~2014~~ 2014-2015 an amount not to exceed ~~\$247,300,000.00~~ \$765,944,000.00 from the state
12 school aid fund, and there is appropriated for ~~2013-2014~~ 2014-2015 an amount not to
13 exceed ~~\$156,000,000.00~~ \$18,000,000.00 from the MPSERS retirement obligation reform
14 reserve fund, for payments to districts and intermediate districts that are
15 participating entities of the Michigan public school employees' retirement system.

16 (2) ~~In addition to the allocation under subsection (1), from the general fund~~
17 ~~money appropriated under section 11, there is allocated for payments to district~~
18 ~~libraries that are participating entities of the retirement system an amount not to~~
19 ~~exceed \$500,000.00 for 2012-2013 and an amount not to exceed \$1,300,000.00 for 2013-~~
20 ~~2014.~~

21 (2) (3) ~~Payments made under this section for 2012-2013 shall be equal to the~~
22 ~~difference between the unfunded actuarial accrued liability contribution rate as~~
23 ~~calculated pursuant to section 41 of the public school employees retirement act of~~
24 ~~1979, 1980 PA 300, MCL 38.1341, and the maximum employer rate of 20.96% included in~~
25 ~~section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL~~
26 ~~38.1341.~~ Payments made under this section for ~~2013-2014~~ 2014-2015 shall be equal to
27 the difference between the unfunded actuarial accrued liability contribution rate as

1 calculated pursuant to section 41 of the public school employees retirement act of
2 1979, 1980 PA 300, MCL 38.1341, as calculated without taking into account the maximum
3 employer rate of ~~20.96%~~ 19.76% included in section 41 of the public school employees
4 retirement act of 1979, 1980 PA 300, MCL 38.1341, and the maximum employer rate of
5 ~~20.96%~~ 19.76% included in section 41 of the public school employees retirement act of
6 1979, 1980 PA 300, MCL 38.1341.

7 (3) ~~(4)~~ The amount allocated to each participating entity under this section
8 shall be based on each participating entity's proportion of the total covered payroll
9 for the immediately preceding fiscal year for the same type of participating entities.
10 A participating entity that receives funds under this section shall use the funds
11 solely for the purpose of retirement contributions as specified in subsection ~~(5)~~ (4).

12 (4) ~~(5)~~ Each participating entity receiving funds under this section shall
13 forward an amount equal to the amount allocated under subsection ~~(4)~~ (3) to the
14 retirement system in a form, manner, and time frame determined by the retirement
15 system.

16 (5) ~~(6)~~ Funds allocated under this section should be considered when comparing
17 a district's growth in total state aid funding from 1 fiscal year to the next.

18 (6) ~~(7)~~ As used in this section:

19 (a) "Participating entity" means a district, intermediate district, or district
20 library that is a reporting unit of the Michigan public school employees' retirement
21 system under the public school employees retirement act of 1979, 1980 PA 300, MCL
22 38.1301 to 38.1437, and that reports employees to the Michigan public school
23 employees' retirement system for the applicable fiscal year.

24 (b) "Retirement board" means the board that administers the retirement system
25 under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
26 38.1437.

27 (c) "Retirement system" means the Michigan public school employees' retirement

1 system under the public school employees retirement act of 1979, 1980 PA 300, MCL
2 38.1301 to 38.1437.

3 Sec. 152a. (1) As required by the court in the consolidated cases known as
4 Adair v State of Michigan, Michigan supreme court docket nos. 137424 and 137453, from
5 the state school aid fund money appropriated in section 11 there is allocated for
6 ~~2013-2014~~ 2014-2015 an amount not to exceed \$38,000,500.00 to be used solely for the
7 purpose of paying necessary costs related to the state-mandated collection,
8 maintenance, and reporting of data to this state.

9 (2) From the allocation in subsection (1), the department shall make payments
10 to districts and intermediate districts in an equal amount per pupil based on the
11 total number of pupils in membership in each district and intermediate district. The
12 department shall not make any adjustment to these payments after the final installment
13 payment under section 17b is made.

14 Sec. 161. A school official or member of a board or other person who neglects
15 or refuses to do or perform an act required by this act or who violates or knowingly
16 permits or consents to the violation of this act is guilty of a misdemeanor,
17 punishable by imprisonment for not more than 90 days, or a fine of not more than
18 \$1,500.00, or both. **THIS PENALTY IS IN ADDITION TO ALL OTHER FINANCIAL PENALTIES**
19 **OTHERWISE SPECIFIED IN THIS ARTICLE.**

20 Sec. 163. (1) Except as provided in the revised school code, the board of a
21 district or intermediate district shall not permit any of the following:

22 (a) A noncertificated teacher to teach in an elementary or secondary school or
23 in an adult basic education or high school completion program.

24 (b) A noncertificated counselor to provide counseling services to pupils in an
25 elementary or secondary school or in an adult basic education or high school
26 completion program.

27 (2) Except as provided in the revised school code, a district or intermediate

1 district employing teachers or counselors not legally certificated shall have deducted
 2 the sum equal to the amount paid the teachers or counselors for the period of
 3 noncertificated or illegal employment. Each intermediate superintendent shall notify
 4 the department of the name of the noncertificated teacher or counselor, and the
 5 district employing that individual and the amount of salary the noncertificated
 6 teacher or counselor was paid within a constituent district.

7 (3) If a school official is notified by the department that he or she is
 8 employing a nonapproved noncertificated teacher or counselor in violation of this
 9 section and knowingly continues to employ that teacher or counselor, the school
 10 official is guilty of a misdemeanor, punishable by a fine of \$1,500.00 for each
 11 incidence. **THIS PENALTY IS IN ADDITION TO ALL OTHER FINANCIAL PENALTIES OTHERWISE**
 12 **SPECIFIED IN THIS ARTICLE.**

13 Sec. 168. In order to receive funds under this act, a district, intermediate
 14 district, grant recipient, contractor, or other entity that directly or indirectly
 15 receives funds under this act shall allow access for the department or the
 16 department's designee to audit all records related to a program for which it receives,
 17 **OR HAS RECEIVED DURING THE PREVIOUS THREE FISCAL YEARS,** such funds. The district,
 18 intermediate district, grant recipient, contractor, or other entity shall reimburse the
 19 state for all disallowances found in ~~the~~ **ANY** audit **CONDUCTED PURSUANT TO THIS ACT.**

20 ARTICLE II

21 STATE AID TO COMMUNITY COLLEGES

22 Sec. 201. (1) Subject to the conditions set forth in this article, the amounts
 23 listed in subsections (2), (4), **AND** (5), ~~(6), and (7)~~ are appropriated for community
 24 colleges for the fiscal year ending September 30, ~~2014,~~ 2015 from the funds indicated
 25 in this section. The following is a summary of the appropriations in subsections (2),
 26 (4), **AND** (5), ~~(6), and (7)~~:

27 (a) The gross appropriation is ~~\$335,977,600.00-~~ **\$371,524,900.00.** After

1 deducting total interdepartmental grants and intradepartmental transfers in the amount
 2 of \$0.00, the adjusted gross appropriation is ~~\$335,977,600.00~~ **\$371,524,900.00**.

3 (b) The sources of the adjusted gross appropriation described in subdivision
 4 (a) are as follows:

5 (i) Total federal revenues, \$0.00.

6 (ii) Total local revenues, \$0.00.

7 (iii) Total private revenues, \$0.00.

8 (iv) Total other state restricted revenues, \$197,614,100.00.

9 (v) State general fund/general purpose money, ~~\$138,363,500.00~~ **\$173,910,800.00**.

10 (2) Subject to subsection (3), the amount appropriated for community college
 11 operations is ~~\$298,244,000.00~~ **\$307,191,300.00**, allocated as follows:

12 (a) **THE APPROPRIATION FOR** Alpena Community College, ~~\$5,221,100.00~~ **IS**
 13 **\$5,367,100.00, \$5,236,500.00 FOR OPERATIONS AND \$130,600.00 FOR PERFORMANCE FUNDING.**

14 (b) **THE APPROPRIATION FOR** Bay de Noc Community College, ~~\$5,263,800.00~~ **IS**
 15 **\$5,395,700.00, \$5,279,300.00 FOR OPERATIONS AND \$116,400.00 FOR PERFORMANCE FUNDING.**

16 (c) **THE APPROPRIATION FOR** Delta College, ~~\$14,022,200.00~~ **IS \$14,435,600.00,**
 17 **\$14,063,500.00 FOR OPERATIONS AND \$372,100.00 FOR PERFORMANCE FUNDING.**

18 (d) **THE APPROPRIATION FOR** Glen Oaks Community College, ~~\$2,434,300.00~~ **IS**
 19 **\$2,505,100.00, \$2,441,500.00 FOR OPERATIONS AND \$63,600.00 FOR PERFORMANCE FUNDING.**

20 (e) **THE APPROPRIATION FOR** Gogebic Community College, ~~\$4,317,500.00~~ **IS**
 21 **\$4,431,900.00, \$4,330,300.00 FOR OPERATIONS AND \$101,600.00 FOR PERFORMANCE FUNDING.**

22 (f) **THE APPROPRIATION FOR** Grand Rapids Community College, ~~\$17,403,500.00~~ **IS**
 23 **\$17,869,000.00, \$17,454,900.00 FOR OPERATIONS AND \$414,100.00 FOR PERFORMANCE FUNDING.**

24 (g) **THE APPROPRIATION FOR** Henry Ford Community College, ~~\$20,997,900.00~~ **IS**
 25 **\$21,529,000.00, \$21,060,000.00 FOR OPERATIONS AND \$469,000.00 FOR PERFORMANCE FUNDING.**

26 (h) **THE APPROPRIATION FOR** Jackson Community College, ~~\$11,723,600.00~~ **IS**
 27 **\$12,034,400.00, \$11,758,200.00 FOR OPERATIONS AND \$276,200.00 FOR PERFORMANCE FUNDING.**

- 1 (i) THE APPROPRIATION FOR Kalamazoo Valley Community College, ~~\$12,086,900.00~~ IS
2 \$12,448,500.00, \$12,122,500.00 FOR OPERATIONS AND \$326,000.00 FOR PERFORMANCE FUNDING.
- 3 (j) THE APPROPRIATION FOR Kellogg Community College, ~~\$9,494,000.00~~ IS
4 \$9,770,700.00, \$9,522,000.00 FOR OPERATIONS AND \$248,700.00 FOR PERFORMANCE FUNDING.
- 5 (k) THE APPROPRIATION FOR Kirtland Community College, ~~\$3,046,800.00~~ IS
6 \$3,153,900.00, \$3,055,700.00 FOR OPERATIONS AND \$98,200.00 FOR PERFORMANCE FUNDING.
- 7 (l) THE APPROPRIATION FOR Lake Michigan College, ~~\$5,162,900.00~~ IS
8 \$5,319,600.00, \$5,178,100.00 FOR OPERATIONS AND \$141,500.00 FOR PERFORMANCE FUNDING.
- 9 (m) THE APPROPRIATION FOR Lansing Community College, ~~\$29,935,300.00~~ IS
10 \$30,742,500.00, \$30,023,700.00 FOR OPERATIONS AND \$718,800.00 FOR PERFORMANCE FUNDING.
- 11 (n) THE APPROPRIATION FOR Macomb Community College, ~~\$31,837,200.00~~ IS
12 \$32,672,900.00, \$31,931,200.00 FOR OPERATIONS AND \$741,700.00 FOR PERFORMANCE FUNDING.
- 13 (o) THE APPROPRIATION FOR Mid Michigan Community College, ~~\$4,504,700.00~~ IS
14 \$4,661,700.00, \$4,517,900.00 FOR OPERATIONS AND \$143,800.00 FOR PERFORMANCE FUNDING.
- 15 (p) THE APPROPRIATION FOR Monroe County Community College, ~~\$4,329,900.00~~ IS
16 \$4,473,400.00, \$4,342,600.00 FOR OPERATIONS AND \$130,800.00 FOR PERFORMANCE FUNDING.
- 17 (q) THE APPROPRIATION FOR Montcalm Community College, ~~\$3,112,000.00~~ IS
18 \$3,212,700.00, \$3,121,200.00 FOR OPERATIONS AND \$91,500.00 FOR PERFORMANCE FUNDING.
- 19 (r) THE APPROPRIATION FOR C.S. Mott Community College, ~~\$15,202,200.00~~ IS
20 \$15,617,500.00, \$15,247,100.00 FOR OPERATIONS AND \$370,400.00 FOR PERFORMANCE FUNDING.
- 21 (s) THE APPROPRIATION FOR Muskegon Community College, ~~\$8,628,000.00~~ IS
22 \$8,862,100.00, \$8,653,500.00 FOR OPERATIONS AND \$208,600.00 FOR PERFORMANCE FUNDING.
- 23 (t) THE APPROPRIATION FOR North Central Michigan College, ~~\$3,055,400.00~~ IS
24 \$3,158,600.00, \$3,064,400.00 FOR OPERATIONS AND \$94,200.00 FOR PERFORMANCE FUNDING.
- 25 (u) THE APPROPRIATION FOR Northwestern Michigan College, ~~\$8,799,300.00~~ IS
26 \$9,039,100.00, \$8,825,300.00 FOR OPERATIONS AND \$213,800.00 FOR PERFORMANCE FUNDING.
- 27 (v) THE APPROPRIATION FOR Oakland Community College, ~~\$20,422,900.00~~ IS

1 \$21,031,100.00, \$20,483,100.00 FOR OPERATIONS AND \$548,000.00 FOR PERFORMANCE FUNDING.

2 (w) THE APPROPRIATION FOR St. Clair County Community College, ~~\$6,839,900.00~~. IS
3 \$7,030,700.00, \$6,860,100.00 FOR OPERATIONS AND \$170,600.00 FOR PERFORMANCE FUNDING.

4 (x) THE APPROPRIATION FOR Schoolcraft College, ~~\$12,076,700.00~~. IS
5 \$12,459,200.00, \$12,112,200.00 FOR OPERATIONS AND \$347,000.00 FOR PERFORMANCE FUNDING.

6 (y) THE APPROPRIATION FOR Southwestern Michigan College, ~~\$6,385,400.00~~. IS
7 \$6,547,600.00, \$6,404,300.00 FOR OPERATIONS AND \$143,300.00 FOR PERFORMANCE FUNDING.

8 (z) THE APPROPRIATION FOR Washtenaw Community College, ~~\$12,573,900.00~~. IS
9 \$13,020,600.00, \$12,610,800.00 FOR OPERATIONS AND \$409,800.00 FOR PERFORMANCE FUNDING.

10 (aa) THE APPROPRIATION FOR Wayne County Community College, ~~\$16,146,700.00~~. IS
11 \$16,654,700.00, \$16,194,300.00 FOR OPERATIONS AND \$460,400.00 FOR PERFORMANCE FUNDING.

12 (bb) THE APPROPRIATION FOR West Shore Community College, ~~\$2,342,900.00~~. IS
13 \$2,404,300.00, \$2,349,800.00 FOR OPERATIONS AND \$54,500.00 FOR PERFORMANCE FUNDING.

14 (cc) Local strategic value, ~~\$877,100.00~~. \$1,342,100.00.

15 (3) The amount appropriated in subsection (2) for community college operations
16 is appropriated from the following:

17 (a) State school aid fund, \$195,880,500.00.

18 (b) State general fund/general purpose money, ~~\$102,363,500.00~~. \$111,310,800.00.

19 ~~(4) From the appropriations described in subsection (1), there is appropriated~~
20 ~~for fiscal year 2013-2014 an amount not to exceed \$1,733,600.00 for payments to~~
21 ~~community colleges from the state school aid fund. A community college that receives~~
22 ~~money under this subsection shall use that money solely for the purpose of offsetting~~
23 ~~a portion of the retirement contributions owed by the college for the fiscal year~~
24 ~~ending September 30, 2014. The amount allocated to each participating community~~
25 ~~college under this section shall be based on each participating college's total~~
26 ~~payroll covered by the retirement system covered payroll for all participating~~
27 ~~colleges for the immediately preceding state fiscal year.~~

1 (4) ~~(5) From the appropriations described in subsection (1), there is~~
 2 ~~appropriated an amount not to exceed \$31,400,000.00 from the state general fund~~ **THE**
 3 **AMOUNT APPROPRIATED** for payments to community colleges that are participating entities
 4 of the retirement system **IS \$60,833,600.00, \$1,733,600.00 APPROPRIATED FROM THE STATE**
 5 **SCHOOL AID FUND AND \$59,100,000.00 APPROPRIATED FROM GENERAL FUND/GENERAL PURPOSE**
 6 **MONEY.** All of the following apply to the appropriations described in this subsection:

7 (a) ~~The amount of a payment under this subsection shall be the difference~~
 8 ~~between the unfunded actuarial accrued liability contribution rate as calculated under~~
 9 ~~section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL~~
 10 ~~38.1341, and the maximum employer rate of 20.96% under section 41 of the public school~~
 11 ~~employees retirement act of 1979, 1980 PA 300, MCL 38.1341.~~

12 (b) ~~The amount allocated to each community college under this subsection shall~~
 13 ~~be based on each community college's percentage of the total covered payroll for all~~
 14 ~~community colleges that are participating colleges in the immediately preceding fiscal~~
 15 ~~year. A community college that receives funds under this subsection shall use the~~
 16 ~~funds solely for the purpose of retirement contributions under subdivision (c).~~

17 (c) ~~Each participating college receiving funds under this subsection shall~~
 18 ~~forward an amount equal to the amount allocated under subdivision (b) to the~~
 19 ~~retirement system in a form and manner determined by the retirement system.~~

20 (5) ~~(6) All of the following apply to community colleges described in section~~
 21 ~~12(3) of the Michigan renaissance zone act, MCL 125.2692:~~ **THE AMOUNT APPROPRIATED FOR**
 22 **RENAISSANCE ZONE TAX REIMBURSEMENTS IS \$3,500,000.00, APPROPRIATED FROM GENERAL**
 23 **FUND/GENERAL PURPOSE MONEY.**

24 (a) ~~From the appropriations described in subsection (1), the following amount~~
 25 ~~is appropriated for reimbursement to community colleges under section 12(3) of the~~
 26 ~~Michigan renaissance zone act, MCL 125.2692:~~

27 (i) ~~If the amount of tax revenue lost by community colleges as a result of the~~

1 ~~exemption of property under the Michigan renaissance zone act in fiscal year 2012 2013~~
2 ~~is \$3,500,000.00 or more, \$3,500,000.00 from the state general fund.~~

3 ~~(ii) If the amount of tax revenue lost by community colleges as a result of the~~
4 ~~exemption of property under the Michigan renaissance zone act in fiscal year 2012 2013~~
5 ~~is less than \$3,500,000.00, the actual amount of tax revenue lost by the community~~
6 ~~colleges.~~

7 ~~(b) The amount allocated to each community college under this subsection shall~~
8 ~~be based on that community college's proportion of total revenue lost by community~~
9 ~~colleges in fiscal year 2012 2013 as a result of the exemption of property under the~~
10 ~~Michigan renaissance zone act.~~

11 ~~(c) The appropriations described in this subsection shall be made to each~~
12 ~~eligible community college within 60 days after the department of treasury certifies~~
13 ~~to the state budget director that it has received all necessary information to~~
14 ~~properly determine the amounts of tax revenue lost by each eligible community college~~
15 ~~in fiscal year 2012 2013 under section 12 of the Michigan renaissance zone act, MCL~~
16 ~~125.2692.~~

17 ~~(7) From the appropriations described in subsection (1), there is appropriated~~
18 ~~\$1,100,000.00 from the state general fund, for fiscal year 2013 2014 only, to the~~
19 ~~Michigan community college association, for the purpose of expanding the Michigan~~
20 ~~community college virtual learning collaborative. The Michigan community college~~
21 ~~association shall provide information on request to the house and senate subcommittees~~
22 ~~on community colleges, the house and senate fiscal agencies, and the state budget~~
23 ~~director on the use of these funds until the project is completed.~~

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

25 ~~(a) "Michigan renaissance zone act" means the Michigan renaissance zone act,~~
26 ~~1996 PA 376, MCL 125.2681 to 125.2696.~~

27 ~~(b) "Participating college" means a community college that is a reporting unit~~

1 ~~of the retirement system and that reports employees to the retirement system for the~~
 2 ~~state fiscal year.~~

3 (c) ~~"Retirement board" means the board that administers the retirement system~~
 4 ~~under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to~~
 5 ~~38.1437.~~

6 (d) ~~"Retirement system" means the Michigan public school employees' retirement~~
 7 ~~system under the public school employees retirement act of 1979, 1980 PA 300, MCL~~
 8 ~~38.1301 to 38.1437.~~

9 Sec. 201a. ~~It is the intent of the legislature to provide appropriations~~
 10 **APPROPRIATIONS SHALL BE MADE** for the fiscal year ending on September 30, ~~2015~~ 2016 for
 11 the items listed in section 201. The fiscal year ~~2014-2015~~ 2015-2016 appropriations
 12 are anticipated to be the same as those for fiscal year ~~2013-2014,~~ 2014-2015, except
 13 that the amounts will be adjusted for changes in **RETIREMENT COSTS**, caseload and
 14 related costs, federal fund match rates, economic factors, and available revenue.
 15 These adjustments will be determined after the January ~~2014~~ 2015 consensus revenue
 16 estimating conference.

17 Sec. 202a. As used in this article~~7~~:

18 (1) **"MICHIGAN RENAISSANCE ZONE ACT" MEANS THE MICHIGAN RENAISSANCE ZONE ACT,**
 19 1996 PA 376, MCL 125.2681 TO 125.2696.

20 (2) **"PARTICIPATING COLLEGE" MEANS A COMMUNITY COLLEGE THAT IS A REPORTING UNIT**
 21 **OF THE RETIREMENT SYSTEM AND THAT REPORTS EMPLOYEES TO THE RETIREMENT SYSTEM FOR THE**
 22 **STATE FISCAL YEAR.**

23 (3) **"RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE RETIREMENT SYSTEM**
 24 **UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO**
 25 **38.1437.**

26 (4) **"RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT**
 27 **SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL**

1 38.1301 TO 38.1437.

2 (5) "~~workforce~~ **WORKFORCE** development agency" means the workforce development
3 agency of the Michigan strategic fund.

4 Sec. 206. The funds appropriated in section 201 are appropriated for community
5 colleges with fiscal years ending June 30, ~~2014~~ 2015 and shall be paid out of the
6 state treasury and distributed by the state treasurer to the respective community
7 colleges in 11 monthly installments on the sixteenth of each month, or the next
8 succeeding business day, beginning with October 16, ~~2013~~ 2014. Each community college
9 shall accrue its July and August ~~2014~~ 2015 payments to its institutional fiscal year
10 ending June 30, ~~2014~~ 2015. However, if the state budget director determines that a
11 community college failed to submit all verified Michigan community colleges activities
12 classification structure data for school year ~~2012-2013~~ 2013-2014 to the workforce
13 development agency by November 1, ~~2013~~ 2014, or failed to submit its longitudinal data
14 system data set for school year ~~2012-2013~~ 2013-2014 to the center for educational
15 performance and information under section 219, the state treasurer shall withhold the
16 monthly installments from that community college until those data are submitted. The
17 state budget director shall notify the chairs of the house and senate appropriations
18 subcommittees on community colleges at least 10 days before withholding funds from any
19 community college.

20 **SEC. 207A. (1) APPROPRIATIONS IN SECTION 201(4) FOR PAYMENTS TO COMMUNITY**
21 **COLLEGES THAT ARE PARTICIPATING ENTITIES OF THE RETIREMENT SYSTEM SHALL BE ALLOCATED**
22 **IN ACCORDANCE WITH THIS SECTION.**

23 (2) **THE AMOUNT OF A PAYMENT UNDER SECTION 201(4) SHALL BE THE DIFFERENCE**
24 **BETWEEN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY CONTRIBUTION RATE AS CALCULATED UNDER**
25 **SECTION 41 OF THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL**
26 **38.1341, AND THE MAXIMUM EMPLOYER RATE OF 19.76% UNDER SECTION 41 OF THE PUBLIC SCHOOL**
27 **EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341.**

1 (3) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER SECTION 201(4) SHALL
2 BE BASED ON EACH COMMUNITY COLLEGE'S PERCENTAGE OF THE TOTAL COVERED PAYROLL FOR ALL
3 COMMUNITY COLLEGES THAT ARE PARTICIPATING COLLEGES IN THE IMMEDIATELY PRECEDING FISCAL
4 YEAR. A COMMUNITY COLLEGE THAT RECEIVES FUNDS UNDER THIS SUBSECTION SHALL USE THE
5 FUNDS SOLELY FOR THE PURPOSE OF RETIREMENT CONTRIBUTIONS UNDER SUBSECTION (4).

6 (4) EACH PARTICIPATING COLLEGE RECEIVING FUNDS UNDER SECTION 201(4) FOR
7 PURPOSES DESCRIBED IN THIS SECTION SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT
8 ALLOCATED UNDER SUBSECTION (3) TO THE RETIREMENT SYSTEM IN A FORM AND MANNER
9 DETERMINED BY THE RETIREMENT SYSTEM.

10 SEC. 207B. (1) THIS SECTION SHALL APPLY TO COMMUNITY COLLEGES DESCRIBED IN
11 SECTION 12(3) OF THE MICHIGAN RENAISSANCE ZONE ACT, MCL 125.2692.

12 (2) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER SECTION 201(5) SHALL
13 BE BASED ON THAT COMMUNITY COLLEGE'S PROPORTION OF TOTAL REVENUE LOST BY COMMUNITY
14 COLLEGES IN FISCAL YEAR 2013-2014 AS A RESULT OF THE EXEMPTION OF PROPERTY UNDER THE
15 MICHIGAN RENAISSANCE ZONE ACT.

16 (3) THE APPROPRIATIONS DESCRIBED IN SECTION 201(5) AND MADE IN ACCORDANCE WITH
17 THIS SECTION SHALL BE MADE TO EACH ELIGIBLE COMMUNITY COLLEGE WITHIN 60 DAYS AFTER THE
18 DEPARTMENT OF TREASURY CERTIFIES TO THE STATE BUDGET DIRECTOR THAT IT HAS RECEIVED ALL
19 NECESSARY INFORMATION TO PROPERLY DETERMINE THE AMOUNTS OF TAX REVENUE LOST BY EACH
20 ELIGIBLE COMMUNITY COLLEGE IN FISCAL YEAR 2013-2014 UNDER SECTION 12 OF THE MICHIGAN
21 RENAISSANCE ZONE ACT, MCL 125.2692.

22 Sec. 209. (1) Within 30 days after the board of a community college adopts its
23 annual operating budget for the following school fiscal year, or after the board
24 adopts a subsequent revision to that budget, the community college shall make all of
25 the following available through a link on its website homepage:

26 (a) The annual operating budget and subsequent budget revisions.

27 (b) A link to the most recent "Activities Classification Structure ~~Manual for~~

1 Michigan Community Colleges DATA BOOK AND COMPANION".

2 (c) General fund revenue and expenditure projections for ~~fiscal year 2013-2014~~
3 ~~and fiscal year 2014-2015~~ **THE CURRENT FISCAL YEAR AND NEXT FISCAL YEAR.**

4 (d) A listing of all debt service obligations, detailed by project, anticipated
5 fiscal year ~~2013-2014~~ payment of each project, and total outstanding debt **FOR THE**
6 **CURRENT FISCAL YEAR.**

7 ~~(e) The estimated cost to the community college resulting from the patient~~
8 ~~protection and affordable care act, Public Law 111-148, as amended by the health care~~
9 ~~and education reconciliation act of 2010, Public Law 111-152.~~

10 **(E)** ~~(f)~~ Links to all of the following for the community college:

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

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

16 (iii) Audits and financial reports for the most recent fiscal year for which
17 they are available.

18 ~~(iv) A copy of the board of trustees resolution regarding compliance with best~~
19 ~~practices for the local strategic value component described in section 230(3).~~

20 (2) For statewide consistency and public visibility, community colleges must
21 use the icon badge provided by the department of technology, management, and budget
22 consistent with the icon badge developed by the department of education for K-12
23 school districts. It must appear on the front of each community college's homepage.
24 The size of the icon may be reduced to 150 x 150 pixels.

25 ~~(3) The state budget director shall determine whether a community college has~~
26 ~~complied with this section. The state budget director may withhold a community~~
27 ~~college's monthly installments described in section 206 until the community college~~

1 ~~complies with this section. The state budget director shall notify the chairs of the~~
2 ~~house and senate appropriations subcommittee on community colleges at least 10 days~~
3 ~~before withholding funds from any community college.~~

4 (3) ~~(4)~~ Each community college shall report the following information to the
5 senate and house appropriations subcommittees on community colleges, the senate and
6 house fiscal agencies, and the state budget office by November 15, ~~2013~~, **OF EACH**
7 **FISCAL YEAR** and post that information on the internet website required under
8 subsection (1):

9 (a) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund revenue from tuition
10 and fees.

11 (b) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund revenue from state
12 appropriations.

13 (c) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund revenue from property
14 taxes.

15 (d) Budgeted **CURRENT** fiscal year ~~2013-2014~~ total general fund revenue.

16 (e) Budgeted **CURRENT** fiscal year ~~2013-2014~~ total general fund expenditures.

17 Sec. 210. (1) Recognizing the critical importance of education in strengthening
18 Michigan's workforce, ~~the legislature encourages~~ each community college **IS ENCOURAGED**
19 to explore ways of increasing collaboration and cooperation with 4-year universities,
20 particularly in the areas related to training, instruction, and program articulation.

21 (2) Recognizing the central role of community colleges in responding to local
22 employment needs and challenges, community colleges shall develop and continue efforts
23 to collaborate with local employers and students to identify local employment needs
24 and strategies to meet them.

25 (3) Community colleges are encouraged to collaborate with each other on
26 innovations to identify and meet local employment needs.

27 (4) Community colleges are encouraged to work with universities to develop

1 equivalency standards of core college courses and identify equivalent courses offered
2 by postsecondary institutions.

3 Sec. 213. ~~It is the intent of the legislature that community~~ (1) **COMMUNITY**
4 colleges **ARE ENCOURAGED TO** work with public universities in the state to implement
5 statewide reverse transfer agreements to increase the number of students that are
6 awarded credentials of value upon completion of the necessary credits. These statewide
7 agreements shall enable students who have earned a significant number of credits at a
8 community college and transferred to a baccalaureate-granting institution before
9 completing a degree to transfer the credits earned at the baccalaureate institution
10 back to the community college in order to be awarded a credential of value.

11 (2) **IT IS EXPECTED THAT THE MICHIGAN ASSOCIATION OF COLLEGIATE REGISTRARS AND**
12 **ADMISSIONS OFFICERS SHALL IMPLEMENT ANY AGREEMENT OR AGREEMENTS AMONG THE COMMUNITY**
13 **COLLEGES AND UNIVERSITIES CONCERNING THE TRANSFERABILITY OF COLLEGE COURSES RESULTING**
14 **FROM THE RECOMMENDATIONS OF THE COMMITTEE CREATED UNDER FORMER SECTION 210A.**

15 Sec. 222. Each community college shall have an annual audit of all income and
16 expenditures performed by an independent auditor and shall furnish the independent
17 auditor's management letter and an annual audited accounting of all general and
18 current funds income and expenditures including audits of college foundations to the
19 members of the senate and house appropriations subcommittees on community colleges,
20 the senate and house fiscal agencies, the auditor general, the workforce development
21 agency, and the state budget director before November 15 of each year. If a community
22 college fails to furnish the audit materials, the monthly state aid installments shall
23 be withheld from that college until the information is submitted. All reporting shall
24 conform to the requirements set forth in the "2001 Manual for Uniform Financial
25 Reporting, Michigan Public Community Colleges". ~~It is the intent of the legislature~~
26 ~~that a~~ **A** community college shall make the information the community college is
27 required to provide under this section available to the public on its internet

1 website.

2 Sec. 224. A community college shall use the P-20 longitudinal data system to
3 inform interested Michigan high schools **AND THE PUBLIC** of the aggregate academic
4 status of its students for the previous academic year, in a manner prescribed by the
5 Michigan community college association and in cooperation with the Michigan
6 association of secondary school principals. Community colleges shall cooperate with
7 the center for educational performance and information to ~~design and implement~~
8 **MAINTAIN** a systematic approach for accomplishing this work.

9 Sec. 225. Each community college shall report to the house and senate fiscal
10 agencies, the state budget director, and the workforce development agency by August
11 31, ~~2013~~ **2014**, the tuition and mandatory fees paid by a full-time in-district student
12 and a full-time out-of-district student as established by the college governing board
13 for the ~~2013-2014~~ **2014-2015** academic year. This report should also include the annual
14 cost of attendance based on a full-time course load of 30 credits. Each community
15 college shall also report any revisions to the reported ~~2012-2013 or 2013-2014~~ **2014-**
16 **2015** academic year tuition and mandatory fees adopted by the college governing board
17 to the house and senate fiscal agencies, the state budget director, and the workforce
18 development agency within 15 days of being adopted.

19 Sec. 229. (1) It is ~~the intent of the legislature~~ **EXPECTED** that each community
20 college that receives an appropriation in section 201 include in its admission
21 application process a specific question as to whether an applicant for admission is a
22 veteran, an active member of the military, a member of the national guard or military
23 reserves, or the spouse or dependent of a veteran, active member of the military, or
24 member of the national guard or military reserves, in order to more quickly identify
25 potential educational assistance available to that applicant.

26 (2) It is ~~the intent of the legislature~~ **EXPECTED** that each public community
27 college that receives an appropriation in section 201 shall work with the house and

1 senate community college subcommittees, the Michigan community college association,
 2 and veterans groups to review the issue of in-district tuition for veterans of this
 3 state when determining tuition rates and fees.

4 (3) As used in this section, "veteran" means an honorably discharged veteran
 5 entitled to educational assistance under the provisions of section 5003 of the post-
 6 911 veterans educational assistance act of 2008, 38 USC 3301 to 3324.

7 Sec. 229a. Included in the fiscal year ~~2013-2014~~ 2014-2015 appropriations for
 8 the department of technology, management, and budget are appropriations to provide
 9 funding for the state share of costs for previously constructed capital projects for
 10 community colleges. Those appropriations for state building authority rent represent
 11 additional state general fund support for community colleges, and the following is an
 12 estimate of the amount of that support to each community college:

- 13 (a) Alpena Community College, ~~\$434,500.00~~ \$485,400.00.
 14 (b) Bay de Noc Community College, ~~\$644,500.00~~ \$636,600.00.
 15 (c) Delta College, ~~\$2,877,700.00~~ \$2,842,800.00.
 16 (d) Glen Oaks Community College, ~~\$124,900.00~~ \$123,300.00.
 17 (e) Gogebic Community College, ~~\$78,100.00~~ \$16,900.00.
 18 (f) Grand Rapids Community College, ~~\$1,700,400.00~~ \$1,792,400.00.
 19 (g) Henry Ford Community College, ~~\$1,126,800.00~~ \$1,030,800.00.
 20 (h) Jackson Community College, ~~\$1,809,500.00~~ \$1,787,300.00.
 21 (i) Kalamazoo Valley Community College, ~~\$1,489,300.00~~ \$1,471,000.00.
 22 (j) Kellogg Community College, ~~\$527,900.00~~ \$521,400.00.
 23 (k) Kirtland Community College, ~~\$368,800.00~~ \$364,000.00.
 24 (l) Lake Michigan College, ~~\$345,200.00~~ \$340,900.00.
 25 (m) Lansing Community College, ~~\$617,600.00~~ \$610,100.00.
 26 (n) Macomb Community College, ~~\$1,332,900.00~~ \$1,316,600.00.
 27 (o) Mid Michigan Community College, ~~\$928,900.00~~ \$1,117,300.00.

1 (p) Monroe County Community College, ~~\$1,375,600.00~~ \$1,266,500.00.

2 (q) Montcalm Community College, ~~\$1,015,700.00~~ \$973,700.00.

3 (r) C.S. Mott Community College, ~~\$1,830,400.00~~ \$1,808,000.00.

4 (s) Muskegon Community College, ~~\$201,000.00~~ \$198,500.00.

5 (t) North Central Michigan College, ~~\$476,300.00~~ \$117,600.00.

6 (u) Northwestern Michigan College, ~~\$1,324,800.00~~ \$1,308,600.00.

7 (v) Oakland Community College, ~~\$472,100.00~~ \$466,300.00.

8 (w) St. Clair County Community College, ~~\$361,400.00~~ \$357,000.00.

9 (x) Schoolcraft College, ~~\$1,569,500.00~~ \$1,550,300.00.

10 (y) Southwestern Michigan College, ~~\$538,600.00~~ \$231,100.00.

11 (z) Washtenaw Community College, ~~\$2,023,100.00~~ \$1,680,600.00.

12 (aa) Wayne County Community College, ~~\$1,918,700.00~~ \$1,466,000.00.

13 (bb) West Shore Community College, ~~\$585,800.00~~ \$578,600.00.

14 Sec. 230. ~~(1) It is the intent of the legislature that the recommendations and~~
 15 ~~performance measures developed by the performance indicators task force formed under~~
 16 ~~section 242 of 2005 PA 154 be reviewed and more fully implemented for distribution of~~
 17 ~~state funding to community colleges in future years.~~

18 (1) ~~(2) Any additional PERFORMANCE~~ funding provided to community college
 19 operations under section 201(2) in fiscal year ~~2013-2014~~ 2014-2015 ~~that exceeds the~~
 20 ~~amounts appropriated for operations in fiscal year 2012-2013~~ is distributed based on
 21 the following formula:

22 (a) Allocated proportionate to fiscal year ~~2012-2013~~ 2013-2014 base
 23 appropriations, 50%.

24 (b) Based on contact hour equated students, 10%.

25 (c) Based on administrative costs, 7.5%.

26 (d) Based on a weighted degree formula as provided for in the 2006
 27 recommendations of the performance indicators task force, 17.5%.

1 (e) Based on the local strategic value component, as developed in cooperation
2 with the Michigan community college association and described in subsection ~~(2)~~ (2),
3 15%.

4 (2) ~~(3)~~ The appropriation in section 201(2)(cc) for local strategic value shall
5 be allocated to each community college that certifies to the state budget director,
6 ~~through a board of trustees resolution~~ on or before ~~November 1, 2013~~ **OCTOBER 15, 2014**,
7 that the college has met 4 out of 5 best practices listed in each category described
8 in subsection ~~(4)~~ (3). ~~The resolution shall provide specifics as to how the community~~
9 ~~college meets each best practice measure within each category.~~ One-third of funding
10 available under the strategic value component shall be allocated to each category
11 described in subsection ~~(4)~~ (3). Amounts distributed under local strategic value shall
12 be on a proportionate basis to each college's fiscal year ~~2012-2013~~ **2013-2014**
13 operations funding. Payments to community colleges that qualify for local strategic
14 value funding shall be distributed with the November installment payment described in
15 section 206.

16 (3) ~~(4)~~ For purposes of subsection ~~(3)~~ (2), the following categories of best
17 practices reflect functional activities of community colleges that have strategic
18 value to the local communities and regional economies:

19 (a) For Category A, economic development and business or industry partnerships,
20 the following:

21 (i) The community college has active partnerships with local employers
22 including hospitals and health care providers.

23 (ii) The community college provides customized on-site training for area
24 companies, employees, or both.

25 (iii) The community college supports entrepreneurship through a small business
26 assistance center or other training or consulting activities targeted toward small
27 businesses.

1 (iv) The community college supports technological advancement through industry
2 partnerships, incubation activities, or operation of a Michigan technical education
3 center or other advanced technology center.

4 (v) The community college has active partnerships with local or regional
5 workforce and economic development agencies.

6 (b) For Category B, educational partnerships, the following:

7 (i) The community college has active partnerships with regional high schools,
8 intermediate school districts, and career-tech centers to provide instruction through
9 dual enrollment, direct credit, middle college, or academy programs.

10 (ii) The community college hosts, sponsors, or participates in enrichment
11 programs for area K-12 students, such as college days, summer or after-school
12 programming, or science Olympiad.

13 (iii) The community college provides, supports, or participates in programming
14 to promote successful transitions to college for traditional age students, including
15 grant programs such as talent search, upward bound, or other activities to promote
16 college readiness in area high schools and community centers.

17 (iv) The community college provides, supports, or participates in programming
18 to promote successful transitions to college for new or reentering adult students,
19 such as adult basic education, GED preparation, GED testing, or recruiting, advising,
20 or orientation activities specific to adults.

21 (v) The community college has active partnerships with regional 4-year colleges
22 and universities to promote successful transfer, such as articulation, 2+2, or reverse
23 transfer agreements or operation of a university center.

24 (c) For Category C, community services, the following:

25 (i) The community college provides continuing education programming for
26 leisure, wellness, personal enrichment, or professional development.

27 (ii) The community college operates or sponsors opportunities for community

1 members to engage in activities that promote leisure, wellness, cultural or personal
2 enrichment such as community sports teams, theater or musical ensembles, or artist
3 guilds.

4 (iii) The community college operates public facilities to promote cultural,
5 educational, or personal enrichment for community members, such as libraries, computer
6 labs, performing arts centers, museums, art galleries, or television or radio
7 stations.

8 (iv) The community college operates public facilities to promote leisure or
9 wellness activities for community members, including gymnasiums, athletic fields,
10 tennis courts, fitness centers, hiking or biking trails, or natural areas.

11 (v) The community college promotes, sponsors, or hosts community service
12 activities for students, staff, or community members.

13 **SEC. 230A. (1) PAYMENTS UNDER SECTION 201 FOR PERFORMANCE FUNDING AND LOCAL**
14 **STRATEGIC VALUE SHALL ONLY BE MADE TO A COMMUNITY COLLEGE THAT CERTIFIES TO THE STATE**
15 **BUDGET DIRECTOR BY AUGUST 31, 2014 THAT ITS BOARD DID NOT ADOPT AN INCREASE IN TUITION**
16 **AND FEE RATES FOR RESIDENT STUDENTS AFTER FEBRUARY 5, 2014 FOR THE 2013-2014 ACADEMIC**
17 **YEAR AND THAT ITS BOARD WILL NOT ADOPT AN INCREASE IN TUITION AND FEE RATES FOR**
18 **RESIDENT STUDENTS FOR THE 2014-2015 ACADEMIC YEAR THAT IS GREATER THAN 3.2%. AS USED**
19 **IN THIS SECTION:**

20 (A) "FEE" MEANS ANY BOARD-AUTHORIZED FEE THAT WILL BE PAID BY MORE THAN 1/2 OF
21 ALL RESIDENT STUDENTS AT LEAST ONCE DURING THEIR ENROLLMENT AT A COMMUNITY COLLEGE. A
22 COMMUNITY COLLEGE INCREASING A FEE THAT APPLIES TO A SPECIFIC SUBSET OF STUDENTS OR
23 COURSES SHALL PROVIDE SUFFICIENT INFORMATION TO PROVE THAT THE INCREASE APPLIED TO
24 THAT SUBSET WILL NOT CAUSE THE INCREASE IN THE AVERAGE AMOUNT OF BOARD-AUTHORIZED
25 TOTAL TUITION AND FEES PAID BY RESIDENT STUDENTS IN THE 2014-2015 ACADEMIC YEAR TO
26 EXCEED THE LIMIT ESTABLISHED IN THIS SUBSECTION.

27 (B) "RESIDENT STUDENT" MEANS A STUDENT THAT IS CONSIDERED BY THE COMMUNITY

1 COLLEGE TO BE A RESIDENT OF THE STATE OF MICHIGAN, AND SHALL INCLUDE BOTH STUDENTS
2 PAYING IN-DISTRICT TUITION AND FEES AND STUDENTS PAYING OUT-OF-DISTRICT TUITION AND
3 FEES.

4 (C) "TUITION AND FEE RATE" MEANS THE TOTAL OF ANY CHARGED FEES QUALIFYING UNDER
5 THE DEFINITION IN SUBDIVISION (A) AND THE CREDIT HOUR OR CONTACT HOUR TUITION RATE,
6 DEPENDING UPON THE COMMUNITY COLLEGE'S PRIMARY METHOD OF CHARGING TUITION. THE TUITION
7 RATE FOR THE 2 SEMESTERS WITH THE HIGHEST LEVELS OF FULL-TIME EQUATED RESIDENT STUDENT
8 ENROLLMENT DURING THE ACADEMIC YEAR SHALL BE USED.

9 (2) THE STATE BUDGET DIRECTOR SHALL IMPLEMENT UNIFORM REPORTING REQUIREMENTS TO
10 ENSURE THAT A COMMUNITY COLLEGE RECEIVING A PAYMENT UNDER SECTION 201 FOR PERFORMANCE
11 FUNDING OR LOCAL STRATEGIC VALUE HAS SATISFIED THE TUITION RESTRAINT REQUIREMENTS OF
12 THIS SECTION. THE STATE BUDGET DIRECTOR SHALL HAVE THE SOLE AUTHORITY TO DETERMINE IF
13 A COMMUNITY COLLEGE HAS MET THE REQUIREMENTS OF THIS SECTION. INFORMATION REPORTED BY
14 A COMMUNITY COLLEGE TO THE STATE BUDGET DIRECTOR UNDER THIS SUBSECTION SHALL ALSO BE
15 REPORTED TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON COMMUNITY COLLEGES
16 AND THE HOUSE AND SENATE FISCAL AGENCIES.

17 (3) ANY PERFORMANCE FUNDING AMOUNTS UNDER SECTION 201 THAT ARE NOT PAID TO A
18 COMMUNITY COLLEGE BECAUSE IT DID NOT COMPLY WITH ANY REQUIREMENT UNDER SUBSECTION (1)
19 ARE UNAPPROPRIATED AND REAPPROPRIATED FOR PERFORMANCE FUNDING TO THOSE COMMUNITY
20 COLLEGES THAT MEET THE REQUIREMENTS UNDER SUBSECTION (1), DISTRIBUTED IN PROPORTION TO
21 THEIR PERFORMANCE FUNDING APPROPRIATION AMOUNTS UNDER SECTION 201.

22 (4) THE STATE BUDGET DIRECTOR SHALL REPORT TO THE HOUSE AND SENATE
23 APPROPRIATIONS SUBCOMMITTEES ON COMMUNITY COLLEGES AND THE HOUSE AND SENATE FISCAL
24 AGENCIES BY SEPTEMBER 17, 2014, REGARDING ANY PERFORMANCE FUNDING OR LOCAL STRATEGIC
25 VALUE AMOUNTS THAT ARE NOT PAID TO A COMMUNITY COLLEGE BECAUSE IT DID NOT COMPLY WITH
26 1 OR MORE REQUIREMENTS UNDER SUBSECTION (1) AND ANY REAPPROPRIATION OF FUNDS UNDER
27 SUBSECTION (3).

ARTICLE III

STATE AID FOR UNIVERSITIES AND STUDENT FINANCIAL AID

1
2
3 Sec. 236. (1) Subject to the conditions set forth in this article, the amounts
4 listed in subsections (2) to (6) are appropriated for higher education for the fiscal
5 year ending September 30, ~~2014~~ 2015, from the funds indicated in this section. The
6 following is a summary of the appropriations in subsections (2) to (6):

7 (a) The gross appropriation is ~~\$1,430,573,500.00.~~ **\$1,512,494,100.00.** After
8 deducting total interdepartmental grants and intradepartmental transfers in the amount
9 of \$0.00, the adjusted gross appropriation is ~~\$1,430,573,500.00.~~ **\$1,512,494,100.00.**

10 (b) The sources of the adjusted gross appropriation described in subdivision
11 (a) are as follows:

12 (i) Total federal revenues, \$97,026,400.00.

13 (ii) Total local revenues, \$0.00.

14 (iii) Total private revenues, \$0.00.

15 (iv) Total other state restricted revenues, \$200,565,700.00.

16 (v) State general fund/general purpose money, ~~\$1,132,981,400.00.~~
17 **\$1,214,902,000.00.**

18 (2) Amounts appropriated for public universities are as follows:

19 (a) The appropriation for Central Michigan University is ~~\$73,486,600.00,~~
20 **\$79,283,400.00,** ~~\$71,352,300.00~~ **\$73,540,100.00** for operations and ~~\$2,134,300.00~~
21 **\$5,743,300.00** for performance funding, appropriated from the following:

22 (i) State school aid fund, ~~\$11,284,600.00.~~ **\$11,815,000.00.**

23 (ii) State general fund/general purpose money, ~~\$62,202,000.00.~~ **\$67,468,400.00.**

24 (b) The appropriation for Eastern Michigan University is ~~\$67,255,600.00,~~
25 **\$71,906,800.00,** ~~\$66,466,700.00~~ **\$67,275,400.00** for operations and ~~\$788,900.00~~
26 **\$4,631,400.00** for performance funding, appropriated from the following:

27 (i) State school aid fund, ~~\$10,706,400.00.~~ **\$10,715,700.00.**

1 (ii) State general fund/general purpose money, ~~\$56,549,200.00~~ \$61,191,100.00.

2 (c) The appropriation for Ferris State University is ~~\$45,602,600.00~~,

3 \$49,191,200.00, ~~-\$44,250,700.00~~ \$45,636,500.00 for operations and ~~\$1,351,900.00~~

4 \$3,554,700.00 for performance funding, appropriated from the following:

5 (i) State school aid fund, ~~\$6,846,800.00~~ \$7,330,600.00.

6 (ii) State general fund/general purpose money, ~~\$38,755,800.00~~ \$41,860,600.00.

7 (d) The appropriation for Grand Valley State University is ~~\$57,765,100.00~~,

8 \$63,296,500.00, ~~\$55,436,000.00~~ \$57,823,500.00 for operations and ~~\$2,329,100.00~~

9 \$5,473,000.00 for performance funding, appropriated from the following:

10 (i) State school aid fund, ~~\$8,727,800.00~~ \$9,432,600.00.

11 (ii) State general fund/general purpose money, ~~\$49,037,300.00~~ \$53,863,900.00.

12 (e) The appropriation for Lake Superior State University is ~~\$12,226,500.00~~,

13 \$12,799,100.00, ~~\$12,046,100.00~~ \$12,231,000.00 for operations and ~~\$180,400.00~~

14 \$568,100.00 for performance funding, appropriated from the following:

15 (i) State school aid fund, ~~\$1,787,600.00~~ \$1,907,400.00.

16 (ii) State general fund/general purpose money, ~~\$10,438,900.00~~ \$10,891,700.00.

17 (f) The appropriation for Michigan State University is ~~\$305,775,000.00~~,

18 \$324,599,500.00, ~~\$245,037,000.00~~ \$249,597,800.00 for operations, ~~\$4,449,300.00~~

19 \$15,279,400.00 for performance funding, ~~\$30,243,900.00~~ \$32,088,800.00 for MSU

20 AgBioResearch, and ~~\$26,044,800.00~~ \$27,633,500.00 for MSU extension, appropriated from

21 the following:

22 (i) State school aid fund, ~~\$39,949,900.00~~ \$39,472,600.00.

23 (ii) State general fund/general purpose money, ~~\$265,825,100.00~~.

24 \$285,126,900.00.

25 (g) The appropriation for Michigan Technological University is ~~\$43,451,900.00~~,

26 \$45,997,100.00, ~~\$42,579,100.00~~ \$43,473,800.00 for operations and ~~\$872,800.00~~

27 \$2,523,300.00 for performance funding, appropriated from the following:

1 (i) State school aid fund, ~~\$6,748,900.00~~ \$6,854,600.00.

2 (ii) State general fund/general purpose money, ~~\$36,703,000.00~~ \$39,142,500.00.

3 (h) The appropriation for Northern Michigan University is ~~\$41,719,800.00~~,

4 \$44,353,800.00, ~~\$40,856,600.00~~ \$41,741,400.00 for operations and ~~\$863,200.00~~

5 \$2,612,400.00 for performance funding, appropriated from the following:

6 (i) State school aid fund, ~~\$6,356,900.00~~ \$6,609,700.00.

7 (ii) State general fund/general purpose money, ~~\$35,362,900.00~~ \$37,744,100.00.

8 (i) The appropriation for Oakland University is ~~\$45,634,800.00~~, \$48,446,100.00,

9 ~~\$44,964,100.00~~ \$45,651,600.00 for operations and ~~\$670,700.00~~ \$2,794,500.00 for

10 performance funding, appropriated from the following:

11 (i) State school aid fund, ~~\$7,148,400.00~~ \$7,219,500.00.

12 (ii) State general fund/general purpose money, ~~\$38,486,400.00~~ \$41,226,600.00.

13 (j) The appropriation for Saginaw Valley State University is ~~\$25,982,800.00~~,

14 \$27,659,100.00, ~~\$25,656,700.00~~ \$25,991,000.00 for operations and ~~\$326,100.00~~

15 \$1,668,100.00 for performance funding, appropriated from the following:

16 (i) State school aid fund, ~~\$3,903,800.00~~ \$4,121,800.00.

17 (ii) State general fund/general purpose money, ~~\$22,079,000.00~~ \$23,537,300.00.

18 (k) The appropriation for University of Michigan - Ann Arbor is

19 ~~\$279,108,700.00~~, \$295,655,600.00, ~~\$274,156,700.00~~ \$279,232,700.00 for operations and

20 ~~\$4,952,000.00~~ \$16,422,900.00 for performance funding, appropriated from the following:

21 (i) State school aid fund, ~~\$44,536,300.00~~ \$44,059,300.00.

22 (ii) State general fund/general purpose money, ~~\$234,572,400.00~~

23 \$251,596,300.00.

24 (l) The appropriation for University of Michigan - Dearborn is ~~\$22,503,700.00~~,

25 \$23,724,900.00, ~~\$22,237,300.00~~ \$22,510,400.00 for operations and ~~\$266,400.00~~

26 \$1,214,500.00 for performance funding, appropriated from the following:

27 (i) State school aid fund, ~~\$3,482,100.00~~ \$3,535,500.00.

1 (ii) State general fund/general purpose money, ~~\$19,021,600.00~~ **\$20,189,400.00**.

2 (m) The appropriation for University of Michigan - Flint is ~~\$19,928,100.00~~,

3 **\$21,380,000.00**, ~~\$19,526,600.00~~ **\$19,938,200.00** for operations and ~~\$401,500.00~~

4 **\$1,441,800.00** for performance funding, appropriated from the following:

5 (i) State school aid fund, ~~\$2,942,900.00~~ **\$3,186,100.00**.

6 (ii) State general fund/general purpose money, ~~\$16,985,200.00~~ **\$18,193,900.00**.

7 (n) The appropriation for Wayne State University is ~~\$183,933,000.00~~,

8 **\$190,734,900.00**, \$183,398,300.00 for operations and ~~\$534,700.00~~ **\$7,336,600.00** for

9 performance funding, appropriated from the following:

10 (i) State school aid fund, ~~\$30,160,600.00~~ **\$28,423,700.00**.

11 (ii) State general fund/general purpose money, ~~\$153,772,400.00~~.

12 **\$162,311,200.00**.

13 (o) The appropriation for Western Michigan University is ~~\$97,235,200.00~~,

14 **\$102,907,000.00**, ~~\$95,487,500.00~~ **\$97,279,000.00** for operations and ~~\$1,747,700.00~~

15 **\$5,628,000.00** for performance funding, appropriated from the following:

16 (i) State school aid fund, ~~\$15,436,500.00~~ **\$15,335,400.00**.

17 (ii) State general fund/general purpose money, ~~\$81,798,700.00~~ **\$87,571,600.00**.

18 (3) The amount appropriated for Michigan public school employees' retirement
19 system reimbursement is \$2,446,200.00, \$446,200.00 appropriated from the state school
20 aid fund and \$2,000,000.00 appropriated from general fund/general purpose money.

21 (4) The amount appropriated for state and regional programs is ~~\$2,200,000.00~~

22 **\$2,295,000.00** appropriated from general fund/general purpose money and allocated as

23 follows:

24 (a) College access program, \$2,000,000.00.

25 (b) Higher education database modernization and conversion, ~~\$105,000.00~~

26 **\$200,000.00**.

27 (c) Midwestern higher education compact, \$95,000.00.

1 (5) The amount appropriated for the Martin Luther King, Jr. - Cesar Chavez -
 2 Rosa Parks program is \$2,691,500.00, appropriated from general fund/general purpose
 3 money and allocated as follows:

4 (a) Select student support services, \$1,956,100.00.

5 (b) Michigan college/university partnership program, \$586,800.00.

6 (c) Morris Hood, Jr. educator development program, \$148,600.00.

7 (6) Subject to subsection (7), the amount appropriated for grants and financial
 8 aid is ~~\$101,626,400.00~~, **\$103,126,400.00**, allocated as follows:

9 (a) State competitive scholarships, \$18,361,700.00.

10 (b) Tuition grants, \$31,664,700.00.

11 (c) Tuition incentive program, ~~\$47,000,000.00~~, **\$48,500,000.00**.

12 (d) Children of veterans and officer's survivor tuition grant programs,
 13 \$1,400,000.00.

14 (e) Project GEAR-UP, \$3,200,000.00.

15 (7) The money appropriated in subsection (6) for grants and financial aid is
 16 appropriated from the following:

17 (a) Federal revenues under the United States department of education, office of
 18 elementary and secondary education, GEAR-UP program, \$3,200,000.00.

19 (b) Federal revenues under the social security act, temporary assistance for
 20 needy families, \$93,826,400.00.

21 (c) Contributions to children of veterans tuition grant program, \$100,000.00.

22 (d) State general fund/general purpose money, ~~\$4,500,000.00~~, **\$6,000,000.00**.

23 Sec. 236a. ~~It is the intent of the legislature to provide appropriations~~

24 **APPROPRIATIONS SHALL BE MADE** for the fiscal year ending on September 30, ~~2015~~ **2016** for
 25 the items listed in section 236. The fiscal year ~~2014-2015~~ **2015-2016** appropriations
 26 are anticipated to be the same as those for fiscal year ~~2013-2014~~ **2014-2015**, except
 27 that the amounts will be adjusted for changes in, caseload and related costs, federal

1 fund match rates, economic factors, and available revenue. These adjustments will be
2 determined after the January ~~2014~~ 2015 consensus revenue estimating conference.

3 Sec. 236b. In addition to the funds appropriated in section 236, there is
4 appropriated for grants and financial aid in fiscal year ~~2013-2014~~ 2014-2015 an amount
5 not to exceed \$6,000,000.00 for federal contingency funds. These funds are not
6 available for expenditure until they have been transferred under section 393(2) of the
7 management and budget act, 1984 PA 431, MCL 18.1393, for another purpose under this
8 article.

9 Sec. 236c. In addition to the funds appropriated for fiscal year ~~2013-2014~~
10 2014-2015 in section 236, appropriations to the department of technology, management,
11 and budget in the act providing general appropriations for fiscal year ~~2013-2014~~ 2014-
12 2015 for state building authority rent, totaling an estimated ~~\$125,370,600.00,~~
13 \$124,825,300.00, provide funding for the state share of costs for previously
14 constructed capital projects for state universities. These appropriations for state
15 building authority rent represent additional state general fund support provided to
16 public universities, and the following is an estimate of the amount of that support to
17 each university:

- 18 (a) Central Michigan University, ~~\$9,155,600.00.~~ \$9,103,200.00.
- 19 (b) Eastern Michigan University, ~~\$5,234,800.00.~~ \$4,861,700.00.
- 20 (c) Ferris State University, ~~\$6,360,600.00.~~ \$6,252,200.00.
- 21 (d) Grand Valley State University, ~~\$4,277,000.00.~~ \$4,252,500.00.
- 22 (e) Lake Superior State University, ~~\$915,600.00.~~ \$1,112,900.00.
- 23 (f) Michigan State University, ~~\$16,194,400.00.~~ \$16,101,200.00.
- 24 (g) Michigan Technological University, ~~\$7,692,200.00.~~ \$7,444,600.00.
- 25 (h) Northern Michigan University, ~~\$8,062,600.00.~~ \$8,016,400.00.
- 26 (i) Oakland University, ~~\$10,791,500.00.~~ \$10,969,800.00.
- 27 (j) Saginaw Valley State University, ~~\$9,833,700.00.~~ \$9,777,400.00.

1 (k) University of Michigan - Ann Arbor, ~~\$9,212,000.00~~ \$9,159,200.00.

2 (l) University of Michigan - Dearborn, ~~\$6,332,400.00~~ \$6,296,200.00.

3 (m) University of Michigan - Flint, ~~\$2,871,400.00~~ \$2,855,000.00.

4 (n) Wayne State University, ~~\$13,079,500.00~~ \$13,679,800.00.

5 (o) Western Michigan University, ~~\$15,357,300.00~~ \$14,943,200.00.

6 Sec. 241. (1) Subject to section 265a, the funds appropriated in section 236 to
7 public universities shall be paid out of the state treasury and distributed by the
8 state treasurer to the respective institutions in 11 equal monthly installments on the
9 sixteenth of each month, or the next succeeding business day, beginning with October
10 16, ~~2013-2014~~. Except for Wayne State University, each institution shall accrue its
11 July and August ~~2014~~ 2015 payments to its institutional fiscal year ending June 30,
12 ~~2014-2015~~.

13 (2) All public universities shall submit higher education institutional data
14 inventory (HEIDI) data and associated financial and program information requested by
15 and in a manner prescribed by the state budget director. For public universities with
16 fiscal years ending June 30, ~~2013-2014~~, these data shall be submitted to the state
17 budget director by October 15, ~~2013-2014~~. Public universities with a fiscal year
18 ending September 30, ~~2013-2014~~ shall submit preliminary HEIDI data by November 15,
19 ~~2013~~ 2014 and final data by December 15, ~~2013-2014~~. If a public university fails to
20 submit HEIDI data and associated financial aid program information in accordance with
21 this reporting schedule, the state treasurer may withhold the monthly installments
22 under subsection (1) to the public university until those data are submitted.

23 Sec. 242. Funds received by the state from the federal government or private
24 sources for the use of a college or university are appropriated for the purposes for
25 which they are provided. ~~The acceptance and use of federal or private funds do not~~
26 ~~place an obligation on the legislature to continue the purposes for which the funds~~
27 ~~are made available.~~

1 Sec. 245. (1) ~~Within 30 days after the board of a public university adopts its~~
2 ~~annual operating budget for the following school fiscal year, or after the board~~
3 ~~adopts a subsequent revision to that budget, the~~ A public university shall ~~make all of~~
4 ~~the following~~ **MAINTAIN A PUBLIC TRANSPARENCY WEBSITE**, available through a link on its
5 website homepage+. **THIS WEBSITE SHALL BE UPDATED WITHIN 30 DAYS AFTER THE UNIVERSITY'S**
6 **GOVERNING BOARD ADOPTS ITS ANNUAL OPERATING BUDGET FOR THE FOLLOWING ACADEMIC FISCAL**
7 **YEAR, OR AFTER THE BOARD ADOPTS A SUBSEQUENT REVISION TO THAT BUDGET.**

8 (2) **THE WEBSITE REQUIRED UNDER SUBSECTION (1) SHALL INCLUDE ALL OF THE**
9 **FOLLOWING:**

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

11 (b) A summary of current expenditures for the most recent fiscal year for which
12 they are available, expressed as pie charts in the following 2 categories:

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

14 (A) Earnings and wages.

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

17 (C) Retirement benefit costs.

18 (D) All other personnel costs.

19 (ii) A chart of all current expenditures the public university reported as part
20 of its higher education institutional data inventory data under section 241(2), broken
21 into the same subcategories in which it reported those data.

22 (c) Links to all of the following for the public university:

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

24 (ii) Each health care benefits plan, including, but not limited to, medical,
25 dental, vision, disability, long-term care, or any other type of benefits that would
26 constitute health care services, offered to any bargaining unit or employee of the
27 public university.

1 (iii) Audits and financial reports for the most recent fiscal year for which
2 they are available.

3 (iv) Campus security policies and crime statistics pursuant to the student
4 right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381. Information
5 shall include all material prepared pursuant to the public information reporting
6 requirements under the crime awareness and campus security act of 1990, title II of
7 the student right-to-know and campus security act, Public Law 101-542, 104 Stat. 2381.

8 (d) A list of all positions funded partially or wholly through institutional
9 general fund revenue that includes the position title and annual salary or wage amount
10 for each position.

11 (e) General fund revenue and expenditure projections for **THE CURRENT** fiscal
12 year ~~2013-2014~~ and **THE NEXT** fiscal year ~~2014-2015~~.

13 (f) A listing of all debt service obligations, detailed by project, anticipated
14 fiscal year ~~2013-2014~~ payment for each project, and total outstanding debt **FOR THE**
15 **CURRENT FISCAL YEAR.**

16 (g) The institution's policy regarding the transferability of core college
17 courses between community colleges and the university.

18 (h) A listing of all community colleges that have entered into reverse transfer
19 agreements with the university.

20 (3) ~~(2)~~ **A-ON THE WEBSITE REQUIRED UNDER SUBSECTION (1),** A public university
21 shall provide a dashboard or report card demonstrating the university's performance in
22 several "best practice" measures. The dashboard or report card shall include at least
23 all of the following for the 3 most recent ~~school~~ **ACADEMIC** years for which the data
24 are available:

25 (a) Enrollment.

26 (b) Student retention rate.

27 (c) Six-year graduation rates.

1 (d) Number of Pell grant recipients and graduating Pell grant recipients.

2 (e) Geographic origination of students, categorized as in-state, out-of-state,
3 and international.

4 (f) Faculty to student ratios and total university employee to student ratios.

5 (g) Teaching load by faculty classification.

6 (h) Graduation outcome rates, including employment and continuing education.

7 (3) For statewide consistency and public visibility, public universities must
8 use the icon badge provided by the department of technology, management, and budget
9 consistent with the icon badge developed by the department of education for K-12
10 school districts. It must appear on the front of each public university's homepage.
11 The size of the icon may be reduced to 150 x 150 pixels. The font size and style for
12 this reporting must be consistent with other documents on each university's website.

13 ~~(4) The state budget director shall determine whether a public university has~~
14 ~~complied with this section. The state budget director may withhold a public~~
15 ~~university's monthly installments described in section 241 until the public university~~
16 ~~complies with this section.~~

17 Sec. 252. (1) The amounts appropriated in section 236 for the state tuition
18 grant program shall be distributed pursuant to 1966 PA 313, MCL 390.991 to 390.997a.

19 (2) Tuition grant awards shall be made to all eligible Michigan residents
20 enrolled in undergraduate degree programs who are qualified and who apply before ~~July~~
21 ~~1, 2012~~ **MARCH 1 OF EACH YEAR** for the ~~2012-2013 school~~ **NEXT ACADEMIC** year ~~or July 1,~~
22 ~~2013 for the 2013-2014 school year, as applicable.~~

23 (3) Pursuant to section 5 of 1966 PA 313, MCL 390.995, and subject to
24 subsection (7), the department of treasury shall determine an actual maximum tuition
25 grant award per student, which shall be no less than \$1,512.00, that ensures that the
26 aggregate payments for the tuition grant program do not exceed the appropriation
27 contained in section 236 for the state tuition grant program. If the department

1 determines that insufficient funds are available to establish a maximum award amount
2 equal to at least \$1,512.00, the department shall immediately report to the house and
3 senate appropriations subcommittees on higher education, the house and senate fiscal
4 agencies, and the state budget director regarding the estimated amount of additional
5 funds necessary to establish a \$1,512.00 maximum award amount. If the department
6 determines that sufficient funds are available to establish a maximum award amount
7 equal to at least \$1,512.00, the department shall immediately report to the house and
8 senate appropriations subcommittees on higher education, the house and senate fiscal
9 agencies, and the state budget director regarding the maximum award amount established
10 and the projected amount of any projected year-end appropriation balance based on that
11 maximum award amount. By December 15, and again by February 18 of each fiscal year,
12 the department shall analyze the status of award commitments, shall make any necessary
13 adjustments, and shall confirm that those award commitments will not exceed the
14 appropriation contained in section 236 for the tuition grant program. The
15 determination and actions shall be reported to the state budget director and the house
16 and senate fiscal agencies no later than the final day of February of each year. If
17 award adjustments are necessary, the students shall be notified of the adjustment by
18 March 4 of each year.

19 ~~(4) Any unexpended and unencumbered funds remaining on September 30, 2013 from~~
20 ~~the amounts appropriated in section 236 for the tuition grant program for fiscal year~~
21 ~~2012-2013 shall not lapse on September 30, 2013, but shall continue to be available~~
22 ~~for expenditure for tuition grants provided in the 2013-2014 fiscal year under a work~~
23 ~~project account. The use of these unexpended fiscal year 2012-2013 funds shall~~
24 ~~terminate at the end of the 2013-2014 fiscal year. Any unexpended and unencumbered~~
25 ~~funds remaining on September 30, 2014 from the amounts appropriated in section 236 for~~
26 ~~the tuition grant program for fiscal year 2013-2014 shall not lapse on September 30,~~
27 ~~2014, but shall continue to be available for expenditure for tuition grants provided~~

1 ~~in the 2014-2015 fiscal year under a work project account. The use of these unexpended~~
2 ~~fiscal year 2013-2014 funds shall terminate at the end of the 2014-2015 fiscal year.~~

3 (4) ~~(5)~~ The department of treasury shall continue a proportional tuition grant
4 maximum award level for recipients enrolled less than full-time in a given semester or
5 term.

6 (5) ~~(6)~~ If the department of treasury increases the maximum award per eligible
7 student from that provided in the previous fiscal year, it shall not have the effect
8 of reducing the number of eligible students receiving awards in relation to the total
9 number of eligible applicants. Any increase in the maximum grant shall be proportional
10 for all eligible students receiving awards for that fiscal year.

11 (6) ~~(7)~~ In any fiscal year, the department of treasury shall not award more
12 than \$3,000,000.00 in tuition grants to eligible students enrolled in the same
13 independent nonprofit college or university in this state. Any decrease in the maximum
14 grant shall be proportional for all eligible students enrolled in that college or
15 university, as determined by the department.

16 (7) THE DEPARTMENT OF TREASURY SHALL NOT AWARD TUITION GRANTS TO ELIGIBLE
17 STUDENTS ENROLLED IN AN INDEPENDENT COLLEGE OR UNIVERSITY THAT DOES NOT MEET THE
18 FOLLOWING REQUIREMENTS IN A MANNER SATISFACTORY TO THE DEPARTMENT OF TREASURY:

19 (A) THE INDEPENDENT COLLEGE OR UNIVERSITY MUST SUBMIT AS DIRECTED BY THE
20 DEPARTMENT OF TREASURY BY JUNE 30 OF EACH YEAR THE ANNUAL P-20 LONGITUDINAL DATA
21 SYSTEM DATA SETS TO THE CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION, AS
22 VERIFIED BY THE CENTER.

23 (B) THE INDEPENDENT COLLEGE OR UNIVERSITY MUST REPORT IN A FORM AND MANNER AS
24 DIRECTED BY THE DEPARTMENT OF TREASURY BY AUGUST 31 OF EACH YEAR THE FOLLOWING:

25 (I) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED ACADEMIC YEAR THAT
26 RECEIVED STATE TUITION GRANTS AND SUCCESSFULLY COMPLETED A PROGRAM OR GRADUATED.

27 (II) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED ACADEMIC YEAR THAT

1 RECEIVED STATE TUITION GRANTS AND TOOK REMEDIAL EDUCATION CLASSES.

2 (III) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED ACADEMIC YEAR THAT
3 RECEIVED PELL GRANTS AND SUCCESSFULLY COMPLETED A PROGRAM OR GRADUATED.

4 Sec. 256. (1) The funds appropriated in section 236 for the tuition incentive
5 program shall be distributed as provided in this section and pursuant to the
6 administrative procedures for the tuition incentive program of the department of
7 treasury.

8 (2) As used in this section:

9 (a) "Phase I" means the first part of the tuition incentive assistance program
10 defined as the academic period of 80 semester or 120 term credits, or less, leading to
11 an associate degree or certificate.

12 (b) "Phase II" means the second part of the tuition incentive assistance
13 program which provides assistance in the third and fourth year of 4-year degree
14 programs.

15 (c) "Department" means the department of treasury.

16 (3) An individual shall meet the following basic criteria and financial
17 thresholds to be eligible for tuition incentive benefits:

18 (a) To be eligible for phase I, an individual shall meet all of the following
19 criteria:

20 (i) Apply for certification to the department **ANY TIME AFTER COMMENCING THE**
21 **SIXTH GRADE BUT** before **AUGUST 31 OF THE SCHOOL YEAR IN WHICH HE OR SHE GRADUATES**
22 ~~graduating~~ from high school or **BEFORE** completing the general education development
23 (GED) certificate.

24 (ii) Be less than 20 years of age at the time he or she graduates from high
25 school with a diploma or certificate of completion or completes his or her GED.

26 (iii) Be a United States citizen and a resident of Michigan according to
27 institutional criteria.

1 (iv) Be at least a half-time student, earning less than 80 semester or 120 term
2 credits at a participating educational institution within 4 years of high school
3 graduation or GED certificate completion.

4 (v) Request information on filing a FAFSA.

5 **(VI) MUST MEET INSTITUTION'S SATISFACTORY ACADEMIC PROGRESS POLICY.**

6 (b) To be eligible for phase II, an individual shall meet either of the
7 following criteria in addition to the criteria in subdivision (a):

8 (i) Complete at least 56 transferable semester or 84 transferable term credits.

9 (ii) Obtain an associate degree or certificate at a participating institution.

10 (c) To be eligible for phase I or phase II, an individual must not be
11 incarcerated and must be financially eligible as determined by the department. An
12 individual is financially eligible for the tuition incentive program if he or she was
13 eligible for Medicaid from the state of Michigan for 24 months within the 36 months
14 before application. The department shall accept certification of Medicaid eligibility
15 only from the department of human services for the purposes of verifying if a person
16 is Medicaid eligible for 24 months within the 36 months before application.
17 Certification of eligibility may begin in the sixth grade. As used in this
18 subdivision, "incarcerated" does not include detention of a juvenile in a state-
19 operated or privately operated juvenile detention facility.

20 (4) For phase I, the department shall provide payment on behalf of a person
21 eligible under subsection (3). The department shall reject billings that are excessive
22 or outside the guidelines for the type of educational institution.

23 (5) For phase I, all of the following apply:

24 (a) Payments for associate degree or certificate programs shall not be made for
25 more than 80 semester or 120 term credits for any individual student at any
26 participating institution.

27 (b) For persons enrolled at a Michigan community college, the department shall

1 pay the current in-district tuition and mandatory fees. For persons residing in an
2 area that is not included in any community college district, the out-of-district
3 tuition rate may be authorized.

4 (c) For persons enrolled at a Michigan public university, the department shall
5 pay lower division resident tuition and mandatory fees for the current year.

6 (d) For persons enrolled at a Michigan independent, nonprofit degree-granting
7 college or university, or a Michigan federal tribally controlled community college, or
8 Focus: HOPE, the department shall pay mandatory fees for the current year and a per-
9 credit payment that does not exceed the average community college in-district per-
10 credit tuition rate as reported on August 1, for the immediately preceding academic
11 year.

12 (6) A person participating in phase II may be eligible for additional funds not
13 to exceed \$500.00 per semester or \$400.00 per term up to a maximum of \$2,000.00
14 subject to the following conditions:

15 (a) Credits are earned in a 4-year program at a Michigan degree-granting 4-year
16 college or university.

17 (b) The tuition reimbursement is for coursework completed within 30 months of
18 completion of the phase I requirements.

19 (7) The department shall work closely with participating institutions to
20 develop an application and eligibility determination process that will provide the
21 highest level of participation and ensure that all requirements of the program are
22 met.

23 (8) Applications for the tuition incentive program may be approved at any time
24 after the student begins the sixth grade. If a determination of financial eligibility
25 is made, that determination is valid as long as the student meets all other program
26 requirements and conditions.

27 (9) Each institution shall ensure that all known available restricted grants

1 for tuition and fees are used prior to billing the tuition incentive program for any
2 portion of a student's tuition and fees.

3 (10) The department shall ensure that the tuition incentive program is well
4 publicized and that eligible Medicaid clients are provided information on the program.
5 The department shall provide the necessary funding and staff to fully operate the
6 program.

7 Sec. 263. (1) Included in the appropriation in section 236 **FOR FISCAL YEAR**
8 **2014-2015** for MSU AgBioResearch is \$2,982,900.00 and included in the appropriation in
9 section 236 for MSU extension is \$2,645,200.00 for project GREEN. Project GREEN is
10 intended to address critical regulatory, food safety, economic, and environmental
11 problems faced by this state's plant-based agriculture, forestry, and processing
12 industries. "GREEN" is an acronym for generating research and extension to meet
13 environmental and economic needs.

14 (2) The department of agriculture and rural development and Michigan State
15 University, in consultation with agricultural commodity groups and other interested
16 parties, shall develop project GREEN and its program priorities.

17 Sec. 263a. (1) Not later than September 30 of each year, Michigan State
18 University shall submit a report on MSU AgBioResearch and MSU extension to the house
19 and senate appropriations subcommittees on agriculture and on higher education, the
20 house and senate standing committees on agriculture, the house and senate fiscal
21 agencies, and the state budget director for the preceding ~~school~~ **ACADEMIC** fiscal year.

22 (2) The report required under subsection (1) shall include all of the
23 following:

24 (a) Total funds expended by MSU AgBioResearch and by MSU extension service
25 identified by state, local, private, federal, and university fund sources.

26 (b) The metric goals that were used to evaluate the impacts of programs
27 operated by MSU extension and MSU AgBioResearch. ~~It is the intent of the legislature~~

1 ~~that the~~ **AT LEAST THE** following metric goals ~~will~~ **SHOULD** be used to evaluate the
2 impacts of those programs:

3 (i) Increasing the number of agriculture and food-related firms collaborating
4 with and using services of research and extension faculty and staff by 3% per year.

5 (ii) Increasing the number of individuals utilizing MSU extension's educational
6 services by 5% per year.

7 (iii) Increasing external funds generated in support of research and extension,
8 beyond state appropriations, by 10% over the amounts generated in the past 3 state
9 fiscal years.

10 (iv) Increasing the sector's total economic impact from ~~today's~~
11 \$71,000,000,000.00 to \$100,000,000,000.00.

12 (v) Doubling Michigan's agricultural exports from \$1,750,000,000.00 to
13 \$3,500,000,000.00.

14 (vi) Increasing jobs in the food and agriculture sector by 10%.

15 (vii) Improving access by Michigan consumers to healthy foods by 20%.

16 (c) A review of major programs within both MSU AgBioResearch and MSU extension
17 with specific reference to accomplishments, impacts, and the metrics described in
18 subdivision (b), including a specific accounting of Project GREEN expenditures and
19 the impact of those expenditures.

20 Sec. 264. Included in the appropriation in section 236 for fiscal year ~~2013-~~
21 ~~2014~~ 2014-2015 for Michigan State University is \$80,000.00 for the Michigan future
22 farmers of America association. This \$80,000.00 allocation shall not supplant any
23 existing support that Michigan State University provides to the Michigan future
24 farmers of America association.

25 Sec. 265. (1) Payments under section 265a for performance funding shall only be
26 made to a public university that certifies to the state budget director by August 31,
27 ~~2013~~ 2014 that its board did not adopt an increase in tuition and fee rates for

1 resident undergraduate students after September 1, ~~2012~~ 2013 for the ~~2012-2013~~ 2013-
2 2014 academic year and that its board will not adopt an increase in tuition and fee
3 rates for resident undergraduate students for the ~~2013-2014~~ 2014-2015 academic year
4 that is greater than ~~3.75%~~ 3.2%. As used in this subsection:

5 (a) ~~Subject to subdivision (c), "fee"~~ "FEE" means any board-authorized fee that
6 will be paid by more than 1/2 of all resident undergraduate students at least once
7 during their enrollment at a public university. A university increasing a fee that
8 applies to a specific subset of students or courses shall provide sufficient
9 information to prove that the increase applied to that subset will not cause the
10 increase in the average amount of board-authorized total tuition and fees paid by
11 resident undergraduate students in the ~~2013-2014~~ 2014-2015 academic year to exceed the
12 limit established in this subsection.

13 (b) "Tuition and fee rate" means the average of full-time rates for all
14 undergraduate classes, based on an average of the rates authorized by the university
15 board and actually charged to students, deducting any uniformly-rebated or refunded
16 amounts, for the 2 semesters with the highest levels of full-time equated resident
17 undergraduate enrollment during the academic year.

18 ~~(c) For purposes of subdivision (a), for a public university that compels~~
19 ~~resident undergraduate students to be covered by health insurance as a condition to~~
20 ~~enroll at the university, "fee" includes the annual amount a student is charged for~~
21 ~~coverage by the university affiliated group health insurance policy if he or she does~~
22 ~~not provide proof that he or she is otherwise covered by health insurance. This~~
23 ~~subdivision does not apply to limited subsets of resident undergraduate students to be~~
24 ~~covered by health insurance for specific reasons other than general enrollment at the~~
25 ~~university.~~

26 (2) The state budget director shall implement uniform reporting requirements to
27 ensure that a public university receiving a payment under section 265a for performance

1 funding has satisfied the tuition restraint requirements of this section. The state
2 budget director shall have the sole authority to determine if a public university has
3 met the requirements of this section. Information reported by a public university to
4 the state budget director under this subsection shall also be reported to the house
5 and senate appropriations subcommittees on higher education and the house and senate
6 fiscal agencies.

7 Sec. 265a. (1) Appropriations to public universities in section 236 **FOR FISCAL**
8 **YEAR 2014-2015** for performance funding shall be paid only to a public university that
9 complies with section 265 and certifies to the state budget director, the house and
10 senate appropriations subcommittees on higher education, and the house and senate
11 fiscal agencies by August 31, ~~2013~~ **2014** that it complies with all of the following
12 requirements:

13 (a) The university participates in reverse transfer agreements described in
14 section 286 with at least 3 Michigan community colleges or has made a good-faith
15 effort to enter into reverse transfer agreements.

16 (b) The university does not and will not consider whether dual enrollment
17 credits earned by an incoming student were utilized towards his or her high school
18 graduation requirements when making a determination as to whether those credits may be
19 used by the student toward completion of a university degree or certificate program.

20 (c) The university participates in the Michigan transfer network created as
21 part of the Michigan association of collegiate registrars and admissions officers
22 transfer agreement.

23 (2) Any performance funding amounts under section 236 that are not paid to a
24 public university because it did not comply with 1 or more requirements under
25 subsection (1) are unappropriated and reappropriated for performance funding to those
26 public universities that meet the requirements under subsection (1), distributed in
27 proportion to their performance funding appropriation amounts under section 236.

1 (3) The state budget director shall report to the house and senate
 2 appropriations subcommittees on higher education and the house and senate fiscal
 3 agencies by September 17, ~~2013~~ 2014, regarding any performance funding amounts that
 4 are not paid to a public university because it did not comply with 1 or more
 5 requirements under subsection (1) and any reappropriation of funds under subsection
 6 (2).

7 (4) Performance funding amounts described in section 236 are distributed based
 8 on the following formula:

9 (A) **PROPORTIONAL TO EACH UNIVERSITY'S SHARE OF TOTAL OPERATIONS FUNDING**
 10 **APPROPRIATED IN FISCAL YEAR 2010-2011, 50.0%.**

11 (B) ~~(a)~~ Based on weighted undergraduate completions in critical skills areas,
 12 ~~22.2%~~ 11.1%.

13 (C) ~~(b)~~ Based on research and development expenditures, for universities
 14 classified in Carnegie classifications as doctoral/research universities, research
 15 universities (high research activity), or research universities (very high research
 16 activity) only, ~~11.1%~~ 5.6%.

17 (D) ~~(e)~~ Based on 6-year graduation rate, total degree completions, ~~and~~
 18 institutional support as a percentage of core expenditures, **AND STUDENTS RECEIVING**
 19 **PELL GRANTS**, scored against national Carnegie classification peers and weighted by
 20 total undergraduate fiscal year equated students, ~~66.7%~~ 33.3%.

21 (5) For purposes of determining the score of a university under subsection
 22 (4) ~~(e)~~ (D), each university is assigned 1 of the following scores:

23 (a) A university classified as in the top 20%, a score of 3.

24 (b) A university classified as above national median, a score of 2.

25 (c) A university classified as improving, a score of 2. ~~It is the intent of the~~
 26 ~~legislature that, beginning in the 2014-2015 state fiscal year, a university~~
 27 ~~classified as improving is assigned a score of 1.~~

1 (d) A university that is not included in subdivision (a), (b), or (c), a score
2 of 0.

3 (6) For purposes of this section, "Carnegie classification" shall mean the
4 basic classification of the university according to the most recent version of the
5 Carnegie classification of institutions of higher education, published by the Carnegie
6 foundation for the advancement of teaching.

7 Sec. 267. All public universities shall submit the amount of tuition and fees
8 actually charged to a full-time resident undergraduate student for academic year ~~2013-~~
9 ~~2014~~ 2014-2015 as part of their higher education institutional data inventory (HEIDI)
10 data by August 31 of each year. A public university shall report any revisions for any
11 semester of the reported academic year ~~2013-2014~~ 2014-2015 tuition and fee charges to
12 HEIDI within 15 days of being adopted.

13 Sec. 268. ~~(1) For the fiscal year ending September 30, 2014, it is the intent~~
14 ~~of the legislature that funds be allocated for unfunded North American Indian tuition~~
15 ~~waiver costs incurred by public universities under 1976 PA 174, MCL 390.1251 to~~
16 ~~390.1253, from the general fund.~~

17 ~~(2)~~ By February 15 of each year, the department of civil rights shall ~~annually~~
18 submit to the state budget director, the house and senate appropriations subcommittees
19 on higher education, and the house and senate fiscal agencies ~~for the preceding fiscal~~
20 ~~year~~ a report on North American Indian tuition waivers **FOR THE PRECEDING FISCAL YEAR**
21 that includes, but is not limited to, all of the following information for each
22 postsecondary institution:

23 (a) The total number of waiver applications.

24 (b) The total number of waivers granted and the monetary value of each waiver.

25 (c) The number of students who withdraw from classes.

26 (d) The number of students who successfully complete a degree or certificate
27 program and the 6-year graduation rate.

1 Sec. 269. For fiscal year ~~2013-2014~~ **2014-2015**, from the amount appropriated in
2 section 236 to Central Michigan University for operations, \$29,700.00 shall be paid to
3 Saginaw Chippewa Tribal College for the costs of waiving tuition for North American
4 Indians under 1976 PA 174, MCL 390.1251 to 390.1253.

5 Sec. 270. For fiscal year ~~2013-2014~~ **2014-2015** from the amount appropriated in
6 section 236 to Lake Superior State University for operations, \$100,000.00 shall be
7 paid to Bay Mills Community College for the costs of waiving tuition for North
8 American Indians under 1976 PA 174, MCL 390.1251 to 390.1253.

9 Sec. 272a. By February 15, ~~2014~~, **OF EACH YEAR**, each public university receiving
10 funds under section 236 shall submit a report to the house and senate appropriations
11 subcommittees on higher education, the house and senate fiscal agencies, and the state
12 budget director regarding the rejection of transfer credits by the university in the
13 prior year. The report shall include information on the number of credits earned by
14 incoming **RESIDENT** students at other postsecondary institutions **IN MICHIGAN**, with the
15 equivalent of a letter grade of C or higher, that were rejected by the university for
16 transfer, reported by both academic program area and prior institution, along with
17 explanatory information regarding the rationale for the rejection of the credits. Data
18 may be reported on either an academic or calendar year basis.

19 Sec. 275. (1) ~~It is the intent of the legislature that each~~ **EACH** public
20 university that receives an appropriation in section 236 **IS ENCOURAGED TO** do all of
21 the following:

22 (a) Meet the provisions of section 5003 of the post-911 veterans educational
23 assistance act of 2008, 38 USC 3301 to 3324, including voluntary participation in the
24 yellow ribbon GI education enhancement program established in that act in 38 USC 3317.
25 ~~By October 1 of each year, each public university shall report to the house and senate~~
26 ~~appropriations subcommittees on higher education, the house and senate fiscal~~
27 ~~agencies, and the presidents council, state universities of Michigan on whether or not~~

1 ~~it has chosen to participate in the yellow ribbon GI education enhancement program. If~~
2 ~~at any time during the fiscal year a university participating in the yellow ribbon~~
3 ~~program chooses to leave the yellow ribbon program, it shall notify the house and~~
4 ~~senate appropriations subcommittees on higher education, the house and senate fiscal~~
5 ~~agencies, and the presidents council, state universities of Michigan.~~

6 (b) Establish an on-campus veterans' liaison to provide information and
7 assistance to all student veterans.

8 (c) Provide flexible enrollment application deadlines for all veterans.

9 (d) Include in its admission application process a specific question as to
10 whether an applicant for admission is a veteran, an active member of the military, a
11 member of the national guard or military reserves, or the spouse or dependent of a
12 veteran, active member of the military, or member of the national guard or military
13 reserves, in order to more quickly identify potential educational assistance available
14 to that applicant.

15 (e) Consider all veterans residents of this state for determining their tuition
16 rates and fees.

17 (f) Waive enrollment fees for all veterans.

18 (2) As used in this section, "veteran" means an honorably discharged veteran
19 entitled to educational assistance under the provisions of section 5003 of the post-
20 911 veterans educational assistance act of 2008, 38 USC 3301 to 3324.

21 Sec. 276. (1) Included in the appropriation for fiscal year ~~2013-2014~~ **2014-2015**
22 for each public university in section 236 is funding for the Martin Luther King, Jr. -
23 Cesar Chavez - Rosa Parks future faculty program that is intended to increase the pool
24 of academically or economically disadvantaged candidates pursuing faculty teaching
25 careers in postsecondary education. Preference may not be given to applicants on the
26 basis of race, color, ethnicity, gender, or national origin. Institutions should
27 encourage applications from applicants who would otherwise not adequately be

1 represented in the graduate student and faculty populations. Each public university
2 shall apply the percentage change applicable to every public university in the
3 calculation of appropriations in section 236 to the amount of funds allocated to the
4 future faculty program.

5 (2) The program shall be administered by each public university in a manner
6 prescribed by the workforce development agency. The workforce development agency shall
7 use a good faith effort standard to evaluate whether a fellowship is in default.

8 Sec. 277. (1) Included in the appropriation for fiscal year ~~2013-2014~~ **2014-2015**
9 for each public university in section 236 is funding for the Martin Luther King, Jr. -
10 Cesar Chavez - Rosa Parks college day program that is intended to introduce
11 academically or economically disadvantaged schoolchildren to the potential of a
12 college education. Preference may not be given to participants on the basis of race,
13 color, ethnicity, gender, or national origin. Public universities should encourage
14 participation from those who would otherwise not adequately be represented in the
15 student population.

16 (2) Individual program plans of each public university shall include a budget
17 of equal contributions from this program, the participating public university, the
18 participating school district, and the participating independent degree-granting
19 college. College day funds shall not be expended to cover indirect costs. Not more
20 than 20% of the university match shall be attributable to indirect costs. Each public
21 university shall apply the percentage change applicable to every public university in
22 the calculation of appropriations in section 236 to the amount of funds allocated to
23 the college day program.

24 (3) The program described in this section shall be administered by each public
25 university in a manner prescribed by the workforce development agency.

26 Sec. 278. (1) Included in section 236 for fiscal year ~~2013-2014~~ **2014-2015** is
27 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks select student

1 support services program for developing academically or economically disadvantaged
2 student retention programs for 4-year public and independent educational institutions
3 in this state. Preference may not be given to participants on the basis of race,
4 color, ethnicity, gender, or national origin. Institutions should encourage
5 participation from those who would otherwise not adequately be represented in the
6 student population.

7 (2) An award made under this program to any 1 institution shall not be greater
8 than \$150,000.00, and the amount awarded shall be matched on a 70% state, 30% college
9 or university basis.

10 (3) The program described in this section shall be administered by the
11 workforce development agency.

12 Sec. 279. (1) Included in section 236 for fiscal year ~~2013-2014~~ 2014-2015 is
13 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks college/university
14 partnership program between 4-year public and independent colleges and universities
15 and public community colleges, which is intended to increase the number of
16 academically or economically disadvantaged students who transfer from community
17 colleges into baccalaureate programs. Preference may not be given to participants on
18 the basis of race, color, ethnicity, gender, or national origin. Institutions should
19 encourage participation from those who would otherwise not adequately be represented
20 in the transfer student population.

21 (2) The grants shall be made under the program described in this section to
22 Michigan public and independent colleges and universities. An award to any 1
23 institution shall not be greater than \$150,000.00, and the amount awarded shall be
24 matched on a 70% state, 30% college or university basis.

25 (3) The program described in this section shall be administered by the
26 workforce development agency.

27 Sec. 280. (1) Included in the appropriation for fiscal year ~~2013-2014~~ 2014-2015

1 for each public university in section 236 is funding for the Martin Luther King, Jr. -
2 Cesar Chavez - Rosa Parks visiting professors program which is intended to increase
3 the number of instructors in the classroom to provide role models for academically or
4 economically disadvantaged students. Preference may not be given to participants on
5 the basis of race, color, ethnicity, gender, or national origin. Public universities
6 should encourage participation from those who would otherwise not adequately be
7 represented in the student population.

8 (2) The program described in this section shall be administered by the
9 workforce development agency.

10 Sec. 281. (1) Included in the appropriation for fiscal year ~~2013-2014~~ 2014-2015
11 in section 236 is funding under the Martin Luther King, Jr. - Cesar Chavez - Rosa
12 Parks initiative for the Morris Hood, Jr. educator development program which is
13 intended to increase the number of academically or economically disadvantaged students
14 who enroll in and complete K-12 teacher education programs at the baccalaureate level.
15 Preference may not be given to participants on the basis of race, color, ethnicity,
16 gender, or national origin. Institutions should encourage participation from those who
17 would otherwise not adequately be represented in the teacher education student
18 population.

19 (2) The program described in this section shall be administered by each state-
20 approved teacher education institution in a manner prescribed by the workforce
21 development agency.

22 (3) Approved teacher education institutions may and are encouraged to use
23 student support services funding in coordination with the Morris Hood, Jr. funding to
24 achieve the goals of the program described in this section.

25 Sec. 282. (1) Each institution receiving funds under section 278, 279, or 281
26 shall notify the workforce development agency by April 15, ~~2014~~ **OF EACH YEAR** as to
27 whether it will expend by the end of its fiscal year the funds received under section

1 278, 279, or 281. Notwithstanding the award limitations in sections 278 and 279, the
2 amount of funding reported as not being expended will be reallocated to the
3 institutions that intend to expend all funding received under section 278, 279, or
4 281.

5 (2) UP TO \$100,000.00 OF FISCAL YEAR 2014-2015 FUNDS THAT ARE IDENTIFIED AS
6 UNEXPENDED BY MAY 15, 2015 MAY BE UTILIZED BY THE WORKFORCE DEVELOPMENT AGENCY TO
7 ADMINISTER THE PROGRAM IF NO INSTITUTION INTENDS TO EXPEND ALL FUNDING RECEIVED UNDER
8 SECTION 278, 279, OR 281.

9 Sec. 283. (1) From the amount appropriated in section 236, the public
10 universities shall systematically inform Michigan high schools regarding the academic
11 status of students from each high school in a manner prescribed by the presidents
12 council, state universities of Michigan in cooperation with the Michigan association
13 of secondary school principals. Public universities shall also work with the center
14 for educational performance and information to ~~design and implement~~ **MAINTAIN** a
15 systematic approach for accomplishing this task.

16 (2) Michigan high schools shall systematically inform the public universities
17 about the use of information received under this section in a manner prescribed by the
18 Michigan association of secondary school principals in cooperation with the presidents
19 council, state universities of Michigan.

20 Sec. 284. From the amount appropriated in section 236, the public universities
21 shall inform Michigan community colleges regarding the academic status of community
22 college transfer students in a manner prescribed by the presidents council, state
23 universities of Michigan in cooperation with the Michigan community college
24 association. Public universities shall also work with the center for educational
25 performance and information to ~~design and implement~~ **MAINTAIN** a systematic approach for
26 accomplishing this task.

27 Sec. 286. ~~It is the intent of the legislature that public~~ **PUBLIC** universities

1 **SHALL** work with community colleges in the state to implement statewide reverse
2 transfer agreements to increase the number of students that are awarded credentials of
3 value upon completion of the necessary credits. ~~It is the intent of the legislature~~
4 ~~that these~~ **THESE** statewide agreements shall enable students who have earned a
5 significant number of credits at a community college and transfer to a baccalaureate
6 granting institution before completing a degree to transfer the credits earned at the
7 baccalaureate institution back to the community college in order to be awarded a
8 credential of value.

9

ARTICLE IV

10

GENERAL PROVISIONS

11

Sec. 296. (1) If the maximum amount appropriated under this act from the state
12 school aid fund for a fiscal year exceeds the amount necessary to fully fund
13 allocations under this act from the state school aid fund, that excess amount shall
14 not be expended in that state fiscal year and shall not lapse to the general fund, but
15 instead shall be deposited into the school aid stabilization fund created in section
16 11a.

17

(2) If the total maximum amount appropriated under all articles of this act
18 from the state school aid fund and the school aid stabilization fund exceeds the
19 amount available for expenditure from the state school aid fund for that fiscal year,
20 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), ~~51a(12)~~,
21 **51A(11)**, 51c, 53a, 56, and 152a shall be made in full. In addition, for districts
22 beginning operations after 1994-95 that qualify for payments under section 22b,
23 payments under section 22b shall be made so that the qualifying districts receive the
24 lesser of an amount equal to the 1994-95 foundation allowance of the district in which
25 the district beginning operations after 1994-95 is located or \$5,500.00. The amount of
26 the payment to be made under section 22b for these qualifying districts shall be as
27 calculated under section 22a, with the balance of the payment under section 22b being

1 subject to the proration otherwise provided under this subsection and subsection (3).
2 If proration is necessary, state payments under each of the other sections of article
3 I from all state funding sources, and state appropriations to community colleges and
4 public universities under articles II and III from the state school aid fund, shall be
5 prorated in the manner prescribed in subsection (3) as necessary to reflect the amount
6 available for expenditure from the state school aid fund for the affected fiscal year.
7 However, if the department of treasury determines that proration will be required
8 under this subsection, or if the department of treasury determines that further
9 proration is required under this subsection after an initial proration has already
10 been made for a fiscal year, the department of treasury shall notify the state budget
11 director, and the state budget director shall notify the legislature at least 30
12 calendar days or 6 legislative session days, whichever is more, before the department
13 reduces any payments under this act because of the proration. During the 30-calendar-
14 day or 6-legislative-session-day period after that notification by the state budget
15 director, the department shall not reduce any payments under this act because of
16 proration under this subsection. The legislature may prevent proration from occurring
17 by, within the 30-calendar-day or 6-legislative-session-day period after that
18 notification by the state budget director, enacting legislation appropriating
19 additional funds from the general fund, countercyclical budget and economic
20 stabilization fund, state school aid fund balance, or another source to fund the
21 amount of the projected shortfall.

22 (3) If proration is necessary under subsection (2), the department shall
23 calculate the proration in district and intermediate district payments under article I
24 that is required under subsection (2), and the department of treasury shall calculate
25 the proration in community college and public university payments under articles II
26 and III that is required under subsection (2), as follows:

27 (a) The department and the department of treasury shall calculate the

1 percentage of total state school aid fund money that is appropriated and allocated
2 under this act for the affected fiscal year for each of the following:

3 (i) Districts.

4 (ii) Intermediate districts.

5 (iii) Entities receiving funding from the state school aid fund under article I
6 other than districts or intermediate districts.

7 (iv) Community colleges and public universities that receive funding from the
8 state school aid fund.

9 (b) The department shall recover a percentage of the proration amount required
10 under subsection (2) that is equal to the percentage calculated under subdivision

11 (a)(i) for districts by reducing payments to districts. This reduction shall be made

12 by calculating an equal dollar amount per pupil as necessary to recover this

13 percentage of the proration amount and reducing each district's total state school aid

14 from state sources, other than payments under sections 11f, 11g, 11j, 22a, 26a, 26b,

15 31d, 31f, 51a(2), ~~51a(12)~~, **51A(11)**, 51c, 53a, and 152a, by that amount.

16 (c) The department shall recover a percentage of the proration amount required
17 under subsection (2) that is equal to the percentage calculated under subdivision

18 (a)(ii) for intermediate districts by reducing payments to intermediate districts.

19 This reduction shall be made by reducing the payments to each intermediate district,

20 other than payments under sections 11f, 11g, 26a, 26b, 51a(2), ~~51a(12)~~, **51A(11)**, 53a,

21 56, and 152a, on an equal percentage basis.

22 (d) The department shall recover a percentage of the proration amount required
23 under subsection (2) that is equal to the percentage calculated under subdivision

24 (a)(iii) for entities receiving funding from the state school aid fund under article I

25 other than districts and intermediate districts by reducing payments to these

26 entities. This reduction shall be made by reducing the payments to each of these

27 entities, other than payments under sections 11j, 26a, and 26b, on an equal percentage

1 basis.

2 (e) The department of treasury shall recover a percentage of the proration
3 amount required under subsection (2) that is equal to the percentage calculated under
4 subdivision (a)(iv) for community colleges and public universities that receive
5 funding from the state school aid fund by reducing that portion of the payments under
6 articles II and III to these community colleges and public universities that is from
7 the state school aid fund on an equal percentage basis.

8 SEC. 298. (1) SUBJECT TO THE CONDITIONS SET FORTH IN THIS ACT, THE AMOUNTS
9 LISTED IN THIS SECTION FOR THE PUBLIC SCHOOLS, INTERMEDIATE SCHOOL DISTRICTS,
10 COMMUNITY COLLEGES AND PUBLIC UNIVERSITIES OF THIS STATE, AND CERTAIN OTHER STATE
11 PURPOSES RELATING TO EDUCATION ARE A SUMMARY OF APPROPRIATIONS CONTAINED IN THIS ACT
12 FOR FISCAL YEAR ENDING SEPTEMBER 30, 2015, AND ANTICIPATED APPROPRIATIONS FOR THE
13 FISCAL YEAR ENDING SEPTEMBER 30, 2016, FROM THE FUNDS INDICATED IN THIS ACT:

14 (2) SUMMARY OF EDUCATION OMNIBUS APPROPRIATIONS

15	GROSS APPROPRIATION	\$ 15,731,158,600	\$ 15,693,442,500
16	TOTAL INTERDEPARTMENTAL GRANTS AND		
17	INTRADPARTMENTAL TRANSFERS	0	0
18	ADJUSTED GROSS APPROPRIATION	\$ 15,731,158,600	\$ 15,693,442,500
19	TOTAL FEDERAL REVENUES	1,905,189,100	1,905,189,100
20	TOTAL LOCAL REVENUES	0	0
21	TOTAL PRIVATE REVENUES	0	0
22	TOTAL OTHER STATE RESTRICTED REVENUES	12,257,156,700	12,200,740,600
23	STATE GENERAL FUND/GENERAL PURPOSE	\$ 1,568,812,800	\$ 1,587,512,800

24 SEC. 298A. (1) SUMMARY OF APPROPRIATIONS FOR SCHOOL AID (ARTICLE I)

25 APPROPRIATION SUMMARY

26	GROSS APPROPRIATION	\$ 13,847,139,600	\$ 13,790,723,500
27	TOTAL INTERDEPARTMENTAL GRANTS AND		

1	INTRADEPARTMENTAL TRANSFERS	0	0
2	ADJUSTED GROSS APPROPRIATION	\$ 13,847,139,600	\$ 13,790,723,500
3	TOTAL FEDERAL REVENUES	1,808,162,700	1,808,162,700
4	TOTAL LOCAL REVENUES	0	0
5	TOTAL PRIVATE REVENUES	0	0
6	TOTAL OTHER STATE RESTRICTED REVENUES	11,858,976,900	11,802,560,800
7	STATE GENERAL FUND/GENERAL PURPOSE	\$ 180,000,000	\$ 180,000,000
8	(2) BASIC OPERATIONS		
9	PROPOSAL A OBLIGATION PAYMENT	\$ 5,403,000,000	\$ 5,277,000,000
10	DISCRETIONARY PAYMENT	3,578,000,000	3,655,000,000
11	ISD GENERAL OPERATIONS	64,115,000	64,108,000
12	HOLD HARMLESS PROVISION	6,000,000	6,000,000
13	DISTRICT DISSOLUTION TRANSITION COSTS	2,200,000	0
14	MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM		
15	REFORM COSTS	783,944,000	1,017,444,000
16	MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM		
17	RESERVE FUND DEPOSIT	50,000,000	0
18	ISOLATED DISTRICT FUNDING	<u>2,584,600</u>	<u>2,584,600</u>
19	GROSS APPROPRIATION	\$ 9,889,843,600	\$ 10,022,136,600
20	APPROPRIATED FROM:		
21	STATE RESTRICTED REVENUES	9,737,758,900	9,866,821,900
22	STATE GENERAL FUND/GENERAL PURPOSE	\$ 152,084,700	\$ 155,314,700
23	(3) SPECIAL EDUCATION		
24	SPECIAL EDUCATION HEADLEE OBLIGATION	\$ 630,500,000	\$ 648,600,000
25	SPECIAL EDUCATION FOUNDATIONS	252,000,000	256,000,000
26	SPECIAL EDUCATION HOLD HARMLESS PAYMENT	1,000,000	1,000,000
27	SPECIAL EDUCATION NON-SEC. 52 PAYMENT	3,300,000	3,900,000

1	SPECIAL EDUCATION RULE CHANGE	2,200,000	2,200,000
2	SPECIAL EDUCATION COURT PLACED FTES	10,500,000	10,500,000
3	MICHIGAN SCHOOLS FOR THE DEAF AND BLIND	1,688,000	1,688,000
4	SPECIAL EDUCATION MILLAGE EQUALIZATION	37,758,100	37,758,100
5	SPECIAL EDUCATION FEDERAL PROGRAMS	<u>444,000,000</u>	<u>444,000,000</u>
6	GROSS APPROPRIATION	\$ 1,382,946,100	\$ 1,405,646,100
7	APPROPRIATED FROM:		
8	FEDERAL REVENUES	444,000,000	444,000,000
9	STATE RESTRICTED REVENUES	938,946,100	961,646,100
10	STATE GENERAL FUND/GENERAL PURPOSE	\$ 0	\$ 0
11	(4) SUPPORT SERVICES		
12	COURT-PLACED CHILDREN	\$ 8,000,000	\$ 8,000,000
13	JUVENILE DETENTION FACILITIES	2,195,500	2,195,500
14	YOUTH CHALLENGE PROGRAM	1,500,000	1,500,000
15	AT-RISK PROGRAM	308,988,200	308,988,200
16	CHILD AND ADOLESCENT HEALTH CENTERS	3,557,300	3,557,300
17	HEARING AND VISION SCREENING	5,150,000	5,150,000
18	MATH AND SCIENCE CENTERS	8,474,300	8,474,300
19	YEAR-ROUND SCHOOLS PILOT PROGRAM	2,000,000	0
20	BILINGUAL EDUCATION	1,200,000	1,200,000
21	DISTRICT FISCAL EMERGENCY CONTINGENCY FUND	10,000,000	0
22	FEDERAL PROGRAMS	<u>839,269,900</u>	<u>839,269,900</u>
23	GROSS APPROPRIATION	\$ 1,190,335,200	\$ 1,178,335,200
24	APPROPRIATED FROM:		
25	FEDERAL REVENUES	844,519,200	844,519,200
26	STATE RESTRICTED REVENUES	345,341,000	333,341,000
27	STATE GENERAL FUND/GENERAL PURPOSE	\$ 475,000	\$ 475,000

1	(5) SCHOOL MEAL PROGRAMS			
2	SCHOOL LUNCH	\$	535,695,100	\$ 535,695,100
3	SCHOOL BREAKFAST		<u>5,625,000</u>	<u>5,625,000</u>
4	GROSS APPROPRIATION	\$	541,320,100	\$ 541,320,100
5	APPROPRIATED FROM:			
6	FEDERAL REVENUES		513,200,000	513,200,000
7	STATE RESTRICTED REVENUES		28,120,100	28,120,100
8	STATE GENERAL FUND/GENERAL PURPOSE	\$	0	\$ 0
9	(6) EARLY CHILDHOOD EDUCATION			
10	GREAT START READINESS PROGRAM	\$	239,575,000	\$ 239,575,000
11	GREAT START EARLY CHILDHOOD BLOCK GRANTS		<u>10,900,000</u>	<u>10,900,000</u>
12	GROSS APPROPRIATION	\$	250,475,000	\$ 250,475,000
13	APPROPRIATED FROM:			
14	STATE RESTRICTED REVENUES		250,175,000	250,175,000
15	STATE GENERAL FUND/GENERAL PURPOSE	\$	300,000	\$ 300,000
16	(7) PERFORMANCE INITIATIVES			
17	BEST PRACTICES GRANTS	\$	80,000,000	\$ 0
18	DISTRICT PERFORMANCE FUNDING		46,400,000	0
19	CONSOLIDATION INNOVATION GRANTS		<u>5,000,000</u>	<u>0</u>
20	GROSS APPROPRIATION	\$	131,400,000	\$ 0
21	APPROPRIATED FROM:			
22	STATE RESTRICTED REVENUES		131,400,000	0
23	STATE GENERAL FUND/GENERAL PURPOSE	\$	0	\$ 0
24	(8) STUDENT ASSESSMENT AND ACCOUNTABILITY			
25	MICHIGAN COUNCIL FOR EDUCATOR EFFECTIVENESS			
26	RECOMMENDATIONS	\$	27,800,000	\$ 21,845,100
27	CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION		12,216,300	14,716,300

1	STUDENT ASSESSMENTS	40,144,400	51,276,500
2	DATA COLLECTION AND REPORTING COSTS	<u>38,000,500</u>	<u>38,000,500</u>
3	GROSS APPROPRIATION	\$ 118,161,200	\$ 125,838,400
4	APPROPRIATED FROM:		
5	FEDERAL REVENUES	6,443,500	6,443,500
6	STATE RESTRICTED REVENUES	93,964,900	104,872,100
7	STATE GENERAL FUND/GENERAL PURPOSE	\$ 17,752,800	\$ 14,522,800
8	(9) TECHNOLOGY INITIATIVES		
9	MICHIGAN VIRTUAL HIGH SCHOOL	\$ 9,387,500	\$ 9,387,500
10	FIRST ROBOTICS	2,000,000	0
11	TECHNOLOGY INFRASTRUCTURE IMPROVEMENT GRANTS	<u>50,000,000</u>	<u>0</u>
12	GROSS APPROPRIATION	\$ 61,387,500	\$ 9,387,500
13	APPROPRIATED FROM:		
14	STATE RESTRICTED REVENUES	52,000,000	0
15	STATE GENERAL FUND/GENERAL PURPOSE	\$ 9,387,500	\$ 9,387,500
16	(10) COLLEGE AND CAREER READINESS		
17	VOCATIONAL EDUCATION	\$ 27,611,300	\$ 26,611,300
18	VOCATIONAL EDUCATION MILLAGE REIMBURSEMENT	9,190,000	9,190,000
19	DUAL ENROLLMENT INITIATIVE	1,750,000	0
20	ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE		
21	TESTING	250,000	0
22	STATEWIDE CAREER READINESS STUDY	<u>250,000</u>	<u>0</u>
23	GROSS APPROPRIATION	\$ 39,051,300	\$ 35,801,300
24	APPROPRIATED FROM:		
25	STATE RESTRICTED REVENUES	39,051,300	35,801,300
26	STATE GENERAL FUND/GENERAL PURPOSE	\$ 0	\$ 0
27	(11) ADULT EDUCATION		

1	ADULT EDUCATION	\$	<u>22,000,000</u>	\$	<u>22,000,000</u>
2	GROSS APPROPRIATION	\$	22,000,000	\$	22,000,000
3	APPROPRIATED FROM:				
4	STATE RESTRICTED REVENUES		22,000,000		22,000,000
5	STATE GENERAL FUND/GENERAL PURPOSE	\$	0	\$	0
6	(12) TRANSPORTATION SAFETY				
7	BUS DRIVER SAFETY	\$	1,625,000	\$	1,625,000
8	SCHOOL BUS INSPECTIONS		<u>1,691,500</u>		<u>1,691,500</u>
9	GROSS APPROPRIATION	\$	3,316,500	\$	3,316,500
10	APPROPRIATED FROM:				
11	STATE RESTRICTED REVENUES		3,316,500		3,316,500
12	STATE GENERAL FUND/GENERAL PURPOSE	\$	0	\$	0
13	(13) DEBT SERVICE AND OTHER REQUIRED PAYMENTS				
14	DEBT SERVICE ON NON-DURANT DISTRICT BONDS	\$	39,500,000	\$	0
15	SCHOOL BOND LOAN REDEMPTION FUND		142,600,000		160,500,000
16	SCHOOL AID FUND BORROWING COSTS		4,000,000		5,000,000
17	RENAISSANCE ZONE REIMBURSEMENT		26,300,000		26,300,000
18	PAYMENT IN LIEU OF TAXES REIMBURSEMENT		4,210,000		4,210,000
19	PROMISE ZONE PAYMENTS		<u>293,100</u>		<u>456,800</u>
20	GROSS APPROPRIATION	\$	216,903,100	\$	196,466,800
21	APPROPRIATED FROM:				
22	STATE RESTRICTED REVENUES		216,903,100		196,466,800
23	STATE GENERAL FUND/GENERAL PURPOSE	\$	0	\$	0
24	SEC. 298B. (1) SUMMARY OF APPROPRIATIONS FOR COMMUNITY COLLEGES (ARTICLE II)				
25	APPROPRIATION SUMMARY				
26	GROSS APPROPRIATION	\$	371,524,900	\$	390,224,900
27	TOTAL INTERDEPARTMENTAL GRANTS AND				

1	INTRADEPARTMENTAL TRANSFERS		0		0
2	ADJUSTED GROSS APPROPRIATION	\$	371,524,900	\$	390,224,900
3	TOTAL FEDERAL REVENUES		0		0
4	TOTAL LOCAL REVENUES		0		0
5	TOTAL PRIVATE REVENUES		0		0
6	TOTAL OTHER STATE RESTRICTED REVENUES		197,614,100		197,614,100
7	STATE GENERAL FUND/GENERAL PURPOSE	\$	173,910,800	\$	192,610,800
8	(2) OPERATIONS				
9	(A) ALPENA COMMUNITY COLLEGE				
10	OPERATIONS	\$	5,236,500	\$	5,367,100
11	PERFORMANCE FUNDING		<u>130,600</u>		<u>0</u>
12	GROSS APPROPRIATION	\$	5,367,100	\$	5,367,100
13	(B) BAY DE NOC COMMUNITY COLLEGE				
14	OPERATIONS	\$	5,279,300	\$	5,395,700
15	PERFORMANCE FUNDING		<u>116,400</u>		<u>0</u>
16	GROSS APPROPRIATION	\$	5,395,700	\$	5,395,700
17	(C) DELTA COLLEGE				
18	OPERATIONS	\$	14,063,500	\$	14,435,600
19	PERFORMANCE FUNDING		<u>372,100</u>		<u>0</u>
20	GROSS APPROPRIATION	\$	14,435,600	\$	14,435,600
21	(D) GLEN OAKS COMMUNITY COLLEGE				
22	OPERATIONS	\$	2,441,500	\$	2,505,100
23	PERFORMANCE FUNDING		<u>63,600</u>		<u>0</u>
24	GROSS APPROPRIATION	\$	2,505,100	\$	2,505,100
25	(E) GOGEBIC COMMUNITY COLLEGE				
26	OPERATIONS	\$	4,330,300	\$	4,431,900
27	PERFORMANCE FUNDING		<u>101,600</u>		<u>0</u>

1	GROSS APPROPRIATION	\$	4,431,900	\$	4,431,900
2	(F) GRAND RAPIDS COMMUNITY COLLEGE				
3	OPERATIONS	\$	17,454,900	\$	17,869,000
4	PERFORMANCE FUNDING		<u>414,100</u>		<u>0</u>
5	GROSS APPROPRIATION	\$	17,869,000	\$	17,869,000
6	(G) HENRY FORD COMMUNITY COLLEGE				
7	OPERATIONS	\$	21,060,000	\$	21,529,000
8	PERFORMANCE FUNDING		<u>469,000</u>		<u>0</u>
9	GROSS APPROPRIATION	\$	21,529,000	\$	21,529,000
10	(H) JACKSON COMMUNITY COLLEGE				
11	OPERATIONS	\$	11,758,200	\$	12,034,400
12	PERFORMANCE FUNDING		<u>276,200</u>		<u>0</u>
13	GROSS APPROPRIATION	\$	12,034,400	\$	12,034,400
14	(I) KALAMAZOO VALLEY COMMUNITY COLLEGE				
15	OPERATIONS	\$	12,122,500	\$	12,448,500
16	PERFORMANCE FUNDING		<u>326,000</u>		<u>0</u>
17	GROSS APPROPRIATION	\$	12,448,500	\$	12,448,500
18	(J) KELLOGG COMMUNITY COLLEGE				
19	OPERATIONS	\$	9,522,000	\$	9,770,700
20	PERFORMANCE FUNDING		<u>248,700</u>		<u>0</u>
21	GROSS APPROPRIATION	\$	9,770,700	\$	9,770,700
22	(K) KIRTLAND COMMUNITY COLLEGE				
23	OPERATIONS	\$	3,055,700	\$	3,153,900
24	PERFORMANCE FUNDING		<u>98,200</u>		<u>0</u>
25	GROSS APPROPRIATION	\$	3,153,900	\$	3,153,900
26	(L) LAKE MICHIGAN COLLEGE				
27	OPERATIONS	\$	5,178,100	\$	5,319,600

1	PERFORMANCE FUNDING		<u>141,500</u>		<u>0</u>
2	GROSS APPROPRIATION	\$	5,319,600	\$	5,319,600
3	(M) LANSING COMMUNITY COLLEGE				
4	OPERATIONS	\$	30,023,700	\$	30,742,500
5	PERFORMANCE FUNDING		<u>718,800</u>		<u>0</u>
6	GROSS APPROPRIATION	\$	30,742,500	\$	30,742,500
7	(N) MACOMB COMMUNITY COLLEGE				
8	OPERATIONS	\$	31,931,200	\$	32,672,900
9	PERFORMANCE FUNDING		<u>741,700</u>		<u>0</u>
10	GROSS APPROPRIATION	\$	32,672,900	\$	32,672,900
11	(O) MID MICHIGAN COMMUNITY COLLEGE				
12	OPERATIONS	\$	4,517,900	\$	4,661,700
13	PERFORMANCE FUNDING		<u>143,800</u>		<u>0</u>
14	GROSS APPROPRIATION	\$	4,661,700	\$	4,661,700
15	(P) MONROE COUNTY COMMUNITY COLLEGE				
16	OPERATIONS	\$	4,342,600	\$	4,473,400
17	PERFORMANCE FUNDING		<u>130,800</u>		<u>0</u>
18	GROSS APPROPRIATION	\$	4,473,400	\$	4,473,400
19	(Q) MONTCALM COMMUNITY COLLEGE				
20	OPERATIONS	\$	3,121,200	\$	3,212,700
21	PERFORMANCE FUNDING		<u>91,500</u>		<u>0</u>
22	GROSS APPROPRIATION	\$	3,212,700	\$	3,212,700
23	(R) C.S. MOTT COMMUNITY COLLEGE				
24	OPERATIONS	\$	15,247,100	\$	15,617,500
25	PERFORMANCE FUNDING		<u>370,400</u>		<u>0</u>
26	GROSS APPROPRIATION	\$	15,617,500	\$	15,617,500
27	(S) MUSKEGON COMMUNITY COLLEGE				

1	OPERATIONS	\$	8,653,500	\$	8,862,100	
2	PERFORMANCE FUNDING		<u>208,600</u>		<u>0</u>	
3	GROSS APPROPRIATION	\$	8,862,100	\$	8,862,100	
4	(T) NORTH CENTRAL MICHIGAN COLLEGE					
5	OPERATIONS	\$	3,064,400	\$	3,158,600	
6	PERFORMANCE FUNDING		<u>94,200</u>		<u>0</u>	
7	GROSS APPROPRIATION	\$	3,158,600	\$	3,158,600	
8	(U) NORTHWESTERN MICHIGAN COLLEGE					
9	OPERATIONS	\$	8,825,300	\$	9,039,100	
10	PERFORMANCE FUNDING		<u>213,800</u>		<u>0</u>	
11	GROSS APPROPRIATION	\$	9,039,100	\$	9,039,100	
12	(V) OAKLAND COMMUNITY COLLEGE					
13	OPERATIONS	\$	20,483,100	\$	21,031,100	
14	PERFORMANCE FUNDING		<u>548,000</u>		<u>0</u>	
15	GROSS APPROPRIATION	\$	21,031,100	\$	21,031,100	
16	(W) ST. CLAIR COUNTY COMMUNITY COLLEGE					
17	OPERATIONS	\$	6,860,100	\$	7,030,700	
18	PERFORMANCE FUNDING		<u>170,600</u>		<u>0</u>	
19	GROSS APPROPRIATION	\$	7,030,700	\$	7,030,700	
20	(X) SCHOOLCRAFT COLLEGE					
21	OPERATIONS	\$	12,112,200	\$	12,459,200	
22	PERFORMANCE FUNDING		<u>347,000</u>		<u>0</u>	
23	GROSS APPROPRIATION	\$	12,459,200	\$	12,459,200	
24	(Y) SOUTHWESTERN MICHIGAN COLLEGE					
25	OPERATIONS	\$	6,404,300	\$	6,547,600	
26	PERFORMANCE FUNDING		<u>143,300</u>		<u>0</u>	
27	GROSS APPROPRIATION	\$	6,547,600	\$	6,547,600	

1	(Z) WASHTENAW COMMUNITY COLLEGE		
2	OPERATIONS	\$ 12,610,800	\$ 13,020,600
3	PERFORMANCE FUNDING	<u>409,800</u>	<u>0</u>
4	GROSS APPROPRIATION	\$ 13,020,600	\$ 13,020,600
5	(AA) WAYNE COUNTY COMMUNITY COLLEGE		
6	OPERATIONS	\$ 16,194,300	\$ 16,654,700
7	PERFORMANCE FUNDING	<u>460,400</u>	<u>0</u>
8	GROSS APPROPRIATION	\$ 16,654,700	\$ 16,654,700
9	(BB) WEST SHORE COMMUNITY COLLEGE		
10	OPERATIONS	\$ 2,349,800	\$ 2,404,300
11	PERFORMANCE FUNDING	<u>54,500</u>	<u>0</u>
12	GROSS APPROPRIATION	\$ 2,404,300	\$ 2,404,300
13	(CC) LOCAL STRATEGIC VALUE	<u>\$ 1,342,100</u>	<u>\$ 1,342,100</u>
14	GROSS APPROPRIATION	\$ 307,191,300	\$ 307,191,300
15	APPROPRIATED FROM:		
16	STATE SCHOOL AID FUND	195,880,500	195,880,500
17	STATE GENERAL FUND/GENERAL PURPOSE	\$ 111,310,800	\$ 111,310,800
18	(3) MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT		
19	SYSTEM (MPSERS)		
20	MPSERS REIMBURSEMENT COSTS	<u>\$ 60,833,600</u>	<u>\$ 79,533,600</u>
21	GROSS APPROPRIATION	\$ 60,833,600	\$ 79,533,600
22	APPROPRIATED FROM:		
23	STATE SCHOOL AID FUND	1,733,600	1,733,600
24	STATE GENERAL FUND/GENERAL PURPOSE	\$ 59,100,000	\$ 77,800,000
25	(4) RENAISSANCE ZONE REIMBURSEMENTS		
26	RENAISSANCE ZONE REIMBURSEMENTS	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
27	GROSS APPROPRIATION	\$ 3,500,000	\$ 3,500,000

1	APPROPRIATED FROM:		
2	STATE GENERAL FUND/GENERAL PURPOSE	\$ 3,500,000	\$ 3,500,000
3	SEC. 298C. (1) SUMMARY OF APPROPRIATIONS FOR UNIVERSITIES AND STUDENT FINANCIAL		
4	AID (ARTICLE III)		
5	APPROPRIATION SUMMARY		
6	GROSS APPROPRIATION	\$ 1,512,494,100	\$ 1,512,494,100
7	TOTAL INTERDEPARTMENTAL GRANTS AND		
8	INTRADPARTMENTAL TRANSFERS	0	0
9	ADJUSTED GROSS APPROPRIATION	\$ 1,512,494,100	\$ 1,512,494,100
10	TOTAL FEDERAL REVENUES	97,026,400	97,026,400
11	TOTAL LOCAL REVENUES	0	0
12	TOTAL PRIVATE REVENUES	0	0
13	TOTAL OTHER STATE RESTRICTED REVENUES	200,565,700	200,565,700
14	STATE GENERAL FUND/GENERAL PURPOSE	\$ 1,214,902,000	\$ 1,214,902,000
15	(2) UNIVERSITY OPERATIONS		
16	(A) CENTRAL MICHIGAN UNIVERSITY		
17	OPERATIONS	\$ 73,540,100	\$ 79,283,400
18	PERFORMANCE FUNDING	<u>5,743,300</u>	<u>0</u>
19	GROSS APPROPRIATION	\$ 79,283,400	\$ 79,283,400
20	APPROPRIATED FROM:		
21	STATE SCHOOL AID FUND	11,815,000	11,815,000
22	STATE GENERAL FUND/GENERAL PURPOSE	\$ 67,468,400	\$ 67,468,400
23	(B) EASTERN MICHIGAN UNIVERSITY		
24	OPERATIONS	\$ 67,275,400	\$ 71,906,800
25	PERFORMANCE FUNDING	<u>4,631,400</u>	<u>0</u>
26	GROSS APPROPRIATION	\$ 71,906,800	\$ 71,906,800
27	APPROPRIATED FROM:		

1	STATE SCHOOL AID FUND	10,715,700	10,715,700
2	STATE GENERAL FUND/GENERAL PURPOSE	\$ 61,191,100	\$ 61,191,100
3	(C) FERRIS STATE UNIVERSITY		
4	OPERATIONS	\$ 45,636,500	\$ 49,191,200
5	PERFORMANCE FUNDING	<u>3,554,700</u>	<u>0</u>
6	GROSS APPROPRIATION	\$ 49,191,200	\$ 49,191,200
7	APPROPRIATED FROM:		
8	STATE SCHOOL AID FUND	7,330,600	7,330,600
9	STATE GENERAL FUND/GENERAL PURPOSE	\$ 41,860,600	\$ 41,860,600
10	(D) GRAND VALLEY STATE UNIVERSITY		
11	OPERATIONS	\$ 57,823,500	\$ 63,296,500
12	PERFORMANCE FUNDING	<u>5,473,000</u>	<u>0</u>
13	GROSS APPROPRIATION	\$ 63,296,500	\$ 63,296,500
14	APPROPRIATED FROM:		
15	STATE SCHOOL AID FUND	9,432,600	9,432,600
16	STATE GENERAL FUND/GENERAL PURPOSE	\$ 53,863,900	\$ 53,863,900
17	(E) LAKE SUPERIOR STATE UNIVERSITY		
18	OPERATIONS	\$ 12,231,000	\$ 12,799,100
19	PERFORMANCE FUNDING	<u>568,100</u>	<u>0</u>
20	GROSS APPROPRIATION	\$ 12,799,100	\$ 12,799,100
21	APPROPRIATED FROM:		
22	STATE SCHOOL AID FUND	1,907,400	1,907,400
23	STATE GENERAL FUND/GENERAL PURPOSE	\$ 10,891,700	\$ 10,891,700
24	(F) MICHIGAN STATE UNIVERSITY		
25	OPERATIONS	\$ 249,597,800	\$ 264,877,200
26	PERFORMANCE FUNDING	15,279,400	0
27	MSU AGBIORESEARCH	32,088,800	32,088,800

1	MSU EXTENSION		<u>27,633,500</u>		<u>27,633,500</u>
2	GROSS APPROPRIATION	\$	324,599,500	\$	324,599,500
3	APPROPRIATED FROM:				
4	STATE SCHOOL AID FUND		39,472,600		39,472,600
5	STATE GENERAL FUND/GENERAL PURPOSE	\$	285,126,900	\$	285,126,900
6	(G) MICHIGAN TECHNOLOGICAL UNIVERSITY				
7	OPERATIONS	\$	43,473,800	\$	45,997,100
8	PERFORMANCE FUNDING		<u>2,523,300</u>		<u>0</u>
9	GROSS APPROPRIATION	\$	45,997,100	\$	45,997,100
10	APPROPRIATED FROM:				
11	STATE SCHOOL AID FUND		6,854,600		6,854,600
12	STATE GENERAL FUND/GENERAL PURPOSE	\$	39,142,500	\$	39,142,500
13	(H) NORTHERN MICHIGAN UNIVERSITY				
14	OPERATIONS	\$	41,741,400	\$	44,353,800
15	PERFORMANCE FUNDING		<u>2,612,400</u>		<u>0</u>
16	GROSS APPROPRIATION	\$	44,353,800	\$	44,353,800
17	APPROPRIATED FROM:				
18	STATE SCHOOL AID FUND		6,609,700		6,609,700
19	STATE GENERAL FUND/GENERAL PURPOSE	\$	37,744,100	\$	37,744,100
20	(I) OAKLAND UNIVERSITY				
21	OPERATIONS	\$	45,651,600	\$	48,446,100
22	PERFORMANCE FUNDING		<u>2,794,500</u>		<u>0</u>
23	GROSS APPROPRIATION	\$	48,446,100	\$	48,446,100
24	APPROPRIATED FROM:				
25	STATE SCHOOL AID FUND		7,219,500		7,219,500
26	STATE GENERAL FUND/GENERAL PURPOSE	\$	41,226,600	\$	41,226,600
27	(J) SAGINAW VALLEY STATE UNIVERSITY				

1	OPERATIONS	\$	25,991,000	\$	27,659,100	
2	PERFORMANCE FUNDING		<u>1,668,100</u>		<u>0</u>	
3	GROSS APPROPRIATION	\$	27,659,100	\$	27,659,100	
4	APPROPRIATED FROM:					
5	STATE SCHOOL AID FUND		4,121,800		4,121,800	
6	STATE GENERAL FUND/GENERAL PURPOSE	\$	23,537,300	\$	23,537,300	
7	(K) UNIVERSITY OF MICHIGAN - ANN ARBOR					
8	OPERATIONS	\$	279,232,700	\$	295,655,600	
9	PERFORMANCE FUNDING		<u>16,422,900</u>		<u>0</u>	
10	GROSS APPROPRIATION	\$	295,655,600	\$	295,655,600	
11	APPROPRIATED FROM:					
12	STATE SCHOOL AID FUND		44,059,300		44,059,300	
13	STATE GENERAL FUND/GENERAL PURPOSE	\$	251,596,300	\$	251,596,300	
14	(L) UNIVERSITY OF MICHIGAN - DEARBORN					
15	OPERATIONS	\$	22,510,400	\$	23,724,900	
16	PERFORMANCE FUNDING		<u>1,214,500</u>		<u>0</u>	
17	GROSS APPROPRIATION	\$	23,724,900	\$	23,724,900	
18	APPROPRIATED FROM:					
19	STATE SCHOOL AID FUND		3,535,500		3,535,500	
20	STATE GENERAL FUND/GENERAL PURPOSE	\$	20,189,400	\$	20,189,400	
21	(M) UNIVERSITY OF MICHIGAN - FLINT					
22	OPERATIONS	\$	19,938,200	\$	21,380,000	
23	PERFORMANCE FUNDING		<u>1,441,800</u>		<u>0</u>	
24	GROSS APPROPRIATION	\$	21,380,000	\$	21,380,000	
25	APPROPRIATED FROM:					
26	STATE SCHOOL AID FUND		3,186,100		3,186,100	
27	STATE GENERAL FUND/GENERAL PURPOSE	\$	18,193,900	\$	18,193,900	

1	(N) WAYNE STATE UNIVERSITY			
2	OPERATIONS	\$	183,398,300	\$ 190,734,900
3	PERFORMANCE FUNDING		<u>7,336,600</u>	<u>0</u>
4	GROSS APPROPRIATION	\$	190,734,900	\$ 190,734,900
5	APPROPRIATED FROM:			
6	STATE SCHOOL AID FUND		28,423,700	28,423,700
7	STATE GENERAL FUND/GENERAL PURPOSE	\$	162,311,200	\$ 162,311,200
8	(O) WESTERN MICHIGAN UNIVERSITY			
9	OPERATIONS	\$	97,279,000	\$ 102,907,000
10	PERFORMANCE FUNDING		<u>5,628,000</u>	<u>0</u>
11	GROSS APPROPRIATION	\$	102,907,000	\$ 102,907,000
12	APPROPRIATED FROM:			
13	STATE SCHOOL AID FUND		15,335,400	15,335,400
14	STATE GENERAL FUND/GENERAL PURPOSE	\$	87,571,600	\$ 87,571,600
15	(3) MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT			
16	SYSTEM (MPSERS)			
17	MPSERS REIMBURSEMENT	\$	<u>2,446,200</u>	\$ <u>2,446,200</u>
18	GROSS APPROPRIATION	\$	2,446,200	\$ 2,446,200
19	APPROPRIATED FROM:			
20	STATE SCHOOL AID FUND		446,200	446,200
21	STATE GENERAL FUND/GENERAL PURPOSE	\$	2,000,000	\$ 2,000,000
22	(4) STATE AND REGIONAL PROGRAMS			
23	COLLEGE ACCESS PROGRAM	\$	2,000,000	\$ 2,000,000
24	HIGHER EDUCATION DATABASE MODERNIZATION AND			
25	CONVERSION		200,000	200,000
26	MIDWESTERN HIGHER EDUCATION COMPACT		<u>95,000</u>	<u>95,000</u>
27	GROSS APPROPRIATION	\$	2,295,000	\$ 2,295,000

1	APPROPRIATED FROM:			
2	STATE GENERAL FUND/GENERAL PURPOSE	\$	2,295,000	\$ 2,295,000
3	(5) MARTIN LUTHER KING, JR. - CESAR CHAVEZ - ROSA			
4	PARKS PROGRAM			
5	SELECT STUDENT SUPPORT SERVICES	\$	1,956,100	\$ 1,956,100
6	MICHIGAN COLLEGE/UNIVERSITY PARTNERSHIP PROGRAM		586,800	586,800
7	MORRIS HOOD, JR. EDUCATOR DEVELOPMENT PROGRAM		<u>148,600</u>	<u>148,600</u>
8	GROSS APPROPRIATION	\$	2,691,500	\$ 2,691,500
9	APPROPRIATED FROM:			
10	STATE GENERAL FUND/GENERAL PURPOSE	\$	2,691,500	\$ 2,691,500
11	(6) GRANTS AND FINANCIAL AID			
12	STATE COMPETITIVE SCHOLARSHIPS	\$	18,361,700	\$ 18,361,700
13	TUITION GRANTS		31,664,700	31,664,700
14	TUITION INCENTIVE PROGRAM		48,500,000	48,500,000
15	CHILDREN OF VETERANS AND OFFICER'S SURVIVOR			
16	TUITION PROGRAM.....		1,400,000	1,400,000
17	PROJECT GEAR-UP		<u>3,200,000</u>	<u>3,200,000</u>
18	GROSS APPROPRIATION	\$	103,126,400	\$ 103,126,400
19	APPROPRIATED FROM:			
20	UNITED STATES DEPARTMENT OF EDUCATION, OFFICE OF			
21	ELEMENTARY AND SECONDARY EDUCATION, GEAR-UP PROGRAM..		3,200,000	3,200,000
22	SOCIAL SECURITY ACT, TEMPORARY ASSISTANCE FOR NEEDY			
23	FAMILIES		93,826,400	93,826,400
24	CONTRIBUTIONS TO CHILDREN OF VETERANS TUITION GRANT			
25	PROGRAM.....		100,000	100,000
26	STATE GENERAL FUND/GENERAL PURPOSE	\$	6,000,000	\$ 6,000,000
27	Enacting section 1. (1) In accordance with section 30 of article I of the state			

1 constitution of 1963, total state spending on school aid under article I as amended by
2 this amendatory act from state sources for fiscal year 2014-2015 is estimated at
3 11,988,976,900.00 and state appropriations for school aid to be paid to local units of
4 government for fiscal year 2014-2015 are estimated at \$11,833,379,100.00; and total
5 state spending on school aid under article I as amended by this amendatory act from
6 state sources for fiscal year 2015-2016 is estimated at \$11,982,560,800.00 and state
7 appropriations for school aid to be paid to local units of government for fiscal year
8 2015-2016 are estimated at \$11,801,763,000.00.

9 (2) In accordance with section 30 of article IX of the state constitution of
10 1963, total state spending from state sources for community colleges for fiscal year
11 2014-2015 under article II as amended by this amendatory act is estimated at
12 \$371,524,900.00 and the amount of that state spending from state sources to be paid to
13 local units of government for fiscal year 2014-2015 is estimated at \$371,524,900.00;
14 and total state spending from state sources for community colleges for fiscal year
15 2015-2016 under article II as amended by this amendatory act is estimated at
16 \$390,224,900.00 and the amount of that state spending from state sources to be paid to
17 local units of government for fiscal year 2015-2016 is estimated at \$390,224,900.00.

18 (3) In accordance with section 30 of article IX of the state constitution of
19 1963, total state spending from state sources for higher education for fiscal year
20 2014-2015 under article III as amended by this amendatory act is estimated at
21 \$1,415,467,700.00 and the amount of that state spending from state sources to be paid
22 to local units of government for fiscal year 2014-2015 is estimated at \$0; and total
23 state spending from state sources for higher education for fiscal year 2015-2016 under
24 article III as amended by this amendatory act is estimated at \$1,415,467,700.00 and
25 the amount of that state spending from state sources to be paid to local units of
26 government for fiscal year 2015-2016 is estimated at \$0.

27 Enacting Section 2. Sections 22c, 22k, 64a, 82, 93, 95, 101a, 147a, 166, 208,

1 210b, 212, 217, 227, 228, 229b, 239a, 261, 262a, 273, 274, 274a, 275a, and 293 of the
2 state school aid act of 1979, 1979 PA 94, MCL 388.1622c, 388.1622k, 388.1664a,
3 388.1682, 388.1693, 388.1695, 388.1701a, 388.1747a, 388.1766, 388.1808, 388.1810b,
4 388.1812, 388.1817, 388.1827, 388.1828, 388.1829b, 388.1839a, 388.1861, 388.1862a,
5 388.1873, 388.1874, 388.1874a, 388.1875a, and 388.1893 are repealed effective October
6 1, 2014.

7 Enacting section 3. (1) Except as otherwise provided in subsection (2), this
8 amendatory act takes effect October 1, 2014.

9 (2) Sections 225, 265, 265a, and 267 of the state school aid act of 1979, 1979
10 PA 94, MCL 388.1825, 388.1865, 388.1865a, and 388.1867, sections 225, 265, 265a, and
11 267 as amended, and section 230a as added by this amendatory act, take effect upon
12 enactment of this amendatory act.