

DRAFT 1
SUBSTITUTE FOR
HOUSE BILL NO. 4228

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 11, 11a, 11g, 11j, 11k, 11m, 12, 15, 18,
18b, 19, 20, 20d, 22a, 22b, 22d, 22f, 22i, 22j, 24, 24a, 24c, 26a,
26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 51a, 51b, 51c, 51d,
53a, 54, 56, 61a, 62, 74, 81, 94a, 95, 98, 99, 101, 102, 104, 107,
147, 147a, 147b, 147c, 152a, 201, 201a, 206, 209, 210, 224, 225,
229a, 230, 236, 236a, 236b, 241, 242, 244, 245, 246, 252, 256, 258,
263, 263a, 264, 265, 265a, 267, 268, 269, 270, 273, 274, 274a, 276,
277, 278, 279, 280, 281, 282, 289, and 290 (MCL 388.1606, 388.1611,
388.1611a, 388.1611g, 388.1611j, 388.1611k, 388.1611m, 388.1612,
388.1615, 388.1618, 388.1618b, 388.1619, 388.1620, 388.1620d,



388.1622a, 388.1622b, 388.1622d, 388.1622f, 388.1622i, 388.1622j, 388.1624, 388.1624a, 388.1624c, 388.1626a, 388.1626b, 388.1626c, 388.1631a, 388.1631d, 388.1631f, 388.1632d, 388.1632p, 388.1639, 388.1639a, 388.1651a, 388.1651b, 388.1651c, 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662, 388.1674, 388.1681, 388.1694a, 388.1695, 388.1698, 388.1699, 388.1701, 388.1702, 388.1704, 388.1707, 388.1747, 388.1747a, 388.1747b, 388.1747c, 388.1752a, 388.1801, 388.1801a, 388.1806, 388.1809, 388.1810, 388.1824, 388.1825, 388.1829a, 388.1830, 388.1836, 388.1836a, 388.1836b, 388.1841, 388.1842, 388.1844, 388.1845, 388.1846, 388.1852, 388.1856, 388.1858, 388.1863, 388.1863a, 388.1864, 388.1865, 388.1865a, 388.1867, 388.1868, 388.1869, 388.1870, 388.1873, 388.1874, 388.1874a, 388.1876, 388.1877, 388.1878, 388.1879, 388.1880, 388.1881, 388.1882, 388.1889, and 388.1890), sections 6, 11, 26b, and 201 as amended by 2012 PA 465, sections 11a, 11g, 11j, 11k, 11m, 12, 18, 19, 20, 20d, 22a, 22b, 22d, 22f, 24, 24a, 24c, 26a, 31a, 31d, 31f, 32d, 39, 39a, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94a, 98, 99, 102, 104, 107, 147, 147a, 147b, 152a, 201a, 206, 209, 210, 224, 225, 230, 236, 236a, 241, 242, 244, 245, 252, 256, 258, 263, 263a, 264, 265, 267, 268, 269, 270, 273, 274, 274a, 276, 277, 278, 279, 280, 281, 282, 289, and 290 as amended and sections 22i, 22j, 26c, 32p, 95, 147c, 229a, 236b, 246, and 265a as added by 2012 PA 201, section 15 as amended by 2012 PA 286, section 18b as amended by 2008 PA 268, section 51b as added by 1996 PA 300, and section 101 as amended by 2012 PA 516, and by adding sections 21f, 22c, 22k, 25e, 236c, 259, 265b, 265c, and 272a; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

23 (3) "District and high school graduation report" means a
24 report of the number of pupils, excluding adult participants, in
25 the district for the immediately preceding school year, adjusted
26 for those pupils who have transferred into or out of the district



1 or high school, who leave high school with a diploma or other
2 credential of equal status.

3 (4) "Membership", except as otherwise provided in this
4 article, means for a district, a public school academy, the
5 education achievement system, or an intermediate district the sum
6 of the product of ~~.90~~.80 times the number of full-time equated
7 pupils in grades K to 12 actually enrolled and in regular daily
8 attendance on the pupil membership count day for the current school
9 year, plus the product of ~~.10~~.20 times the final audited count
10 from the supplemental count day for the ~~immediately preceding~~
11 **CURRENT** school year. A district's, public school academy's, or
12 intermediate district's membership shall be adjusted as provided
13 under section 25 for pupils who enroll in the district, public
14 school academy, or intermediate district after the pupil membership
15 count day. All pupil counts used in this subsection are as
16 determined by the department and calculated by adding the number of
17 pupils registered for attendance plus pupils received by transfer
18 and minus pupils lost as defined by rules promulgated by the
19 superintendent, and as corrected by a subsequent department audit.
20 For the purposes of this section and section 6a, for a school of
21 excellence that is a cyber school, as defined in section 551 of the
22 revised school code, MCL 380.551, and is in compliance with section
23 553a of the revised school code, MCL 380.553a, ~~or for the education~~
24 ~~achievement system,~~ a pupil's participation in the cyber school's
25 educational program ~~or in an online educational program of the~~
26 ~~education achievement system or of an achievement school is~~
27 considered regular daily attendance; **FOR THE EDUCATION ACHIEVEMENT**



1 SYSTEM, A PUPIL'S PARTICIPATION IN AN ONLINE EDUCATIONAL PROGRAM OF
2 THE EDUCATION ACHIEVEMENT SYSTEM OR OF AN ACHIEVEMENT SCHOOL IS
3 CONSIDERED REGULAR DAILY ATTENDANCE; AND FOR A DISTRICT A PUPIL'S
4 PARTICIPATION IN AN ONLINE COURSE AS DEFINED IN SECTION 21F IS
5 CONSIDERED REGULAR DAILY ATTENDANCE. The amount of the foundation
6 allowance for a pupil in membership is determined under section 20.
7 In making the calculation of membership, all of the following, as
8 applicable, apply to determining the membership of a district, a
9 public school academy, the education achievement system, or an
10 intermediate district:

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

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

26 (c) A special education pupil educated by the intermediate
27 district shall be counted in membership in the intermediate



1 district.

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

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

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

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

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

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

25 (i) If operations begin before the pupil membership count day
26 for the fiscal year, membership is the average number of full-time
27 equated pupils in grades K to 12 actually enrolled and in regular



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

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

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

25 (k) In a district, a public school academy, the education
26 achievement system, or an intermediate district operating an
27 extended school year program approved by the superintendent, a

1 pupil enrolled, but not scheduled to be in regular daily attendance
2 on a pupil membership count day, shall be counted.

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

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

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

15 (A) Is enrolled in a public school academy or an alternative
16 education high school diploma program, that is primarily focused on
17 educating homeless pupils and that is located in a city with a
18 population of more than ~~500,000~~.175,000.

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

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

23 (m) An individual who has obtained a high school diploma shall
24 not be counted in membership. An individual who has obtained a
25 general educational development (G.E.D.) certificate shall not be
26 counted in membership unless the individual is a pupil with a
27 disability as defined in R 340.1702 of the Michigan administrative



1 code. An individual participating in a job training program funded
2 under former section 107a or a jobs program funded under former
3 section 107b, administered by the Michigan strategic fund, or
4 participating in any successor of either of those 2 programs, shall
5 not be counted in membership.

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

20 (i) If the public school academy or the education achievement
21 system provides instruction for at least 1/2 of the class hours
22 specified in subdivision (q), the public school academy or the
23 education achievement system shall receive as its prorated share of
24 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
26 school academy or the education achievement system provides divided
27 by the number of hours specified in subdivision (q) for full-time



1 equivalency, and the remainder of the full-time membership for each
2 of those pupils shall be allocated to the district or intermediate
3 district providing the remainder of the hours of instruction.

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

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

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

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



1 necessary travel time, on the number of class hours provided by the
2 district to the pupil.

3 (r) Beginning in 2012-2013, full-time equated memberships for
4 pupils in kindergarten shall be determined by dividing the number
5 of instructional hours scheduled and provided per year per
6 kindergarten pupil by the same number used for determining full-
7 time equated memberships for pupils in grades 1 to 12. However, to
8 the extent allowable under federal law, for a district or public
9 school academy that provides evidence satisfactory to the
10 department that it used federal title I money in the 2 immediately
11 preceding school fiscal years to fund full-time kindergarten, full-
12 time equated memberships for pupils in kindergarten shall be
13 determined by dividing the number of class hours scheduled and
14 provided per year per kindergarten pupil by a number equal to 1/2
15 the number used for determining full-time equated memberships for
16 pupils in grades 1 to 12. ~~Not later than December 1, 2012, the~~
17 ~~department shall seek a clarification from the federal department~~
18 ~~of education as to whether this is an allowable use of federal~~
19 ~~title I money.~~ The change in the counting of full-time equated
20 memberships for pupils in kindergarten that ~~takes~~ **TOOK** effect ~~in~~
21 **FOR** 2012-2013 is not a mandate. ~~Not later than the fifth Wednesday~~
22 ~~after the pupil membership count day, each district or public~~
23 ~~school academy and the education achievement system shall report to~~
24 ~~the department and the center the number of instructional hours~~
25 ~~scheduled per kindergarten pupil for 2012-2013. If the number of~~
26 ~~instructional hours scheduled per kindergarten pupil is not equal~~
27 ~~for all kindergarten pupils in the district, the district or public~~



1 ~~school academy and the education achievement system shall report~~
2 ~~the number of kindergarten pupils who were scheduled to receive~~
3 ~~each of the different numbers of instructional hours scheduled.~~

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

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

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



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

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

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

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

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

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

27 (w) If a pupil was enrolled in a public school academy on the

1 pupil membership count day, if the public school academy's contract
 2 with its authorizing body is revoked or the public school academy
 3 otherwise ceases to operate, and if the pupil enrolls in a district
 4 or the education achievement system within 45 days after the pupil
 5 membership count day, the department shall adjust the district's or
 6 the education achievement system's pupil count for the pupil
 7 membership count day to include the pupil in the count.

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

18 **(x)** ~~(y)~~—If a district's membership for a particular fiscal
 19 year, as otherwise calculated under this subsection, would be less
 20 than 1,550 pupils and the district has 4.5 or fewer pupils per
 21 square mile, as determined by the department, and ~~, beginning in~~
 22 ~~2007-2008,~~ if the district does not receive funding under section
 23 22d(2), the district's membership shall be considered to be the
 24 membership figure calculated under this subdivision. If a district
 25 educates and counts in its membership pupils in grades 9 to 12 who
 26 reside in a contiguous district that does not operate grades 9 to
 27 12 and if 1 or both of the affected districts request the

1 department to use the determination allowed under this sentence,
2 the department shall include the square mileage of both districts
3 in determining the number of pupils per square mile for each of the
4 districts for the purposes of this subdivision. The membership
5 figure calculated under this subdivision is the greater of the
6 following:

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

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

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

25 **(Z)** ~~(aa)~~—Full-time equated memberships for special education
26 pupils who are not enrolled in kindergarten but are enrolled in a
27 classroom program under R 340.1754 of the Michigan administrative



1 code shall be determined by dividing the number of class hours
2 scheduled and provided per year by 450. Full-time equated
3 memberships for special education pupils who are not enrolled in
4 kindergarten but are receiving early childhood special education
5 services under R 340.1755 of the Michigan administrative code shall
6 be determined by dividing the number of hours of service scheduled
7 and provided per year per pupil by 180.

8 **(AA)** ~~(bb)~~—A pupil of a district that begins its school year
9 after Labor day who is enrolled in an intermediate district program
10 that begins before Labor day shall not be considered to be less
11 than a full-time pupil solely due to instructional time scheduled
12 but not attended by the pupil before Labor day.

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

23 **(CC)** ~~(dd)~~—A district, a public school academy, or the
24 education achievement system that educates a pupil who attends a
25 United States Olympic education center may count the pupil in
26 membership regardless of whether or not the pupil is a resident of
27 this state.



1 **(DD)** ~~(ee)~~—A pupil enrolled in a district other than the
2 pupil's district of residence pursuant to section 1148(2) of the
3 revised school code, MCL 380.1148, shall be counted in the
4 educating district or the education achievement system.

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

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

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

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



1 (6) "Pupil" means a person in membership in a public school. A
2 district must have the approval of the pupil's district of
3 residence to count the pupil in membership, except approval by the
4 pupil's district of residence is not required for any of the
5 following:

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

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

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

12 (d) A pupil enrolled in a district other than the pupil's
13 district of residence under an intermediate district schools of
14 choice pilot program as described in section 91a or former section
15 91 if the intermediate district and its constituent districts have
16 been exempted from section 105.

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

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



1 the district of residence or by an employee of the district of
2 residence. A person who intentionally makes a false report of a
3 crime to law enforcement officials for the purposes of this
4 subdivision is subject to section 411a of the Michigan penal code,
5 1931 PA 328, MCL 750.411a, which provides criminal penalties for
6 that conduct. As used in this subdivision:

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

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

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

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

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



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

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

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

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

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

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

14 (k) An expelled pupil who has been denied reinstatement by the
15 expelling district and is reinstated by another school board under
16 section 1311 or 1311a of the revised school code, MCL 380.1311 and
17 380.1311a.

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

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

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



1 (o) A pupil who enrolls in a district other than the pupil's
 2 district of residence as a result of the pupil's school not making
 3 adequate yearly progress under the no child left behind act of
 4 2001, Public Law 107-110.

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

7 **(P) AN ONLINE LEARNING PUPIL ENROLLED IN A DISTRICT OTHER THAN**
 8 **THE PUPIL'S DISTRICT OF RESIDENCE AS AN ELIGIBLE PUPIL UNDER**
 9 **SECTION 21F.**

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

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

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

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

26 (i) Fourth Wednesday in July.

27 (ii) First Wednesday in October.



1 (iii) Second Wednesday in February.

2 (iv) Fourth Wednesday in April.

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



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

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

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

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

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

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

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

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

26 (16) "Tuition pupil" means a pupil of school age attending
27 school in a district other than the pupil's district of residence



1 for whom tuition may be charged **TO THE DISTRICT OF RESIDENCE.**
 2 Tuition pupil does not include a pupil who is a special education
 3 pupil, ~~or~~a pupil described in subsection (6) (c) to ~~(e)~~. **(P), OR A**
 4 **PUPIL WHOSE PARENT OR GUARDIAN VOLUNTARILY ENROLLS THE PUPIL IN A**
 5 **DISTRICT THAT IS NOT THE PUPIL'S DISTRICT OF RESIDENCE.** A pupil's
 6 district of residence shall not require a high school tuition
 7 pupil, as provided under section 111, to attend another school
 8 district after the pupil has been assigned to a school district.

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

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

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

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

27 Sec. 11. (1) ~~Subject to subsection (3), for~~ **FOR** the fiscal



1 year ending September 30, ~~2013,~~**2014**, there is appropriated for the
 2 public schools of this state and certain other state purposes
 3 relating to education the sum of ~~\$10,961,245,600.00~~
 4 **\$11,090,813,500.00** from the state school aid fund, **THE SUM OF**
 5 **\$150,000,000.00 FROM THE MPSERS RETIREMENT OBLIGATION REFORM**
 6 **RESERVE FUND CREATED UNDER SECTION 147B**, and the sum of
 7 ~~\$282,400,000.00~~**\$230,000,000.00** from the general fund. In addition,
 8 all other available federal funds ~~, except those otherwise~~
 9 ~~appropriated under section 11p,~~ are appropriated for the fiscal
 10 year ending September 30, ~~2013.~~**2014**.

11 (2) The appropriations under this section shall be allocated
 12 as provided in this article. Money appropriated under this section
 13 from the general fund shall be expended to fund the purposes of
 14 this article before the expenditure of money appropriated under
 15 this section from the state school aid fund.

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

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

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

26 (a) Unexpended and unencumbered state school aid fund revenue
 27 for a fiscal year that remains in the state school aid fund as of



1 the bookclosing for that fiscal year.

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

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

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

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

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

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



1 as required under section ~~11(3)~~ **296(2)** and state payments in an
 2 amount equal to the remainder of the projected shortfall shall be
 3 prorated in the manner provided under section ~~11(4)~~ **296(3)**.

4 (7) For ~~2012-2013,~~ **2013-2014**, in addition to the
 5 appropriations in section 11, there is appropriated from the school
 6 aid stabilization fund to the state school aid fund the amount
 7 necessary to fully fund the allocations under this article.

8 ~~— (8) Effective February 24, 2012, in addition to any amounts~~
 9 ~~otherwise deposited into the school aid stabilization fund, there~~
 10 ~~is transferred from the state school aid fund to the school aid~~
 11 ~~stabilization fund an amount equal to \$100,000,000.00.~~

12 Sec. 11g. (1) From the appropriation in section 11, there is
 13 allocated for this section an amount not to exceed ~~\$39,000,000.00~~
 14 **\$39,500,000.00** for the fiscal year ending September 30, ~~2013,~~ **2014**
 15 and for ~~each succeeding fiscal year through~~ the fiscal year ending
 16 September 30, 2015, after which these payments will cease. These
 17 allocations are for paying the amounts described in subsection (3)
 18 to districts and intermediate districts, other than those receiving
 19 a lump-sum payment under section 11f(2), that were not plaintiffs
 20 in the consolidated cases known as Durant v State of Michigan,
 21 Michigan supreme court docket no. 104458-104492 and that, on or
 22 before March 2, 1998, submitted to the state treasurer a waiver
 23 resolution described in section 11f. The amounts paid under this
 24 section represent offers of settlement and compromise of any claim
 25 or claims that were or could have been asserted by these districts
 26 and intermediate districts, as described in this section.

27 (2) This section does not create any obligation or liability



1 of this state to any district or intermediate district that does
2 not submit a waiver resolution described in section 11f. This
3 section and any other provision of this article are not intended to
4 admit liability or waive any defense that is or would be available
5 to this state or its agencies, employees, or agents in any
6 litigation or future litigation with a district or intermediate
7 district regarding these claims or potential claims.

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

11 (a) If the district or intermediate district does not borrow
12 money and issue bonds under section 11i, 1/30 of the total amount
13 listed in section 11h for the district or intermediate district
14 through the fiscal year ending September 30, ~~2013~~-2015.

15 (b) If the district or intermediate district borrows money and
16 issues bonds under section 11i, an amount in each fiscal year
17 calculated by the department of treasury that is equal to the debt
18 service amount in that fiscal year on the bonds issued by that
19 district or intermediate district under section 11i and that will
20 result in the total payments made to all districts and intermediate
21 districts in each fiscal year under this section being no more than
22 the amount appropriated under this section in each fiscal year.

23 (4) The entire amount of each payment under this section each
24 fiscal year shall be paid on May 15 of the applicable fiscal year
25 or on the next business day following that date. If a district or
26 intermediate district borrows money and issues bonds under section
27 11i, the district or intermediate district shall use funds received



1 under this section to pay debt service on bonds issued under
2 section 11i. If a district or intermediate district does not borrow
3 money and issue bonds under section 11i, the district or
4 intermediate district shall use funds received under this section
5 only for the following purposes, in the following order of
6 priority:

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

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

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

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

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

23 Sec. 11j. From the appropriation in section 11, there is
24 allocated an amount not to exceed ~~\$120,390,000.00 for 2012-2013~~
25 **\$131,660,000.00 FOR 2013-2014** for payments to the school loan bond
26 redemption fund in the department of treasury on behalf of
27 districts and intermediate districts. Notwithstanding section 11



1 **296** or any other provision of this act, funds allocated under this
2 section are not subject to proration and shall be paid in full.

3 Sec. 11k. For ~~2012-2013~~, **2013-2014**, there is appropriated from
4 the general fund to the school loan revolving fund an amount equal
5 to the amount of school bond loans assigned to the Michigan finance
6 authority, not to exceed the total amount of school bond loans held
7 in reserve as long-term assets. As used in this section, "school
8 loan revolving fund" means that fund created in section 16c of the
9 shared credit rating act, 1985 PA 227, MCL 141.1066c.

10 Sec. 11m. From the appropriations in section 11, ~~there is~~
11 ~~allocated for 2011-2012 an amount not to exceed \$2,100,000.00 and~~
12 there is allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
13 ~~\$3,200,000.00~~ **\$6,000,000.00** for fiscal year cash-flow borrowing
14 costs solely related to the state school aid fund established by
15 section 11 of article IX of the state constitution of 1963.

16 Sec. 12. It is the intent of the legislature to appropriate
17 and allocate for the fiscal year ending September 30, ~~2014-2015~~ the
18 same amounts of money from the same sources for the same purposes
19 as are appropriated and allocated under this article for the fiscal
20 year ending September 30, ~~2013~~, **2014**, as adjusted for changes in
21 pupil membership, taxable values, special education costs, interest
22 costs, and available revenue. These adjustments will be determined
23 after the January ~~2013-2014~~ consensus revenue estimating
24 conference.

25 Sec. 15. (1) If a district or intermediate district fails to
26 receive its proper apportionment, the department, upon satisfactory
27 proof that the district or intermediate district was entitled



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

21 (2) If the result of an audit conducted by or for the
22 department affects the current fiscal year membership, affected
23 payments shall be adjusted in the current fiscal year. A deduction
24 due to an adjustment made as a result of an audit conducted by or
25 for the department, or as a result of information obtained by the
26 department from the district, an intermediate district, the
27 department of treasury, or the office of auditor general, shall be



1 deducted from the district's apportionments when the adjustment is
2 finalized. At the request of the district and upon the district
3 presenting evidence satisfactory to the department of the hardship,
4 the department may grant up to an additional 4 years for the
5 adjustment and may advance payments to the district otherwise
6 authorized under this ~~act~~**ARTICLE** if the district would otherwise
7 experience a significant hardship in satisfying its financial
8 obligations.

9 (3) If, because of the receipt of new or updated data, the
10 department determines during a fiscal year that the amount paid to
11 a district or intermediate district under this article for a prior
12 fiscal year was incorrect under the law in effect for that year,
13 the department may make the appropriate deduction or payment in the
14 district's or intermediate district's allocation for the fiscal
15 year in which the determination is made. The deduction or payment
16 shall be calculated according to the law in effect in the fiscal
17 year in which the improper amount was paid. If the district does
18 not receive an allocation for the fiscal year or if the allocation
19 is not sufficient to pay the amount of any deduction, the amount of
20 any deduction otherwise applicable shall be satisfied from the
21 proceeds of a loan to the district under the emergency municipal
22 loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds
23 of millage levied or pledged under section 1211 of the revised
24 school code, MCL 380.1211, as determined by the department.

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



1 (5) In addition to funds appropriated in section 11 for all
2 programs and services, there is appropriated for ~~2012-2013-2013-~~
3 **2014** for obligations in excess of applicable appropriations an
4 amount equal to the collection of overpayments, but not to exceed
5 amounts available from overpayments.

6 Sec. 18. (1) Except as provided in another section of this
7 article, each district or other entity shall apply the money
8 received by the district or entity under this article to salaries
9 and other compensation of teachers and other employees, tuition,
10 transportation, lighting, heating, ventilation, water service, the
11 purchase of textbooks, other supplies, and any other school
12 operating expenditures defined in section 7. However, not more than
13 20% of the total amount received by a district or intermediate
14 district under this article may be transferred by the board to
15 either the capital projects fund or to the debt retirement fund for
16 debt service. The money shall not be applied or taken for a purpose
17 other than as provided in this section. The department shall
18 determine the reasonableness of expenditures and may withhold from
19 a recipient of funds under this article the apportionment otherwise
20 due upon a violation by the recipient.

21 (2) Within 30 days after a board adopts its annual operating
22 budget for the following school fiscal year, or after a board
23 adopts a subsequent revision to that budget, the district shall
24 make all of the following available through a link on its website
25 home page, or may make the information available through a link on
26 its intermediate district's website home page, in a form and manner
27 prescribed by the department:



1 (a) The annual operating budget and subsequent budget
2 revisions.

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

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

9 (A) Salaries and wages.

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

13 (C) Retirement benefit costs.

14 (D) All other personnel costs.

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

17 (A) Instruction.

18 (B) Support services.

19 (C) Business and administration.

20 (D) Operations and maintenance.

21 (c) Links to all of the following:

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

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



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

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

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

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

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

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

17 (4) For the purpose of determining the reasonableness of
18 expenditures and whether a violation of this article has occurred,
19 all of the following apply:

20 (a) The department shall require that each district and
21 intermediate district have an audit of the district's or
22 intermediate district's financial and pupil accounting records
23 conducted at least annually at the expense of the district or
24 intermediate district, as applicable, by a certified public
25 accountant or by the intermediate district superintendent, as may
26 be required by the department, or in the case of a district of the
27 first class by a certified public accountant, the intermediate



1 superintendent, or the auditor general of the city.

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

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

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

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

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

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

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



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

4 (f) The annual financial audit reports and pupil accounting
5 procedures reports shall be available to the public in compliance
6 with the freedom of information act, 1976 PA 442, MCL 15.231 to
7 15.246.

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

15 (5) By November 15 of each year, each district and
16 intermediate district shall submit to the center, in a manner
17 prescribed by the center, annual comprehensive financial data
18 consistent with accounting manuals and charts of accounts approved
19 and published by the department. For an intermediate district, the
20 report shall also contain the website address where the department
21 can access the report required under section 620 of the revised
22 school code, MCL 380.620. The department shall ensure that the
23 prescribed Michigan public school accounting manual chart of
24 accounts includes standard conventions to distinguish expenditures
25 by allowable fund function and object. The functions shall include
26 at minimum categories for instruction, pupil support, instructional
27 staff support, general administration, school administration,



1 business administration, transportation, facilities operation and
2 maintenance, facilities acquisition, and debt service; and shall
3 include object classifications of salary, benefits, including
4 categories for active employee health expenditures, purchased
5 services, supplies, capital outlay, and other. Districts shall
6 report the required level of detail consistent with the manual as
7 part of the comprehensive annual financial report.

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

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

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

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

23 (10) If a district or intermediate district does not comply
24 with subsections (4), (5), (6), and (7), the department shall
25 withhold all state school aid due to the district or intermediate
26 district under this article, beginning with the next payment due to
27 the district or intermediate district, until the district or



1 intermediate district complies with subsections (4), (5), (6), and
 2 (7). If the district or intermediate district does not comply with
 3 subsections (4), (5), (6), and (7) by the end of the fiscal year,
 4 the district or intermediate district forfeits the amount withheld.

5 ~~—— (11) Not later than October 1, 2012, if a district or~~
 6 ~~intermediate district offers online learning, the district or~~
 7 ~~intermediate district shall submit to the department a report that~~
 8 ~~details the per-pupil costs of operating the online learning. The~~
 9 ~~report shall include, on a per-pupil basis, at least all of the~~
 10 ~~following costs:~~

11 ~~—— (a) Textbooks, instructional materials, and supplies,~~
 12 ~~including electronic instructional material.~~

13 ~~—— (b) Computer and other electronic equipment, including~~
 14 ~~internet and telephone access.~~

15 ~~—— (c) Salaries and benefits for the online learning employees.~~

16 ~~—— (d) Purchased courses and curricula.~~

17 ~~—— (e) Fees associated with oversight and regulation.~~

18 ~~—— (f) Travel costs associated with school activities and~~
 19 ~~testing.~~

20 ~~—— (g) Facilities costs.~~

21 ~~—— (h) Costs associated with special education.~~

22 ~~—— (12) Not later than December 31, 2012, the department shall~~
 23 ~~issue a report to the legislature including the following:~~

24 ~~—— (a) A review of the data submitted under subsection (11).~~

25 ~~—— (b) A comparison with costs of substantially similar programs~~
 26 ~~in other states and relevant national research on the costs of~~
 27 ~~online learning.~~



1 ~~— (c) Any conclusions concerning factors or characteristics of~~
 2 ~~online learning programs that make a difference in the costs of~~
 3 ~~operating the programs.~~

4 Sec. 18b. (1) Property of a public school academy that was
 5 acquired substantially with funds appropriated under this ~~act~~
 6 **ARTICLE** shall be transferred to this state by the public school
 7 academy corporation if any of the following occur:

8 (a) The public school academy has been ineligible to receive
 9 funding under this ~~act~~**ARTICLE** for 18 consecutive months.

10 (b) The public school academy's contract has been revoked or
 11 terminated for any reason.

12 (c) The public school academy's contract has **EXPIRED AND HAS**
 13 not been reissued by the authorizing body.

14 **(2) A PUBLIC SCHOOL ACADEMY CORPORATION SHALL INITIATE THE**
 15 **PROCESS OF TRANSFERRING PROPERTY TO THIS STATE AS REQUIRED UNDER**
 16 **SUBSECTION (1) WITHIN 30 DAYS AFTER THE OCCURRENCE OF THE EVENT**
 17 **THAT TRIGGERS THE PROCESS UNDER SUBSECTION (1).**

18 **(3) ~~(2)~~**Property required to be transferred to this state
 19 under this section includes title to all real and personal
 20 property, interests in real or personal property, and other assets
 21 owned by the public school academy corporation that were
 22 substantially acquired with funds appropriated under this
 23 ~~act~~**ARTICLE.**

24 **(4) ~~(3)~~**The state treasurer, or his or her designee, is
 25 authorized to dispose of property transferred to this state under
 26 this section. Except as otherwise provided in this section, the
 27 state treasurer shall deposit in the state school aid fund any



1 money included in that property and the net proceeds from the sale
2 of the property or interests in property, after payment by the
3 state treasurer of any public school academy debt secured by the
4 property or interest in property.

5 (5) ~~(4)~~—This section does not impose any liability on this
6 state, any agency of this state, or an authorizing body for any
7 debt incurred by a public school academy.

8 (6) ~~(5)~~—As used in this section and section 18c, "authorizing
9 body" means an authorizing body defined under section 501 or 1311b
10 of the revised school code, MCL 380.501 and 380.1311b.

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

19 (2) Each district shall furnish to the center not later than 5
20 weeks after the pupil membership count day and by June 30 of the
21 school fiscal year ending in the fiscal year, in a manner
22 prescribed by the center, the information necessary for the
23 preparation of the district and high school graduation report. This
24 information shall meet requirements established in the pupil
25 auditing manual approved and published by the department. The
26 center shall calculate an annual graduation and pupil dropout rate
27 for each high school, each district, and this state, in compliance



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

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

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

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

24 (6) Before publishing a list of ~~schools or districts~~
25 ~~determined to have failed to make adequate yearly progress~~ **SCHOOL**
26 **OR DISTRICT ACCOUNTABILITY DESIGNATIONS** as required by the no child
27 left behind act of 2001, Public Law 107-110, the department shall



1 allow a school or district to appeal that determination. The
2 department shall consider and act upon the appeal within 30 days
3 after it is submitted and shall not publish the list until after
4 all appeals have been considered and decided.

5 (7) It is the intent of the legislature to implement not later
6 than 2014-2015 statewide standard reporting requirements for
7 education data approved by the department in conjunction with the
8 center. The department shall work with the center, intermediate
9 districts, districts, and other interested stakeholders to develop
10 recommendations on the implementation of this policy change. A
11 district or intermediate district shall implement the statewide
12 standard reporting requirements not later than 2014-2015 or when a
13 district or intermediate district updates its education data
14 reporting system, whichever is later.

15 Sec. 20. (1) For ~~2011-2012, and for 2012-2013,~~ **2013-2014**, the
16 basic foundation allowance is \$8,019.00.

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

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

24 (a) For a district that had a foundation allowance for the
25 immediately preceding state fiscal year that was at least equal to
26 the sum of \$7,108.00 plus the total dollar amount of all
27 adjustments made from 2006-2007 to the immediately preceding state



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



1 a foundation allowance in an amount equal to the district's
2 foundation allowance for 2010-2011, minus \$470.00. Except as
3 otherwise provided in subdivision (h), for ~~2012-2013,~~ **2013-2014**,
4 for a district that had a foundation allowance for the immediately
5 preceding state fiscal year that was at least equal to the sum of
6 \$7,108.00 plus the total dollar amount of all adjustments made from
7 2006-2007 to the immediately preceding state fiscal year in the
8 lowest foundation allowance among all districts, but less than the
9 basic foundation allowance for the immediately preceding state
10 fiscal year, the district shall receive a foundation allowance in
11 an amount equal to the district's foundation allowance for the
12 immediately preceding state fiscal year. However, the foundation
13 allowance for a district that had less than the basic foundation
14 allowance for the immediately preceding state fiscal year shall not
15 exceed the basic foundation allowance for the current state fiscal
16 year.

17 (b) Except as otherwise provided in this subsection, for a
18 district that in the immediately preceding state fiscal year had a
19 foundation allowance in an amount at least equal to the amount of
20 the basic foundation allowance for the immediately preceding state
21 fiscal year, the district shall receive a foundation allowance for
22 2011-2012 in an amount equal to the district's foundation allowance
23 for 2010-2011, minus \$470.00. For ~~2012-2013,~~ **2013-2014**, except as
24 otherwise provided in this subsection, for a district that in the
25 immediately preceding state fiscal year had a foundation allowance
26 in an amount at least equal to the amount of the basic foundation
27 allowance for the immediately preceding state fiscal year, the



1 district shall receive a foundation allowance ~~for 2012-2013~~ in an
2 amount equal to the district's foundation allowance for the
3 immediately preceding state fiscal year.

4 (c) Except as otherwise provided in subdivision (d), for a
5 district that in the 1994-95 state fiscal year had a foundation
6 allowance greater than \$6,500.00, the district's foundation
7 allowance is an amount equal to the sum of the district's
8 foundation allowance for the immediately preceding state fiscal
9 year plus the lesser of the increase in the basic foundation
10 allowance for the current state fiscal year, as compared to the
11 immediately preceding state fiscal year, or the product of the
12 district's foundation allowance for the immediately preceding state
13 fiscal year times the percentage increase in the United States
14 consumer price index in the calendar year ending in the immediately
15 preceding fiscal year as reported by the May revenue estimating
16 conference conducted under section 367b of the management and
17 budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided
18 in subdivision (d), for 2011-2012, for a district that in the 1994-
19 1995 state fiscal year had a foundation allowance greater than
20 \$6,500.00, the district's foundation allowance is an amount equal
21 to the district's foundation allowance for the 2010-2011 fiscal
22 year minus \$470.00. For ~~2012-2013~~, **2013-2014**, except as otherwise
23 provided in subdivision (d), for a district that in the 1994-1995
24 state fiscal year had a foundation allowance greater than
25 \$6,500.00, the district's foundation allowance is an amount equal
26 to the district's foundation allowance for the immediately
27 preceding state fiscal year.



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

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

11 (f) For a district that received a payment under section 22c
12 as that section was in effect for 2001-2002, the district's 2001-
13 2002 foundation allowance shall be considered to have been an
14 amount equal to the sum of the district's actual 2001-2002
15 foundation allowance as otherwise calculated under this section
16 plus the per pupil amount of the district's equity payment for
17 2001-2002 under section 22c as that section was in effect for 2001-
18 2002.

19 (g) For a district that received a payment under section 22c
20 as that section was in effect for 2006-2007, the district's 2006-
21 2007 foundation allowance shall be considered to have been an
22 amount equal to the sum of the district's actual 2006-2007
23 foundation allowance as otherwise calculated under this section
24 plus the per pupil amount of the district's equity payment for
25 2006-2007 under section 22c as that section was in effect for 2006-
26 2007.

27 (h) For 2012-2013, for a district that had a foundation



1 allowance for the 2011-2012 state fiscal year of less than
2 \$6,966.00, the district's foundation allowance is an amount equal
3 to \$6,966.00.

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



1 valorem property tax revenue of the district captured under tax
2 increment financing acts divided by the district's membership
3 excluding special education pupils. For a district that has a
4 millage reduction required under section 31 of article IX of the
5 state constitution of 1963, the state portion of the district's
6 foundation allowance shall be calculated as if that reduction did
7 not occur.

8 (5) The allocation calculated under this section for a pupil
9 shall be based on the foundation allowance of the pupil's district
10 of residence. For a pupil enrolled pursuant to section 105 or 105c
11 in a district other than the pupil's district of residence, the
12 allocation calculated under this section shall be based on the
13 lesser of the foundation allowance of the pupil's district of
14 residence or the foundation allowance of the educating district.
15 For a pupil in membership in a K-5, K-6, or K-8 district who is
16 enrolled in another district in a grade not offered by the pupil's
17 district of residence, the allocation calculated under this section
18 shall be based on the foundation allowance of the educating
19 district if the educating district's foundation allowance is
20 greater than the foundation allowance of the pupil's district of
21 residence.

22 (6) Except as otherwise provided in this subsection, for
23 pupils in membership, other than special education pupils, in a
24 public school academy, the allocation calculated under this section
25 is an amount per membership pupil other than special education
26 pupils in the public school academy equal to the foundation
27 allowance of the district in which the public school academy is



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

19 (7) Except as otherwise provided in this subsection, for
20 pupils attending an achievement school and in membership in the
21 education achievement system, other than special education pupils,
22 the allocation calculated under this section is an amount per
23 membership pupil other than special education pupils equal to the
24 foundation allowance of the district in which the achievement
25 school is located, not to exceed the basic foundation allowance.
26 Notwithstanding section 101, for an achievement school that begins
27 operation after the pupil membership count day, the amount per



1 membership pupil calculated under this subsection shall be adjusted
2 by multiplying that amount per membership pupil by the number of
3 hours of pupil instruction provided by the achievement school after
4 it begins operations, as determined by the department, divided by
5 the minimum number of hours of pupil instruction required under
6 section 101(3). The result of this calculation shall not exceed the
7 amount per membership pupil otherwise calculated under this
8 subsection. For the purposes of this subsection, if a public school
9 is transferred from a district to the state school reform/redesign
10 district or the achievement authority under section 1280c of the
11 revised school code, that public school is considered to be an
12 achievement school within the education achievement system and not
13 a school that is part of a district, and a pupil attending that
14 public school is considered to be in membership in the education
15 achievement system and not in membership in the district that
16 operated the school before the transfer.

17 **(8) BEGINNING IN 2014-2015, FOR PUPILS ATTENDING A SCHOOL OF**
18 **EXCELLENCE THAT IS A CYBER SCHOOL UNDER MCL 380.552, THE ALLOCATION**
19 **CALCULATED UNDER THIS SECTION IS AN AMOUNT PER MEMBERSHIP PUPIL**
20 **OTHER THAN SPECIAL EDUCATION PUPILS EQUAL TO 80% OF THE FOUNDATION**
21 **ALLOWANCE OF THE DISTRICT IN WHICH IT IS LOCATED, NOT TO EXCEED THE**
22 **MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION.**

23 **(9) BEGINNING IN 2014-2015, FOR PUPILS ATTENDING A DISTRICT IN**
24 **A DEPARTMENT-APPROVED ALTERNATIVE EDUCATION PROGRAM THAT RECEIVES A**
25 **WAIVER UNDER MCL 388.1701, IF THE WAIVER IS FOR A 100% ONLINE**
26 **MODEL, THE ALLOCATION CALCULATED UNDER THIS SECTION IS AN AMOUNT**
27 **PER MEMBERSHIP PUPIL OTHER THAN SPECIAL EDUCATION PUPILS EQUAL TO**



1 **80% OF THE FOUNDATION ALLOWANCE OF THE DISTRICT IN WHICH IT IS**
2 **LOCATED, NOT TO EXCEED THE BASIC FOUNDATION ALLOWANCE.**

3 (10) ~~(8)~~—Subject to subsection (4), for a district that is
4 formed or reconfigured after June 1, 2002 by consolidation of 2 or
5 more districts or by annexation, the resulting district's
6 foundation allowance under this section beginning after the
7 effective date of the consolidation or annexation shall be **LESSER**
8 **OF THE SUM OF** the average of the foundation allowances of each of
9 the original or affected districts, calculated as provided in this
10 section, weighted as to the percentage of pupils in total
11 membership in the resulting district who reside in the geographic
12 area of each of the original or affected districts **PLUS \$100.00 OR**
13 **THE HIGHEST FOUNDATION ALLOWANCE AMONG THE ORIGINAL OR AFFECTED**
14 **DISTRICTS.**

15 (11) ~~(9)~~—Each fraction used in making calculations under this
16 section shall be rounded to the fourth decimal place and the dollar
17 amount of an increase in the basic foundation allowance shall be
18 rounded to the nearest whole dollar.

19 (12) ~~(10)~~—State payments related to payment of the foundation
20 allowance for a special education pupil are not calculated under
21 this section but are instead calculated under section 51a.

22 (13) ~~(11)~~—To assist the legislature in determining the basic
23 foundation allowance for the subsequent state fiscal year, each
24 revenue estimating conference conducted under section 367b of the
25 management and budget act, 1984 PA 431, MCL 18.1367b, shall
26 calculate a pupil membership factor, a revenue adjustment factor,
27 and an index as follows:



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

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



1 later than 7 days after the conclusion of the revenue conference.

2 (c) The index shall be calculated by multiplying the pupil
3 membership factor by the revenue adjustment factor. However, for
4 ~~2011-2012, the index shall be 0.93575 and for 2012-2013, 2013-2014,~~
5 the index shall be 1.00. If a consensus index is not determined at
6 the revenue estimating conference, the principals of the revenue
7 estimating conference shall report their estimates to the house and
8 senate subcommittees responsible for school aid appropriations not
9 later than 7 days after the conclusion of the revenue conference.

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

25 ~~—— (13) For a district in which an industrial facilities
26 exemption certificate that abated taxes on property with a state
27 equalized valuation greater than the total state equalized~~



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

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



1 standards of the federal no child left behind act of 2001, Public
 2 Law 107-110, in both mathematics and English language arts at all
 3 applicable grade levels for all applicable subgroups, the district
 4 may submit to the department an application for flexibility in
 5 using the funds resulting from this adjustment that are
 6 attributable to the pupils in the school or schools. The
 7 application shall identify the affected school or schools and the
 8 affected funds and shall contain a plan for using the funds for
 9 specific purposes identified by the district that are designed to
 10 reduce class size, but that may be different from the purposes
 11 otherwise allowable under this subsection. The department shall
 12 approve the application if the department determines that the
 13 purposes identified in the plan are reasonably designed to reduce
 14 class size. If the department does not act to approve or disapprove
 15 an application within 30 days after it is submitted to the
 16 department, the application is considered to be approved. If an
 17 application for flexibility in using the funds is approved, the
 18 district may use the funds identified in the application for any
 19 purpose identified in the plan. A district receiving an adjustment
 20 under this subsection shall not receive as a result of this
 21 adjustment an amount that exceeds ~~68.5%~~**70%** of the amount the
 22 district received as a result of this adjustment for ~~2010-~~
 23 ~~2011-2012-2013.~~ **HOWEVER, IF A DISTRICT'S FOUNDATION ALLOWANCE WOULD**
 24 **BE LESS THAN \$6,966.00 DUE TO THE CHANGES MADE IN THIS ADJUSTMENT,**
 25 **THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$6,966.00.**
 26 ~~—— (15) For a district that levied 1.9 mills in 1993 to finance~~
 27 ~~an operating deficit, the district's foundation allowance shall be~~



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

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

23 ~~(15) (17)~~ Payments to districts, public school academies, or
 24 the education achievement system shall not be made under this
 25 section. Rather, the calculations under this section shall be used
 26 to determine the amount of state payments under section 22b.

27 ~~(16) (18)~~ If an amendment to section 2 of article VIII of the



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

5 (17) ~~(19)~~—As used in this section:

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

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

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

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

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

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

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

26 (h) "Maximum public school academy allocation", except as
27 otherwise provided in this subdivision, means the maximum per-pupil



1 allocation as calculated by adding the highest per-pupil allocation
2 among all public school academies for the immediately preceding
3 state fiscal year plus the difference between twice the dollar
4 amount of the adjustment from the immediately preceding state
5 fiscal year to the current state fiscal year made in the basic
6 foundation allowance and [(the dollar amount of the adjustment from
7 the immediately preceding state fiscal year to the current state
8 fiscal year made in the basic foundation allowance minus \$20.00)
9 times (the difference between the highest per-pupil allocation
10 among all public school academies for the immediately preceding
11 state fiscal year and the sum of \$7,108.00 plus the total dollar
12 amount of all adjustments made from 2006-2007 to the immediately
13 preceding state fiscal year in the lowest per-pupil allocation
14 among all public school academies) divided by the difference
15 between the basic foundation allowance for the current state fiscal
16 year and the sum of \$7,108.00 plus the total dollar amount of all
17 adjustments made from 2006-2007 to the immediately preceding state
18 fiscal year in the lowest per-pupil allocation among all public
19 school academies]. For ~~2011-2012 and 2012-2013,~~ **2013-2014**, maximum
20 public school academy allocation means \$7,110.00.

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

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



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

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

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

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

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

24 Sec. 20d. In making the final determination required under
25 former section 20a of a district's combined state and local revenue
26 per membership pupil in 1993-94 and in making calculations under
27 section 20 for ~~2012-2013~~, **2013-2014**, the department and the



1 department of treasury shall comply with all of the following:

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

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



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

8 **SEC. 21F. (1) A PUPIL ENROLLED IN A DISTRICT IN ANY OF GRADES**
9 **7 TO 12 IS ELIGIBLE TO ENROLL IN AN ONLINE COURSE AS PROVIDED FOR**
10 **IN THIS SECTION. HOWEVER, THIS SECTION DOES NOT APPLY TO A PUPIL**
11 **ENROLLED IN A SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL, AS**
12 **DEFINED IN SECTION 551 OF THE REVISED SCHOOL CODE, MCL 380.551.**

13 **(2) WITH THE CONSENT OF THE PUPIL'S PARENT OR LEGAL GUARDIAN,**
14 **A DISTRICT SHALL ENROLL AN ELIGIBLE PUPIL IN UP TO 2 ONLINE COURSES**
15 **AS REQUESTED BY THE PUPIL DURING AN ACADEMIC TERM, SEMESTER, OR**
16 **TRIMESTER. IT IS THE INTENT OF THE LEGISLATURE TO CONSIDER**
17 **INCREASING THE LIMIT ON THE NUMBER OF ONLINE COURSES THAT A PUPIL**
18 **MAY ENROLL IN BEGINNING IN 2014-2015 FOR PUPILS WHO HAVE**
19 **DEMONSTRATED PREVIOUS SUCCESS WITH ONLINE COURSES. CONSENT OF THE**
20 **PUPIL'S PARENT OR LEGAL GUARDIAN IS NOT REQUIRED IF THE PUPIL IS AT**
21 **LEAST AGE 18 OR IS AN EMANCIPATED MINOR.**

22 **(3) AN ELIGIBLE PUPIL MAY ENROLL IN AN ONLINE COURSE PUBLISHED**
23 **IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES**
24 **DESCRIBED IN SUBSECTION (7) (A) .**

25 **(4) A DISTRICT SHALL DETERMINE WHETHER OR NOT IT HAS CAPACITY**
26 **TO ACCEPT APPLICATIONS FOR ENROLLMENT FROM NONRESIDENT APPLICANTS**
27 **IN ONLINE COURSES AND MAY USE THAT LIMIT AS THE REASON FOR REFUSAL**



1 TO ENROLL AN APPLICANT. IF THE NUMBER OF NONRESIDENT APPLICANTS
2 ELIGIBLE FOR ACCEPTANCE IN AN ONLINE COURSE DOES NOT EXCEED THE
3 CAPACITY OF THE DISTRICT TO PROVIDE THE ONLINE COURSE, THE DISTRICT
4 SHALL ACCEPT FOR ENROLLMENT ALL OF THE NONRESIDENT APPLICANTS
5 ELIGIBLE FOR ACCEPTANCE. IF THE NUMBER OF NONRESIDENT APPLICANTS
6 EXCEEDS THE DISTRICT'S CAPACITY TO PROVIDE THE ONLINE COURSE, THE
7 DISTRICT SHALL USE A RANDOM DRAW SYSTEM, SUBJECT TO THE NEED TO
8 ABIDE BY STATE AND FEDERAL ANTIDISCRIMINATION LAWS AND COURT
9 ORDERS.

10 (5) A DISTRICT MAY DENY A PUPIL ENROLLMENT IN AN ONLINE COURSE
11 IF ANY OF THE FOLLOWING APPLY, AS DETERMINED BY THE DISTRICT:

12 (A) THE PUPIL HAS PREVIOUSLY GAINED THE CREDITS PROVIDED FROM
13 THE COMPLETION OF THE ONLINE COURSE.

14 (B) THE ONLINE COURSE IS NOT CAPABLE OF GENERATING ACADEMIC
15 CREDIT.

16 (C) THE ONLINE COURSE IS INCONSISTENT WITH THE REMAINING
17 GRADUATION REQUIREMENTS OR CAREER INTERESTS OF THE PUPIL.

18 (D) THE PUPIL DOES NOT POSSESS THE PREREQUISITE KNOWLEDGE AND
19 SKILLS TO BE SUCCESSFUL IN THE ONLINE COURSE.

20 (6) IF A PUPIL IS DENIED ENROLLMENT IN AN ONLINE COURSE BY A
21 DISTRICT, THE PUPIL MAY APPEAL THE DENIAL BY SUBMITTING A LETTER TO
22 THE SUPERINTENDENT OF THE INTERMEDIATE DISTRICT IN WHICH THE
23 PUPIL'S EDUCATING DISTRICT IS LOCATED. THE LETTER OF APPEAL SHALL
24 INCLUDE THE REASON PROVIDED BY THE DISTRICT FOR NOT ENROLLING THE
25 PUPIL AND THE REASON WHY THE PUPIL IS CLAIMING THAT THE ENROLLMENT
26 SHOULD BE APPROVED. THE INTERMEDIATE DISTRICT SUPERINTENDENT OR
27 DESIGNEE SHALL RESPOND TO THE APPEAL WITHIN 5 DAYS AFTER IT IS



1 RECEIVED. IF THE INTERMEDIATE DISTRICT SUPERINTENDENT OR DESIGNEE
2 DETERMINES THAT THE DENIAL OF ENROLLMENT DOES NOT MEET 1 OR MORE OF
3 THE REASONS SPECIFIED IN SUBSECTION (5), THE DISTRICT SHALL ALLOW
4 THE PUPIL TO ENROLL IN THE ONLINE COURSE.

5 (7) TO OFFER OR PROVIDE AN ONLINE COURSE, A DISTRICT SHALL DO
6 ALL OF THE FOLLOWING:

7 (A) POST THE COURSE SYLLABUS ON ITS PUBLICLY ACCESSIBLE
8 WEBSITE WITH A LINK FROM THE HOMEPAGE.

9 (B) OFFER THE ONLINE COURSE ON AN OPEN ENTRY AND EXIT METHOD,
10 OR ALIGNED TO A SEMESTER, TRIMESTER, OR ACCELERATED ACADEMIC TERM
11 FORMAT.

12 (8) FOR A PUPIL ENROLLED IN 1 OR MORE ONLINE COURSES PUBLISHED
13 IN THE PUPIL'S EDUCATING DISTRICT'S CATALOG OF ONLINE COURSES UNDER
14 SUBSECTION (7), THE DISTRICT SHALL USE FOUNDATION ALLOWANCE OR PER
15 PUPIL FUNDS CALCULATED UNDER SECTION 20 TO PAY FOR THE EXPENSES
16 ASSOCIATED WITH THE ONLINE COURSE OR COURSES. THE COST OF AN ONLINE
17 COURSE SHALL NOT EXCEED 1/12 OF THE DISTRICT'S FOUNDATION ALLOWANCE
18 PER SEMESTER OR 1/18 OF THE DISTRICT'S FOUNDATION ALLOWANCE PER
19 TRIMESTER.

20 (9) AN ONLINE LEARNING PUPIL SHALL HAVE THE SAME RIGHTS AND
21 ACCESS TO TECHNOLOGY IN HIS OR HER EDUCATING DISTRICT'S SCHOOL
22 FACILITIES AS ALL OTHER PUPILS ENROLLED IN THE EDUCATING DISTRICT.

23 (10) IF A PUPIL SUCCESSFULLY COMPLETES AN ONLINE COURSE, THE
24 PUPIL'S EDUCATING DISTRICT SHALL GRANT APPROPRIATE ACADEMIC CREDIT
25 FOR COMPLETION OF THE COURSE AND SHALL COUNT THAT CREDIT TOWARD
26 COMPLETION OF GRADUATION AND SUBJECT AREA REQUIREMENTS. A PUPIL'S
27 SCHOOL RECORD AND TRANSCRIPT SHALL IDENTIFY THE ONLINE COURSE TITLE



1 AS IT APPEARS IN THE ONLINE COURSE SYLLABUS DEFINED IN SUBSECTION
2 (11).

3 (11) AS USED IN THIS SECTION:

4 (A) "ONLINE COURSE" MEANS A COURSE OF STUDY THAT IS CAPABLE OF
5 GENERATING A CREDIT OR A GRADE, THAT IS PROVIDED IN AN INTERACTIVE
6 INTERNET-CONNECTED LEARNING ENVIRONMENT, IN WHICH PUPILS ARE
7 SEPARATED FROM THEIR TEACHERS BY TIME OR LOCATION, OR BOTH, AND IN
8 WHICH A TEACHER WHO HOLDS A VALID MICHIGAN TEACHING CERTIFICATE IS
9 RESPONSIBLE FOR DETERMINING APPROPRIATE INSTRUCTIONAL METHODS FOR
10 EACH PUPIL, DIAGNOSING LEARNING NEEDS, ASSESSING PUPIL LEARNING,
11 PRESCRIBING INTERVENTION STRATEGIES, REPORTING OUTCOMES, AND
12 EVALUATING THE EFFECTS OF INSTRUCTION AND SUPPORT STRATEGIES.

13 (B) "ONLINE COURSE SYLLABUS" MEANS A DOCUMENT THAT INCLUDES
14 ALL OF THE FOLLOWING:

15 (i) THE STATE ACADEMIC STANDARDS ADDRESSED IN AN ONLINE COURSE.

16 (ii) THE ONLINE COURSE CONTENT OUTLINE.

17 (iii) THE ONLINE COURSE REQUIRED ASSESSMENTS.

18 (iv) THE ONLINE COURSE PREREQUISITES.

19 (v) EXPECTATIONS FOR ACTUAL INSTRUCTOR CONTACT TIME WITH THE
20 ONLINE LEARNING PUPIL AND OTHER PUPIL-TO-INSTRUCTOR COMMUNICATIONS.

21 (vi) ACADEMIC SUPPORT AVAILABLE TO THE ONLINE LEARNING PUPIL.

22 (vii) THE ONLINE COURSE LEARNING OUTCOMES AND OBJECTIVES.

23 (viii) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
24 ONLINE CONTENT.

25 (ix) THE NAME OF THE INSTITUTION OR ORGANIZATION PROVIDING THE
26 ONLINE INSTRUCTOR.

27 (x) THE COURSE TITLES ASSIGNED BY THE DISTRICT AND THE COURSE



1 TITLES AND COURSE CODES FROM THE NATIONAL CENTER FOR EDUCATION
 2 STATISTICS (NCES) SCHOOL CODES FOR THE EXCHANGE OF DATA (SCED).

3 (xi) THE NUMBER OF ELIGIBLE NONRESIDENT PUPILS THAT WILL BE
 4 ACCEPTED BY THE DISTRICT IN THE ONLINE COURSE.

5 (C) "ONLINE LEARNING PUPIL" MEANS A PUPIL ENROLLED IN 1 OR
 6 MORE ONLINE COURSES.

7 Sec. 22a. (1) From the appropriation in section 11, ~~there is~~
 8 ~~allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012~~
 9 ~~and there is allocated an amount not to exceed \$5,712,000,000.00~~
 10 ~~for 2012-2013~~ **\$5,558,000,000.00 FOR 2013-2014** for payments to
 11 districts and qualifying public school academies to guarantee each
 12 district and qualifying public school academy an amount equal to
 13 its 1994-95 total state and local per pupil revenue for school
 14 operating purposes under section 11 of article IX of the state
 15 constitution of 1963. Pursuant to section 11 of article IX of the
 16 state constitution of 1963, this guarantee does not apply to a
 17 district in a year in which the district levies a millage rate for
 18 school district operating purposes less than it levied in 1994.
 19 However, subsection (2) applies to calculating the payments under
 20 this section. Funds allocated under this section that are not
 21 expended in the state fiscal year for which they were allocated, as
 22 determined by the department, may be used to supplement the
 23 allocations under sections 22b and 51c in order to fully fund those
 24 calculated allocations for the same fiscal year.

25 (2) To ensure that a district receives an amount equal to the
 26 district's 1994-95 total state and local per pupil revenue for
 27 school operating purposes, there is allocated to each district a



1 state portion of the district's 1994-95 foundation allowance in an
2 amount calculated as follows:

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

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



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

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

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

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



1 an affected district's 1994-95 foundation allowance is less than
 2 the 1994-95 basic foundation allowance, the amount of that
 3 district's 1994-95 foundation allowance shall be considered for the
 4 purpose of calculations under this subsection to be equal to the
 5 amount of the 1994-95 basic foundation allowance.

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

17 ~~—— (a) To be eligible for a payment under this subsection, a~~
 18 ~~district shall be determined by the department and the department~~
 19 ~~of treasury to meet all of the following:~~

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

22 ~~—— (ii) Before January 1, 2011, the owner of a natural-gas-powered~~
 23 ~~power plant located in a renaissance zone within the district's~~
 24 ~~geographic boundaries for 2009 and 2010 appealed to the Michigan~~
 25 ~~tax tribunal an order of the state tax commission for tax years~~
 26 ~~2009 and 2010 pursuant to section 154 of the general property tax~~
 27 ~~act, 1893 PA 206, MCL 211.154, and appealed to the state tax~~



1 ~~commission the 2011 classification and valuation of the power~~
 2 ~~plant.~~

3 ~~—— (iii) The district received a reduced amount of local school~~
 4 ~~operating revenue for tax years 2009, 2010, and 2011 as a result of~~
 5 ~~the exemptions of industrial personal property and commercial~~
 6 ~~personal property under section 1211 of the revised school code,~~
 7 ~~MCL 380.1211.~~

8 ~~—— (iv) A settlement agreement has been signed to resolve the~~
 9 ~~Michigan tax tribunal appeal described in subparagraph (ii) and a~~
 10 ~~memorandum of understanding that stipulates terms of the settlement~~
 11 ~~has been executed by the parties.~~

12 ~~—— (b) A payment made under this subsection shall be in addition~~
 13 ~~to renaissance zone reimbursement amounts paid in the 2009-2010 and~~
 14 ~~2010-2011 state fiscal years under section 26a to districts~~
 15 ~~eligible for payment under this subsection. The 2009-2010 and 2010-~~
 16 ~~2011 state fiscal year payments under section 26a to a district~~
 17 ~~receiving a payment under this subsection shall not be reduced as a~~
 18 ~~result of the reduction to the district's 2009 and 2010 taxable~~
 19 ~~value of real property under the appeals described in subdivision~~
 20 ~~(a) (ii).~~

21 **(6)** ~~(7)~~—As used in this section:

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

26 (b) "Certified mills" means the lesser of 18 mills or the
 27 number of mills of school operating taxes levied by the district in



1 1993-94.

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

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

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

19 (f) "Homestead", "qualified agricultural property", "qualified
20 forest property", "supportive housing property", "industrial
21 personal property", and "commercial personal property" mean those
22 terms as defined in section 1211 of the revised school code, MCL
23 380.1211.

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

27 (h) "Nonexempt property" means property that is not a



1 principal residence, qualified agricultural property, qualified
2 forest property, supportive housing property, industrial personal
3 property, or commercial personal property.

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

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

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

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

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



1 current state fiscal year.

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

7 Sec. 22b. (1) From the ~~state funds appropriated~~ **APPROPRIATION**
8 in section 11, ~~there is allocated for 2011-2012 an amount not to~~
9 ~~exceed \$3,052,000,000.00 and there is allocated for 2012-2013-~~
10 **2014** an amount not to exceed ~~\$3,152,300,000.00~~ **\$3,304,000,000.00**
11 for discretionary nonmandated payments to districts under this
12 section. Funds allocated under this section that are not expended
13 in the state fiscal year for which they were allocated, as
14 determined by the department, may be used to supplement the
15 allocations under sections 22a and 51c in order to fully fund those
16 calculated allocations for the same fiscal year.

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

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

24 (a) ~~Administer in each grade level that it operates in grades~~
25 ~~1 to 5 a standardized assessment approved by the department of~~
26 ~~grade appropriate basic educational skills. A district may use the~~
27 ~~Michigan literacy progress profile to satisfy this requirement for~~



1 ~~grades 1 to 3. Also, if the revised school code is amended to~~
2 ~~require annual assessments at additional grade levels, in order to~~
3 ~~receive an allocation under this section each district shall comply~~
4 ~~with that requirement.~~ **COMPLY WITH SECTION 1280B OF THE REVISED**
5 **SCHOOL CODE, MCL 380.1280B.**

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

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

11 (d) Comply with section 1230g of the revised school code, MCL
12 380.1230g.

13 **(E) COMPLY WITH SECTION 21F.**

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

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

24 (6) From the allocation in subsection (1), the department
25 shall pay up to \$1,000,000.00 in litigation costs incurred by this
26 state associated with lawsuits filed by 1 or more districts or
27 intermediate districts against this state. If the allocation under



1 this section is insufficient to fully fund all payments required
2 under this section, the payments under this subsection shall be
3 made in full before any proration of remaining payments under this
4 section.

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

20 (8) If the local claims review board or a court of competent
21 jurisdiction makes a final determination that this state is in
22 violation of section 29 of article IX of the state constitution of
23 1963 regarding state payments to districts, the state budget
24 director shall use work project funds under subsection (7) or
25 allocate from the discretionary funds for nonmandated payments
26 under this section the amount as may be necessary to satisfy the
27 amount owed to districts before making any payments to districts



1 under subsection (2).

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

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

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



1 result of the litigation. The work project shall be completed upon
 2 resolution of the litigation. In addition, this state reserves the
 3 right to terminate future federal title XIX medicaid reimbursement
 4 payments to districts if the amount or allocation of reimbursed
 5 funds is challenged in the lawsuit. As used in this subsection,
 6 "title XIX" means title XIX of the social security act, 42 USC 1396
 7 to 1396v.

8 ~~—— (12) Not later than January 1, 2013, the department shall~~
 9 ~~submit a report to the legislature identifying the amount of the~~
 10 ~~savings that the department has calculated as having been achieved~~
 11 ~~due to the revised number of instructional hours used to calculate~~
 12 ~~full-time equated memberships for kindergarten pupils under section~~
 13 ~~6(4) (r) as amended by 2011 PA 62.~~

14 **SEC. 22C. FROM THE APPROPRIATION IN SECTION 11, THERE IS**
 15 **ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$24,000,000.00 TO**
 16 **MAKE EQUITY PAYMENTS TO DISTRICTS THAT HAVE A FOUNDATION ALLOWANCE**
 17 **OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR 2013-2014**
 18 **OF LESS THAN \$7,000.00. THE EQUITY PAYMENT FOR A DISTRICT SHALL BE**
 19 **AN AMOUNT PER MEMBERSHIP PUPIL EQUAL TO THE LESSER OF \$34.00 OR THE**
 20 **DIFFERENCE BETWEEN \$7,000.00 AND THE DISTRICT'S 2013-2014**
 21 **FOUNDATION ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER**
 22 **SECTION 20.**

23 Sec. 22d. (1) From the appropriation in section 11, an amount
 24 not to exceed \$2,025,000.00 is allocated ~~each fiscal year for 2011-~~
 25 ~~2012 and for 2012-2013~~ **FOR 2013-2014** for supplemental payments to
 26 rural districts under this section.

27 (2) From the allocation under subsection (1), there is



1 allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
2 **2013-2014** an amount not to exceed \$750,000.00 for payments under
3 this subsection to districts that meet all of the following:

4 (a) Operates grades K to 12.

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

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

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

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

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



1 (4) Subject to subsection (6), from the allocation in
 2 subsection (1), there is allocated ~~each fiscal year for 2011-2012~~
 3 ~~and for 2012-2013~~ **FOR 2013-2014** an amount not to exceed
 4 \$1,275,000.00 for payments under this subsection to districts that
 5 meet all of the following:

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

8 (b) The district has a total square mileage greater than 200.0
 9 or is 1 of 2 districts that have consolidated transportation
 10 services and have a combined total square mileage greater than
 11 200.0.

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

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

16 Sec. 22f. (1) From the appropriation in section 11, there is
 17 allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
 18 ~~\$80,000,000.00~~ **\$100.00** to provide incentive payments to districts
 19 that meet best practices under this section. Payments received
 20 under this section may be used for any purpose for which payments
 21 under sections 22a and 22b may be used.

22 (2) The amount of the incentive payment under this section is
 23 an amount equal to ~~\$52.00~~ **\$0.00** per pupil. A district shall receive
 24 an incentive payment under this section if the district satisfies
 25 at least 7 of the following requirements not later than June 1,
 26 ~~2013~~ **2014**:

27 (a) If a district provides medical, pharmacy, dental, vision,



1 disability, long-term care, or any other type of benefit that would
2 constitute a health care services benefit, to employees and their
3 dependents, the district is the policyholder for each of its
4 insurance policies that covers 1 or more of these benefits. A
5 district that does not directly employ its staff **OR A DISTRICT WITH**
6 **A VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION THAT PAYS NO MORE THAN**
7 **THE MAXIMUM PER EMPLOYEE CONTRIBUTION AMOUNT AND THAT CONTRIBUTES**
8 **NO MORE THAN THE MAXIMUM EMPLOYER CONTRIBUTION PERCENTAGE OF TOTAL**
9 **ANNUAL COSTS FOR THE MEDICAL BENEFIT PLANS AS DESCRIBED IN SECTIONS**
10 **3 AND 4 OF THE PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT,**
11 **2011 PA 152, MCL 15.563 AND 15.564,** is considered to have satisfied
12 this requirement.

13 (b) The district has obtained competitive bids on the
14 provision of pupil transportation, food service, custodial, or 1 or
15 more other noninstructional services for ~~2012-2013~~**2013-2014. IN**
16 **COMPARING COMPETITIVE BIDS TO THE CURRENT COSTS OF PROVIDING 1 OR**
17 **MORE OF THESE SERVICES, A DISTRICT SHALL EXCLUDE THE UNFUNDED**
18 **ACCRUED LIABILITY COSTS FOR RETIREMENT AND OTHER BENEFITS FROM THE**
19 **DISTRICT'S CURRENT COSTS.**

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

23 (d) The district monitors individual pupil academic growth in
24 each subject area at least twice during the school year using
25 competency-based online assessments and reports those results to
26 the pupil and his or her parent or guardian, or provides the
27 department with a plan and is able to show progress toward



1 developing the technology infrastructure necessary for the
2 implementation of pupil academic growth assessments by 2014-2015.

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

7 (i) Supports attendance of district pupils under the
8 postsecondary enrollment options act, MCL 388.511 to 388.524, or
9 under the career and technical preparation act, MCL 388.1901 to
10 388.1913, consistent with provisions under section 21b.

11 (ii) Offers college-level equivalent courses, as defined in
12 section 1471 of the revised school code, MCL 380.1471.

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

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

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

25 (f) The district offers online ~~instructional programs~~ **COURSES**
26 or blended learning opportunities to all eligible pupils. In order
27 to satisfy this requirement, ~~districts must~~ **A DISTRICT MUST** make



1 all eligible pupils and their parents or guardians aware of these
 2 opportunities **AND MUST PUBLISH AN ONLINE COURSE SYLLABUS AS**
 3 **DESCRIBED IN SECTION 21F FOR EACH ONLINE COURSE THAT THE DISTRICT**
 4 **OFFERS.** For the purposes of this subdivision:

5 (i) "Blended learning" means a hybrid instructional delivery
 6 model where pupils are provided ~~face-to-face~~ **CONTENT**, instruction,
 7 **AND ASSESSMENT** in part at a supervised ~~school~~ **EDUCATIONAL** facility
 8 away from home **WHERE THE PUPIL AND A TEACHER WITH A VALID MICHIGAN**
 9 **TEACHING CERTIFICATE ARE IN THE SAME PHYSICAL LOCATION** and
 10 ~~partially~~ **IN PART** through ~~computer-based and internet-connected~~
 11 learning environments with some degree of pupil control over time,
 12 location, and pace of instruction.

13 (ii) "~~Online instructional program~~" **COURSE**" means a course of
 14 study that ~~generates~~ **IS CAPABLE OF GENERATING** a credit or a grade,
 15 **THAT IS** provided in an interactive ~~computer-based and internet-~~
 16 connected learning environment, in which pupils are separated from
 17 their teachers by time or location, or both, and in which a
 18 ~~Michigan-certificated teacher~~ **WITH A VALID MICHIGAN TEACHING**
 19 **CERTIFICATE** is responsible for ~~providing direct instruction,~~
 20 **DETERMINING APPROPRIATE INSTRUCTIONAL METHODS FOR EACH PUPIL,**
 21 diagnosing learning needs, assessing pupil learning, prescribing
 22 intervention strategies, reporting outcomes, and evaluating the
 23 effects of instruction and support strategies.

24 (g) The district provides to parents and community members a
 25 dashboard or report card demonstrating the district's efforts to
 26 manage its finances responsibly. The dashboard or report card shall
 27 include **REVENUE AND EXPENDITURE PROJECTIONS FOR THE DISTRICT FOR**



1 FISCAL YEAR 2013-2014 AND FISCAL YEAR 2014-2015, A LISTING OF ALL
2 DEBT SERVICE OBLIGATIONS, DETAILED BY PROJECT, INCLUDING
3 ANTICIPATED FISCAL YEAR 2013-2014 PAYMENT FOR EACH PROJECT, A
4 LISTING OF TOTAL OUTSTANDING DEBT, AND at least all of the
5 following for the 3 most recent school years for which the data are
6 available:

7 (i) Graduation and dropout rates.

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

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

11 (iv) Elementary and middle school MEAP scores.

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

14 (vi) General fund balance.

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

16 (h) The district provides physical education consistent with
17 the state board's policy on quality physical education adopted
18 September 25, 2003, or provides health education consistent with
19 the state board's policy on comprehensive school health education
20 adopted June 8, 2004.

21 (3) If the department determines that a district has
22 intentionally submitted false information in order to qualify for
23 an incentive payment under this section, the district forfeits an
24 amount equal to the amount it received under this section from its
25 total state school aid for ~~2013-2014-2014-2015~~.

26 (4) If the department determines that funds allocated under
27 this section will remain unexpended after the initial allocation of



1 ~~52.00~~**\$0.00** per pupil to eligible districts under subsection (2),
 2 the remaining unexpended amount is allocated on an equal per pupil
 3 basis to districts that meet the requirements of subsection (2) and
 4 that have a foundation allowance, as calculated under section 20,
 5 in an amount that is less than the basic foundation allowance under
 6 that section.

7 Sec. 22i. (1) From the funds appropriated in section 11, there
 8 is allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
 9 \$50,000,000.00 for **THE** technology infrastructure ~~grants to~~**GRANT**
 10 **PROGRAM FOR** districts or ~~to~~ intermediate districts on behalf of
 11 their constituent districts. Funds received under this section
 12 shall be used for ~~access to a computer-adaptive test or for the~~
 13 development or improvement of a district's technology
 14 infrastructure, ~~including, but not limited to, hardware and~~
 15 ~~software,~~**THE SHARED SERVICES CONSOLIDATION OF TECHNOLOGY AND DATA,**
 16 **AND HARDWARE** in preparation for the planned implementation in 2014-
 17 2015 of online growth assessments.

18 (2) The department shall develop a ~~competitive application~~
 19 ~~process and method of grant distribution~~ **IN WHICH ALL ELIGIBLE**
 20 **DISTRICTS AND INTERMEDIATE DISTRICTS MAY PARTICIPATE.** The
 21 department may consult with the department of technology,
 22 management, and budget during the grant process and grant
 23 distribution. Grants to districts shall not exceed \$2,000,000.00
 24 per district. A grant to an intermediate district on behalf of its
 25 constituent districts shall not exceed \$2,000,000.00 per
 26 constituent district. To receive a grant under this section, an
 27 intermediate district shall demonstrate that a grant awarded to the



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

4 (3) A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT RECEIVE ANY
5 FUNDING UNDER THIS SECTION UNLESS THE DISTRICT OR INTERMEDIATE
6 DISTRICT SATISFIES BOTH OF THE FOLLOWING:

7 (A) HAS NOT DONE EITHER OF THE FOLLOWING:

8 (i) EXTENDED OR RENEWED A CONTRACT AFTER DECEMBER 10, 2012 AND
9 BEFORE MARCH 28, 2013 THAT WOULD NOT HAVE EXPIRED, BUT FOR THE
10 EXTENSION OR RENEWAL OF THE CONTRACT, UNTIL AFTER SEPTEMBER 30,
11 2013, UNLESS DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER
12 OF THE FOLLOWING:

13 (A) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING
14 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
15 PUBLIC ACCOUNTING FIRM.

16 (B) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT
17 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
18 PUBLIC ACCOUNTING FIRM.

19 (ii) EXTENDED, RENEWED, OR ENTERED INTO A CONTRACT AFTER
20 DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013 FOR WHICH THE TERM OF
21 THE EXTENSION, RENEWAL, OR NEW CONTRACT EXCEEDS THE LENGTH OF THE
22 EXTENDED, RENEWED, OR PREVIOUS CONTRACT THAT IT REPLACES, UNLESS
23 THE DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER OF THE
24 FOLLOWING:

25 (A) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING OR
26 PREVIOUS CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT
27 CERTIFIED PUBLIC ACCOUNTING FIRM.



1 (B) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT
2 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
3 PUBLIC ACCOUNTING FIRM.

4 (B) HAS NOT, AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28,
5 2013, ENTERED INTO A CONTRACT THAT CONTAINS ONLY TERMS THAT
6 CONSTITUTE A UNION SECURITY AGREEMENT, CLOSED-SHOP PROVISION, OR AN
7 AGREEMENT THAT OTHERWISE REQUIRES AN INDIVIDUAL, AS A CONDITION OF
8 OBTAINING OR CONTINUING EMPLOYMENT, TO DO ANY OF THE FOLLOWING:

9 (i) REFRAIN OR RESIGN FROM MEMBERSHIP IN, VOLUNTARY AFFILIATION
10 WITH, OR VOLUNTARY FINANCIAL SUPPORT OF, A LABOR ORGANIZATION OR
11 BARGAINING REPRESENTATIVE.

12 (ii) BECOME OR REMAIN A MEMBER OF A LABOR ORGANIZATION OR
13 BARGAINING REPRESENTATIVE.

14 (iii) PAY ANY DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR
15 EXPENSES OF ANY KIND OR AMOUNT, OR PROVIDE ANYTHING OF VALUE, TO A
16 LABOR ORGANIZATION OR BARGAINING REPRESENTATIVE.

17 (iv) PAY TO ANY CHARITABLE ORGANIZATION OR THIRD PARTY ANY
18 AMOUNT THAT IS IN LIEU OF, IS EQUIVALENT TO, OR CONSTITUTES ANY
19 PORTION OF DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR EXPENSES
20 REQUIRED OF MEMBERS OF OR PUBLIC EMPLOYEES REPRESENTED BY A LABOR
21 ORGANIZATION OR BARGAINING REPRESENTATIVE.

22 (4) AS USED IN THIS SECTION:

23 (A) "CONTRACT" MEANS A COLLECTIVE BARGAINING AGREEMENT OR ANY
24 AGREEMENT DESCRIBED IN SUBSECTION (3) (B) .

25 (B) "SAVINGS" INCLUDES EMPLOYEE OR UNION CONCESSIONS IN WAGES,
26 HEALTH CARE BENEFITS, PENSION CONTRIBUTIONS, OR OTHER EMPLOYMENT
27 ISSUES IF THOSE OTHER ISSUES HAVE QUANTIFIABLE COST SAVINGS.



1 Sec. 22j. (1) From the appropriation in section 11, there is
2 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
3 ~~\$30,000,000.00~~**\$46,400,000.00** to provide separate incentive
4 payments to districts that meet student academic performance
5 funding goals under subsections (2) to (5). Payments received under
6 this section may be used for any purpose for which payments under
7 sections 22a and 22b may be used.

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

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

22 (a) Using a model determined by the department that
23 incorporates the most recent cut scores adopted for the Michigan
24 educational assessment program for each pupil in grades 3 to 8 in
25 the ~~2010-2011~~**2011-2012** school year, the department shall calculate
26 a point score using a metric that assigns points to each of those
27 pupils as follows:



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

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

7 (iii) For each pupil who began the school year not performing
8 proficiently in mathematics and who maintains his or her level of
9 proficiency, as determined by the department, over the school year,
10 1 point.

11 (iv) For each pupil who began the school year performing
12 proficiently in mathematics and who maintains his or her level of
13 proficiency, as determined by the department, over the school year,
14 2 points.

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

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

21 (b) The department shall then calculate a district average for
22 this metric for the ~~2010-2011~~**2011-2012** school year by totaling the
23 number of points for all pupils in grades 3 to 8 under subdivision
24 (a) and dividing that total by the number of those pupils.

25 (c) A district is a qualifying district for the payment under
26 this subsection if the district average for the ~~2010-2011~~**2011-2012**
27 school year under subdivision (b) is at least equal to a factor of



1 1.5, and the district tested at least 95% of its pupils in
2 mathematics, and the district had at least 30 full academic year
3 pupils in grades 3 to 8 with a performance level change designation
4 in mathematics.

5 (4) An amount not to exceed 30% of the maximum per pupil
6 amount allocated under subsection (2) shall be used to make
7 performance incentive payments to qualifying districts under this
8 subsection based on pupil performance on state assessments in
9 reading in grades 3 to 8. The amount of a payment under this
10 subsection is an amount equal to \$30.00 per pupil for all pupils in
11 membership in the district. The department shall determine the
12 qualifying districts under this subsection as follows:

13 (a) Using a model determined by the department that
14 incorporates the most recent cut scores adopted for the Michigan
15 educational assessment program for each pupil in grades 3 to 8 in
16 the ~~2010-2011~~**2011-2012** school year, the department shall calculate
17 a point score using a metric that assigns points to each of those
18 pupils as follows:

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

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

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



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

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

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

10 (b) The department shall then calculate a district average for
11 this metric for the ~~2010-2011~~**2011-2012** school year by totaling the
12 number of points for all pupils in grades 3 to 8 under subdivision
13 (a) and dividing that total by the number of those pupils.

14 (c) A district is a qualifying district for the payment under
15 this subsection if the district average for the ~~2010-2011~~**2011-2012**
16 school year under subdivision (b) is at least equal to a factor of
17 1.5, and the district tested at least 95% of its pupils in reading,
18 and the district had at least 30 full academic year pupils in
19 grades 3 to 8 reading with a performance level change designation
20 in reading.

21 (5) An amount not to exceed 40% of the maximum per pupil
22 amount allocated under subsection (2) shall be used to make
23 performance incentive payments to qualifying districts under this
24 subsection for high school improvement using a metric based on the
25 positive trend over a 4-year period in the percentage of high
26 school pupils in the district testing as proficient in all tested
27 subject areas on the state assessments of high school pupils. The



1 amount of a payment under this subsection is an amount equal to
2 \$40.00 per pupil for all pupils in membership in the district. The
3 department shall determine the qualifying districts under this
4 subsection as follows:

5 (a) Calculate a linear regression of the percentage of high
6 school pupils in the district testing as proficient in all tested
7 subject areas on state assessments of high school pupils on school
8 year over the 4-year period ending with the ~~2010-2011~~**2011-2012**
9 school year as adjusted for changes in cut scores most recently
10 adopted for the Michigan merit examination.

11 (b) Calculate a statewide average for all districts operating
12 a high school of the linear regression of the percentage of high
13 school pupils testing as proficient in all tested subject areas on
14 state assessments of high school pupils on school year over the 4-
15 year period ending with the ~~2010-2011~~**2011-2012** school year, as
16 adjusted for changes in cut scores most recently adopted for the
17 Michigan merit examination as the base year for all comparisons.

18 (c) A district is a qualifying district for the payment under
19 this subsection if the district's linear regression over the 4-year
20 period ending with the ~~2010-2011~~**2011-2012** school year under
21 subdivision (a) is at least equal to the statewide average linear
22 regression over the 4-year period ending with the base year under
23 subdivision (b), and the district's linear regression over the 4-
24 year period ending with the ~~2010-2011~~**2011-2012** school year under
25 subdivision (a) is positive, and the district tested 95% of high
26 school pupils in each tested subject on ~~the Michigan merit~~
27 ~~examination,~~**STATE ASSESSMENTS**, and the district had at least 20



1 full academic year pupils take all tested subjects on ~~the Michigan~~
2 ~~merit examination~~ **STATE ASSESSMENTS OF HIGH SCHOOL PUPILS** over each
3 of the most recent 4 years.

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

8 (7) **A DISTRICT OR INTERMEDIATE DISTRICT MAY NOT RECEIVE ANY**
9 **FUNDING UNDER THIS SECTION UNLESS THE DISTRICT OR INTERMEDIATE**
10 **DISTRICT SATISFIES BOTH OF THE FOLLOWING:**

11 (A) **HAS NOT DONE EITHER OF THE FOLLOWING:**

12 (i) **EXTENDED OR RENEWED A CONTRACT AFTER DECEMBER 10, 2012 AND**
13 **BEFORE MARCH 28, 2013 THAT WOULD NOT HAVE EXPIRED, BUT FOR THE**
14 **EXTENSION OR RENEWAL OF THE CONTRACT, UNTIL AFTER SEPTEMBER 30,**
15 **2013, UNLESS DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER**
16 **OF THE FOLLOWING:**

17 (A) **ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING**
18 **CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED**
19 **PUBLIC ACCOUNTING FIRM.**

20 (B) **ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT**
21 **CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED**
22 **PUBLIC ACCOUNTING FIRM.**

23 (ii) **EXTENDED, RENEWED, OR ENTERED INTO A CONTRACT AFTER**
24 **DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013 FOR WHICH THE TERM OF**
25 **THE EXTENSION, RENEWAL, OR NEW CONTRACT EXCEEDS THE LENGTH OF THE**
26 **EXTENDED, RENEWED, OR PREVIOUS CONTRACT THAT IT REPLACES, UNLESS**
27 **THE DISTRICT OR INTERMEDIATE DISTRICT WILL REALIZE EITHER OF THE**



1 FOLLOWING:

2 (A) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING OR
3 PREVIOUS CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT
4 CERTIFIED PUBLIC ACCOUNTING FIRM.

5 (B) ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT
6 CONTRACT AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
7 PUBLIC ACCOUNTING FIRM.

8 (B) HAS NOT, AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28,
9 2013, ENTERED INTO A CONTRACT THAT CONTAINS ONLY TERMS THAT
10 CONSTITUTE A UNION SECURITY AGREEMENT, CLOSED-SHOP PROVISION, OR AN
11 AGREEMENT THAT OTHERWISE REQUIRES AN INDIVIDUAL, AS A CONDITION OF
12 OBTAINING OR CONTINUING EMPLOYMENT, TO DO ANY OF THE FOLLOWING:

13 (i) REFRAIN OR RESIGN FROM MEMBERSHIP IN, VOLUNTARY AFFILIATION
14 WITH, OR VOLUNTARY FINANCIAL SUPPORT OF, A LABOR ORGANIZATION OR
15 BARGAINING REPRESENTATIVE.

16 (ii) BECOME OR REMAIN A MEMBER OF A LABOR ORGANIZATION OR
17 BARGAINING REPRESENTATIVE.

18 (iii) PAY ANY DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR
19 EXPENSES OF ANY KIND OR AMOUNT, OR PROVIDE ANYTHING OF VALUE, TO A
20 LABOR ORGANIZATION OR BARGAINING REPRESENTATIVE.

21 (iv) PAY TO ANY CHARITABLE ORGANIZATION OR THIRD PARTY ANY
22 AMOUNT THAT IS IN LIEU OF, IS EQUIVALENT TO, OR CONSTITUTES ANY
23 PORTION OF DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR EXPENSES
24 REQUIRED OF MEMBERS OF OR PUBLIC EMPLOYEES REPRESENTED BY A LABOR
25 ORGANIZATION OR BARGAINING REPRESENTATIVE.

26 (8) AS USED IN THIS SECTION:

27 (A) "CONTRACT" MEANS A COLLECTIVE BARGAINING AGREEMENT OR ANY



1 AGREEMENT DESCRIBED IN SUBSECTION (3) (B) .

2 (B) "SAVINGS" INCLUDES EMPLOYEE OR UNION CONCESSIONS IN WAGES,
3 HEALTH CARE BENEFITS, PENSION CONTRIBUTIONS, OR OTHER EMPLOYMENT
4 ISSUES IF THOSE OTHER ISSUES HAVE QUANTIFIABLE COST SAVINGS.

5 SEC. 22K. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
6 ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$7,000,000.00 FOR
7 COMPETITIVE STUDENT-CENTRIC GRANTS TO ELIGIBLE DISTRICTS.

8 (2) IN ORDER TO BE ELIGIBLE TO RECEIVE GRANTS, A DISTRICT
9 SHALL DEMONSTRATE TO THE SATISFACTION OF THE DEPARTMENT THAT THE
10 DISTRICT DOES ALL OF THE FOLLOWING:

11 (A) PROVIDES A RIGOROUS CURRICULUM ALIGNED TO STATE, NATIONAL,
12 AND INTERNATIONAL STANDARDS.

13 (B) ORGANIZES INSTRUCTIONAL DELIVERY IN SUCH A WAY THAT
14 INDIVIDUAL PUPILS ADVANCE TO THE NEXT LEVEL OF LEARNING BASED ON
15 THEIR INDIVIDUAL MASTERY OF EACH SUBJECT AREA.

16 (C) ALLOWS FOR SCHOOL SITE-BASED AUTONOMY IN DECISION MAKING.

17 (D) ENSURES THAT TEACHERS HAVE ACCESS TO ALL OF THE FOLLOWING:

18 (i) TIMELY AND MEANINGFUL PUPIL ACADEMIC ACHIEVEMENT DATA.

19 (ii) BEST INSTRUCTIONAL PRACTICES.

20 (iii) TIME TO COLLABORATE WITH OTHERS.

21 (iv) MENTORS.

22 (v) PROFESSIONAL DEVELOPMENT TIED TO PUPIL NEEDS AS
23 DEMONSTRATED BY DATA.

24 (3) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL SUBMIT
25 AN APPLICATION TO THE DEPARTMENT BY OCTOBER 1, 2013 IN A FORM AND
26 MANNER PRESCRIBED BY THE DEPARTMENT. THE DEPARTMENT SHALL AWARD
27 GRANTS ON A PER PUPIL BASIS TO ELIGIBLE RECIPIENTS NO LATER THAN



1 **DECEMBER 30, 2013.**

2 Sec. 24. (1) From the appropriation in section 11, there is
3 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
4 \$8,000,000.00 for payments to the educating district or
5 intermediate district for educating pupils assigned by a court or
6 the department of human services to reside in or to attend a
7 juvenile detention facility or child caring institution licensed by
8 the department of human services and approved by the department to
9 provide an on-grounds education program. The amount of the payment
10 under this section to a district or intermediate district shall be
11 calculated as prescribed under subsection (2).

12 (2) The total amount allocated under this section shall be
13 allocated by paying to the educating district or intermediate
14 district an amount equal to the lesser of the district's or
15 intermediate district's added cost or the department's approved per
16 pupil allocation for the district or intermediate district. For the
17 purposes of this subsection:

18 (a) "Added cost" means 100% of the added cost each fiscal year
19 for educating all pupils assigned by a court or the department of
20 human services to reside in or to attend a juvenile detention
21 facility or child caring institution licensed by the department of
22 human services or the department of licensing and regulatory
23 affairs and approved by the department to provide an on-grounds
24 education program. Added cost shall be computed by deducting all
25 other revenue received under this ~~act~~**ARTICLE** for pupils described
26 in this section from total costs, as approved by the department, in
27 whole or in part, for educating those pupils in the on-grounds



1 education program or in a program approved by the department that
2 is located on property adjacent to a juvenile detention facility or
3 child caring institution. Costs reimbursed by federal funds are not
4 included.

5 (b) "Department's approved per pupil allocation" for a
6 district or intermediate district shall be determined by dividing
7 the total amount allocated under this section for a fiscal year by
8 the full-time equated membership total for all pupils approved by
9 the department to be funded under this section for that fiscal year
10 for the district or intermediate district.

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

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

22 Sec. 24a. From the appropriation in section 11, there is
23 allocated an amount not to exceed ~~\$2,135,800.00 for 2012-2013~~
24 **\$2,167,500.00 FOR 2013-2014** for payments to intermediate districts
25 for pupils who are placed in juvenile justice service facilities
26 operated by the department of human services. Each intermediate
27 district shall receive an amount equal to the state share of those



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

15 Sec. 24c. From the appropriation in section 11, there is
16 allocated an amount not to exceed \$1,500,000.00 for ~~2012-2013-2013-~~
17 **2014** for payments to districts for pupils who are enrolled in a
18 nationally administered community-based education and youth
19 mentoring program, known as the youth challenge program, that is
20 located within the district and is administered by the department
21 of military and veterans affairs. Both of the following apply to a
22 district receiving payments under this section:

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

27 (b) The district may retain for its administrative expenses an



1 amount not to exceed 3% of the amount of the payment the district
2 receives under this section.

3 **SEC. 25E. (1) THE CENTER SHALL WORK WITH THE DEPARTMENT,**
4 **DISTRICTS, AND INTERMEDIATE DISTRICTS TO DEVELOP A PUPIL TRANSFER**
5 **APPLICATION MODELED ON THE GRADUATION AND DROPOUT APPLICATION AND**
6 **TO DEVELOP A PUPIL TRANSFER PROCESS UNDER THIS SECTION.**

7 **(2) IF A PUPIL ENROLLS IN A DISTRICT OR INTERMEDIATE DISTRICT**
8 **AFTER THE PUPIL MEMBERSHIP COUNT DAY AND, DUE TO THE PUPIL'S**
9 **ENROLLMENT AND ATTENDANCE STATUS AS OF THE PUPIL MEMBERSHIP COUNT**
10 **DAY, THE PUPIL WAS NOT COUNTED IN MEMBERSHIP IN THE EDUCATING**
11 **DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT OR**
12 **INTERMEDIATE DISTRICT MAY REPORT THE ENROLLMENT AND ATTENDANCE**
13 **INFORMATION TO THE CENTER THROUGH THE PUPIL TRANSFER APPLICATION**
14 **UNTIL THE SUPPLEMENTAL COUNT DAY. IF THE PUPIL TRANSFERS FROM**
15 **ANOTHER DISTRICT OR INTERMEDIATE DISTRICT, THE EDUCATING DISTRICT**
16 **OR INTERMEDIATE DISTRICT ALSO MAY REPORT THE ENROLLMENT AND**
17 **ATTENDANCE INFORMATION TO THE CENTER THROUGH THE PUPIL TRANSFER**
18 **APPLICATION UNTIL THE SUPPLEMENTAL COUNT DAY. UPON RECEIPT OF THE**
19 **TRANSFER INFORMATION UNDER THIS SUBSECTION INDICATING THAT A PUPIL**
20 **HAS ENROLLED AND IS IN ATTENDANCE IN AN EDUCATING DISTRICT OR**
21 **INTERMEDIATE DISTRICT AS DESCRIBED IN THIS SUBSECTION, THE PUPIL**
22 **TRANSFER APPLICATION SHALL DO THE FOLLOWING:**

23 **(A) NOTIFY THE DISTRICT IN WHICH THE PUPIL WAS PREVIOUSLY**
24 **ENROLLED. THE DISTRICT SHALL PROVIDE PUPIL EXIT DATES AND OTHER**
25 **INFORMATION AS REQUIRED BY THE CENTER AND THE DEPARTMENT.**

26 **(B) NOTIFY BOTH THE PUPIL AUDITING STAFF OF THE INTERMEDIATE**
27 **DISTRICT IN WHICH THE EDUCATING DISTRICT IS LOCATED AND THE PUPIL**



1 AUDITING STAFF OF THE INTERMEDIATE DISTRICT IN WHICH THE DISTRICT
2 THAT PREVIOUSLY ENROLLED THE PUPIL IS LOCATED. THE PUPIL AUDITING
3 STAFF SHALL EDIT, IF NECESSARY, AND APPROVE THE TRANSFER.

4 (C) AGGREGATE THE DISTRICTWIDE CHANGES AND NOTIFY THE
5 DEPARTMENT FOR USE IN ADJUSTING THE STATE AID PAYMENT SYSTEM.

6 (3) THE DEPARTMENT SHALL DO ALL OF THE FOLLOWING:

7 (A) ADJUST THE MEMBERSHIP CALCULATION FOR EACH DISTRICT OR
8 INTERMEDIATE DISTRICT IN WHICH THE PUPIL WAS PREVIOUSLY COUNTED IN
9 MEMBERSHIP OR THAT PREVIOUSLY RECEIVED AN ADJUSTMENT IN ITS
10 MEMBERSHIP CALCULATION UNDER THIS SECTION DUE TO THE PUPIL'S
11 ENROLLMENT AND ATTENDANCE, IF ANY, SO THAT THE DISTRICT'S OR
12 INTERMEDIATE DISTRICT'S MEMBERSHIP IS PRORATED TO ALLOW THE
13 DISTRICT OR INTERMEDIATE DISTRICT TO RECEIVE FOR EACH SCHOOL DAY IN
14 WHICH THE PUPIL WAS ENROLLED AND IN ATTENDANCE IN THE DISTRICT AN
15 AMOUNT EQUAL TO 1/180 OF THE FOUNDATION ALLOWANCE OR PER PUPIL
16 PAYMENT AS CALCULATED UNDER SECTION 20 FOR THE DISTRICT OR
17 INTERMEDIATE DISTRICT. THE FOUNDATION ALLOWANCE OR PER PUPIL
18 PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S FULL-TIME EQUATED STATUS
19 AS AFFECTED BY THE MEMBERSHIP DEFINITION UNDER SECTION 6(4).

20 (B) ADJUST THE MEMBERSHIP CALCULATION FOR THE EDUCATING
21 DISTRICT OR INTERMEDIATE DISTRICT FOR EACH SCHOOL DAY IN WHICH THE
22 PUPIL IS ENROLLED AND IS IN ATTENDANCE IN THE EDUCATING DISTRICT OR
23 INTERMEDIATE DISTRICT SO THAT THE DISTRICT'S OR INTERMEDIATE
24 DISTRICT'S MEMBERSHIP IS INCREASED TO ALLOW THE DISTRICT OR
25 INTERMEDIATE DISTRICT TO RECEIVE, FOR EACH SCHOOL DAY BETWEEN THE
26 DAY THE PUPIL ENROLLED IN THE EDUCATING DISTRICT AND THE
27 SUPPLEMENTAL COUNT DAY, AN AMOUNT EQUAL TO 1/180 OF THE FOUNDATION



1 ALLOWANCE OR PER PUPIL PAYMENT AS CALCULATED UNDER SECTION 20 FOR
2 THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT. THE FOUNDATION
3 ALLOWANCE OR PER PUPIL PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S
4 FULL-TIME EQUATED STATUS AS AFFECTED BY THE MEMBERSHIP DEFINITION
5 UNDER SECTION 6(4).

6 (4) THE CHANGES IN CALCULATION OF STATE SCHOOL AID REQUIRED
7 UNDER SUBSECTION (3) SHALL TAKE EFFECT AS OF THE DATE THAT THE
8 PUPIL BECOMES ENROLLED AND IN ATTENDANCE IN THE EDUCATING DISTRICT
9 OR INTERMEDIATE DISTRICT, AND THE DEPARTMENT SHALL BASE ALL
10 SUBSEQUENT PAYMENTS UNDER THIS ARTICLE FOR THE FISCAL YEAR TO THE
11 AFFECTED DISTRICTS OR INTERMEDIATE DISTRICTS ON THIS RECALCULATION
12 OF STATE SCHOOL AID.

13 (5) IF A PUPIL ENROLLS IN AN EDUCATING DISTRICT OR
14 INTERMEDIATE DISTRICT AS DESCRIBED IN SUBSECTION (2), THE DISTRICT
15 OR INTERMEDIATE DISTRICT IN WHICH THE PUPIL IS COUNTED IN
16 MEMBERSHIP OR ANOTHER EDUCATING DISTRICT OR INTERMEDIATE DISTRICT
17 THAT RECEIVED AN ADJUSTMENT IN ITS MEMBERSHIP CALCULATION UNDER
18 SUBSECTION (3), IF ANY, AND THE EDUCATING DISTRICT OR INTERMEDIATE
19 DISTRICT SHALL PROVIDE TO THE CENTER AND THE DEPARTMENT ALL
20 INFORMATION THEY REQUIRE TO COMPLY WITH THIS SECTION.

21 (6) AS USED IN THIS SECTION, "EDUCATING DISTRICT OR
22 INTERMEDIATE DISTRICT" MEANS THE DISTRICT OR INTERMEDIATE DISTRICT
23 IN WHICH A PUPIL ENROLLS AFTER THE PUPIL MEMBERSHIP COUNT DAY OR
24 AFTER AN ADJUSTMENT WAS MADE IN ANOTHER DISTRICT'S OR INTERMEDIATE
25 DISTRICT'S MEMBERSHIP CALCULATION UNDER THIS SECTION DUE TO THE
26 PUPIL'S ENROLLMENT AND ATTENDANCE.

27 Sec. 26a. ~~(1) From the state school aid fund appropriation in~~



1 section 11, there is allocated ~~an amount not to exceed~~
 2 ~~\$25,137,500.00 for 2011-2012 and an amount not to exceed~~
 3 ~~\$26,300,000.00 for 2012-2013~~ **2013-2014** to reimburse districts and
 4 intermediate districts pursuant to section 12 of the Michigan
 5 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied
 6 in ~~2012.~~ **2013**. The allocations shall be made not later than 60 days
 7 after the department of treasury certifies to the department and to
 8 the state budget director that the department of treasury has
 9 received all necessary information to properly determine the
 10 amounts due to each eligible recipient.

11 ~~—— (2) In addition to the allocation under subsection (1), from~~
 12 ~~the general fund money appropriated under section 11, there is~~
 13 ~~allocated an amount not to exceed \$1,500,000.00 for 2012-2013 to~~
 14 ~~reimburse public libraries pursuant to section 12 of the Michigan~~
 15 ~~renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied~~
 16 ~~in 2012. The allocations shall be made not later than 60 days after~~
 17 ~~the department of treasury certifies to the department and to the~~
 18 ~~state budget director that the department of treasury has received~~
 19 ~~all necessary information to properly determine the amounts due to~~
 20 ~~each eligible recipient.~~

21 Sec. 26b. (1) From the appropriation in section 11, there is
 22 allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
 23 ~~\$3,328,000.00~~ **\$4,009,500.00** for payments to districts, intermediate
 24 districts, and community college districts for the portion of the
 25 payment in lieu of taxes obligation that is attributable to
 26 districts, intermediate districts, and community college districts
 27 pursuant to section 2154 of the natural resources and environmental



1 protection act, 1994 PA 451, MCL 324.2154.

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

6 Sec. 26c. (1) From the appropriation in section 11, there is
7 allocated an amount not to exceed ~~\$276,800.00 for 2011-2012 and an~~
8 ~~amount not to exceed \$347,800.00 for 2012-2013~~ **\$224,000.00 FOR**
9 **2013-2014** to the promise zone fund created in subsection (3).

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

15 (3) The promise zone fund is created as a separate account
16 within the state school aid fund to be used solely for the purposes
17 of the Michigan promise zone authority act, 2008 PA 549, MCL
18 390.1661 to 390.1679. All of the following apply to the promise
19 zone fund:

20 (a) The state treasurer shall direct the investment of the
21 promise zone fund. The state treasurer shall credit to the promise
22 zone fund interest and earnings from fund investments.

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

26 (4) Subject to subsection (2), the state treasurer may make
27 payments from the promise zone fund to eligible districts and



1 intermediate districts pursuant to the Michigan promise zone
2 authority act, 2008 PA 549, MCL 390.1661 to 390.1679, to be used
3 for the purposes of a promise zone authority created under that
4 act.

5 Sec. 31a. (1) From the state school aid fund money
6 appropriated in section 11, there is allocated for ~~2012-2013-2013-~~
7 **2014** an amount not to exceed \$317,695,500.00 for payments to
8 eligible districts, eligible public school academies, and the
9 education achievement system under this section. Subject to
10 subsection (14), the amount of the additional allowance under this
11 section, other than funding under subsection (6) or (7), shall be
12 based on the number of actual pupils in membership in the district
13 or public school academy or the education achievement system who
14 met the income eligibility criteria for free breakfast, lunch, or
15 milk in the immediately preceding state fiscal year, as determined
16 under the Richard B. Russell national school lunch act, 42 USC 1751
17 to 1769i, and reported to the department not later than the fifth
18 Wednesday after the pupil membership count day of the immediately
19 preceding fiscal year and adjusted not later than December 31 of
20 the immediately preceding fiscal year in the form and manner
21 prescribed by the center. However, for a public school academy that
22 began operations as a public school academy, or for an achievement
23 school that began operations as an achievement school, after the
24 pupil membership count day of the immediately preceding school
25 year, the basis for the additional allowance under this section
26 shall be the number of actual pupils in membership in the public
27 school academy or the education achievement system who met the



1 income eligibility criteria for free breakfast, lunch, or milk in
2 the current state fiscal year, as determined under the Richard B.
3 Russell national school lunch act and reported to the department
4 not later than the fifth Wednesday after the pupil membership count
5 day.

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

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

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

23 (3) Except as otherwise provided in this subsection, an
24 eligible district or eligible public school academy or the
25 education achievement system shall receive under this section for
26 each membership pupil in the district or public school academy or
27 the education achievement system who met the income eligibility



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



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



1 2002. A tutorial method may be conducted with paraprofessionals
2 working under the supervision of a certificated teacher. The ratio
3 of pupils to paraprofessionals shall be between 10:1 and 15:1. Only
4 1 certificated teacher is required to supervise instruction using a
5 tutorial method. As used in this subsection, "to supplant another
6 program" means to take the place of a previously existing
7 instructional program or direct noninstructional services funded
8 from a funding source other than funding under this section.

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

19 (6) From the funds allocated under subsection (1), there is
20 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
21 \$3,557,300.00 to support child and adolescent health centers. These
22 grants shall be awarded for 5 consecutive years beginning with
23 2003-2004 in a form and manner approved jointly by the department
24 and the department of community health. Each grant recipient shall
25 remain in compliance with the terms of the grant award or shall
26 forfeit the grant award for the duration of the 5-year period after
27 the noncompliance. To continue to receive funding for a child and



1 adolescent health center under this section a grant recipient shall
2 ensure that the child and adolescent health center has an advisory
3 committee and that at least one-third of the members of the
4 advisory committee are parents or legal guardians of school-aged
5 children. A child and adolescent health center program shall
6 recognize the role of a child's parents or legal guardian in the
7 physical and emotional well-being of the child. Funding under this
8 subsection shall be used to support child and adolescent health
9 center services provided to children up to age 21. If any funds
10 allocated under this subsection are not used for the purposes of
11 this subsection for the fiscal year in which they are allocated,
12 those unused funds shall be used that fiscal year to avoid or
13 minimize any proration that would otherwise be required under
14 subsection (14) for that fiscal year.

15 (7) From the funds allocated under subsection (1), there is
16 allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
17 \$5,150,000.00 for the state portion of the hearing and vision
18 screenings as described in section 9301 of the public health code,
19 1978 PA 368, MCL 333.9301. A local public health department shall
20 pay at least 50% of the total cost of the screenings. The frequency
21 of the screenings shall be as required under R 325.13091 to R
22 325.13096 and R 325.3271 to R 325.3276 of the Michigan
23 administrative code. Funds shall be awarded in a form and manner
24 approved jointly by the department and the department of community
25 health. Notwithstanding section 17b, payments to eligible entities
26 under this subsection shall be paid on a schedule determined by the
27 department.



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

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



1 found in the audit.

2 (10) Subject to subsections (5), (6), (7), (12), and (13), ~~any~~
 3 **A** district may use up to 100% of the funds it receives under this
 4 section to reduce the ratio of pupils to teachers in grades K-12,
 5 or any combination of those grades, in school buildings in which
 6 the percentage of pupils described in subsection (1) exceeds the
 7 district's aggregate percentage of those pupils. Subject to
 8 subsections (5), (6), (7), (12), and (13), ~~if a district obtains a~~
 9 ~~waiver from the department, the~~ **A** district may use up to 100% of
 10 the funds it receives under this section to reduce the ratio of
 11 pupils to teachers in grades K-12, or any combination of those
 12 grades, in school buildings in which the percentage of pupils
 13 described in subsection (1) is at least 60% of the district's
 14 aggregate percentage of those pupils and at least 30% of the total
 15 number of pupils enrolled in the school building. ~~To obtain a~~
 16 ~~waiver, a district must apply to the department and demonstrate to~~
 17 ~~the satisfaction of the department that the class size reductions~~
 18 ~~would be in the best interests of the district's at-risk pupils.~~

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

24 (12) For an individual school or schools operated by a
 25 district or public school academy receiving funds under this
 26 section or the education achievement system that have been
 27 determined by the department to meet the adequate yearly progress



1 standards of the no child left behind act of 2001, Public Law 107-
2 110, in both mathematics and English language arts at all
3 applicable grade levels for all applicable subgroups, the district
4 or public school academy or the education achievement system may
5 use not more than 20% of the funds it receives under this section
6 for specific alternative purposes identified by the district or
7 public school academy or the education achievement system that are
8 designed to benefit at-risk pupils in the school, but that may be
9 different from the purposes otherwise allowable under this section.
10 If a district or public school academy or the education achievement
11 system uses funds for alternative purposes allowed under the
12 flexibility provisions under this subsection, the district or
13 public school academy or the education achievement system shall
14 maintain documentation of the amounts used for those alternative
15 purposes and shall make that information available to the
16 department upon request.

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

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



1 Specific support or learning strategies may include support in or
2 out of the general classroom in areas including reading, writing,
3 math, visual memory, motor skill development, behavior, or language
4 development. These would be provided based on an understanding of
5 the individual child's learning needs.

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

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



1 (15) If a district is formed by consolidation after June 1,
 2 1995, and if 1 or more of the original districts was not eligible
 3 before the consolidation for an additional allowance under this
 4 section, the amount of the additional allowance under this section
 5 for the consolidated district shall be based on the number of
 6 pupils described in subsection (1) enrolled in the consolidated
 7 district who reside in the territory of an original district that
 8 was eligible before the consolidation for an additional allowance
 9 under this section.

10 (16) As used in this section, "at-risk pupil" means a pupil
 11 for whom the district has documentation that the pupil meets at
 12 least 2 of the following criteria: is a victim of child abuse or
 13 neglect; is below grade level in English language ~~and communication~~
 14 ~~skills~~ **ARTS** or mathematics; is a pregnant teenager or teenage
 15 parent; is eligible for a federal free or reduced-price lunch
 16 subsidy; has atypical behavior or attendance patterns; or has a
 17 family history of school failure, incarceration, or substance
 18 abuse. **AT-RISK PUPIL ALSO INCLUDES ALL PUPILS IN A PRIORITY SCHOOL**
 19 **AS DEFINED IN THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 2001**
 20 **FLEXIBILITY REQUEST APPROVED BY THE UNITED STATES DEPARTMENT OF**
 21 **EDUCATION.** For pupils for whom the results of at least the
 22 applicable Michigan education assessment program (MEAP) test have
 23 been received, at-risk pupil also includes a pupil who does not
 24 meet the other criteria under this subsection but who did not
 25 achieve at least a score of level 2 on the most recent MEAP English
 26 language arts, mathematics, science test, or social studies for
 27 which results for the pupil have been received. For pupils for whom



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

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

19 Sec. 31d. (1) From the appropriations in section 11, there is
 20 allocated an amount not to exceed \$22,495,100.00 for ~~2012-2013~~
 21 **2013-2014** for the purpose of making payments to districts and other
 22 eligible entities under this section.

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



1 computed by the department using the methods of calculation adopted
2 by the Michigan supreme court in the consolidated cases known as
3 Durant v State of Michigan, Michigan supreme court docket no.
4 104458-104492.

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

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

15 (5) From the federal funds appropriated in section 11, there
16 is allocated for ~~2012-2013~~**2013-2014** all available federal funding,
17 estimated at ~~\$400,000,000.00~~**\$460,000,000.00** for the national
18 school lunch program and all available federal funding, estimated
19 at ~~\$2,506,000.00~~**\$3,200,000.00** for the emergency food assistance
20 program.

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

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



1 Sec. 31f. (1) From the appropriations in section 11, there is
2 allocated an amount not to exceed ~~\$9,625,000.00 for 2012-2013~~
3 **\$5,625,000.00 FOR 2013-2014** for the purpose of making payments to
4 districts to reimburse for the cost of providing breakfast.

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

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

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

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

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

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

27 Sec. 32d. (1) From the funds appropriated in section 11, there



1 is allocated to eligible intermediate districts and consortia of
 2 intermediate districts for great start readiness programs an amount
 3 not to exceed ~~\$109,275,000.00 for 2012-2013.~~ **\$159,275,000.00 FOR**
 4 **2013-2014.** Funds allocated under this section shall be used to
 5 provide part-day, school-day, or GSRP/head start blended
 6 comprehensive free compensatory classroom programs designed to do 1
 7 or both of the following:

8 (a) Improve the readiness and subsequent achievement of
 9 educationally disadvantaged children ~~as defined by the department~~
 10 ~~who will be at least 4, but less than 5 years of age, as of~~
 11 ~~December 1 of the school year in which the programs are offered,~~
 12 ~~and~~ who meet the participant eligibility and prioritization
 13 guidelines as defined by the ~~state board.~~ **DEPARTMENT. BEGINNING IN**
 14 **2013-2014, FOR A CHILD TO BE ELIGIBLE TO PARTICIPATE IN A PROGRAM**
 15 **UNDER THIS SECTION, THE CHILD SHALL BE AT LEAST 4, BUT LESS THAN 5,**
 16 **YEARS OF AGE AS OF THE DATE SPECIFIED FOR DETERMINING A CHILD'S**
 17 **ELIGIBILITY TO ATTEND SCHOOL UNDER SECTION 1147 OF THE REVISED**
 18 **SCHOOL CODE, MCL 380.1147.**

19 (b) Provide preschool and parenting education programs similar
 20 to those under former section 32b as in effect for 2001-2002.
 21 Beginning in 2007-2008, funds spent for programs described in this
 22 subdivision shall not exceed the amount spent under this
 23 subdivision for the immediately preceding fiscal year. Funds spent
 24 for programs described in this subdivision shall be used for
 25 services to families with income below ~~300%~~ **250%** of the federal
 26 poverty level.

27 (2) Funds allocated under ~~this section~~ **SUBSECTION (1)** shall be



1 allocated to intermediate districts or consortia of intermediate
 2 districts **BASED ON THE FORMULA IN SECTION 39**. An intermediate
 3 district or consortium of intermediate districts receiving funding
 4 under this section shall act as the fiduciary for the great start
 5 readiness programs. ~~For 2012-2013, the fiduciary intermediate~~
 6 ~~districts and consortia of intermediate districts shall allocate~~
 7 ~~the funding under this section as follows:~~

8 ~~—— (a) An amount not to exceed \$100,400,000.00 allocated to~~
 9 ~~intermediate districts and consortia of intermediate districts as~~
 10 ~~directed by the department based on the formula in section 39. In~~
 11 ~~order to be eligible to receive funds allocated under this~~
 12 ~~subdivision~~ **SUBSECTION** from an intermediate district or consortium
 13 of intermediate districts, a district, ~~or~~ **A** consortium of
 14 districts, **OR A PUBLIC OR PRIVATE FOR-PROFIT OR NONPROFIT LEGAL**
 15 **ENTITY OR AGENCY** shall comply with this section and section 39.

16 ~~—— (b) An amount not to exceed \$8,875,000.00 allocated in grants~~
 17 ~~to competitive great start readiness programs as directed by the~~
 18 ~~department based on the grant award process in section 32/. In order~~
 19 ~~to be eligible to receive funds allocated under this section from~~
 20 ~~an intermediate district or consortium of intermediate districts, a~~
 21 ~~competitive great start readiness program shall comply with this~~
 22 ~~section and section 32/.~~

23 (3) In addition to the allocation under subsection (1), from
 24 the general fund money appropriated under section 11, there is
 25 allocated an amount not to exceed \$300,000.00 for ~~2012-2013~~ **2013-**
 26 **2014** for a competitive grant to continue a longitudinal evaluation
 27 of children who have participated in great start readiness



1 programs.

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

7 (a) Participation in a collaborative recruitment and
8 enrollment process ~~. At a minimum, the process shall include all~~
9 ~~other funded preschool programs that may serve children in the same~~
10 ~~geographic area,~~ to assure that each child is enrolled in the
11 program most appropriate to his or her needs and to maximize the
12 use of federal, state, and local funds.

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

16 (c) Nutritional services for all program participants
17 **SUPPORTED BY FEDERAL, STATE, AND LOCAL RESOURCES AS APPLICABLE.**

18 (d) Health and developmental screening services for all
19 program participants.

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

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

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

27 (h) Participation in a multidistrict, multiagency, school



1 readiness advisory committee **CONVENED AS A WORKGROUP OF THE GREAT**
 2 **START COLLABORATIVE** that provides for the involvement of classroom
 3 teachers, parents or guardians of program participants, and
 4 community, volunteer, and social service agencies and
 5 organizations, as appropriate. The advisory committee annually
 6 shall review the program components listed in this subsection and
 7 make recommendations for changes to the great start readiness
 8 program for which it is an advisory committee.

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

11 **(J) PARTICIPATION IN THIS STATE'S GREAT START TO QUALITY**
 12 **PROCESS WITH A RATING OF AT LEAST 3 STARS.**

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

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

18 (b) Ensure that ~~more than 75%~~ **AT LEAST 80%** of the children
 19 participating in an eligible great start readiness program **FOR WHOM**
 20 **THE PROVIDER IS RECEIVING FUNDS UNDER THIS SECTION** are children who
 21 live with families with a household income that is equal to or less
 22 than ~~300%~~ **250%** of the federal poverty level.

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

25 (i) Teachers possessing proper training. For programs managed
 26 directly by a district or intermediate district, a valid teaching
 27 certificate and an early childhood (ZA or ZS) endorsement are



1 required. This provision does not apply to ~~a district, intermediate~~
2 ~~district, or competitive program that subcontracts with an~~ eligible
3 child development program. In that situation, a teacher must have a
4 valid Michigan teaching certificate with an early childhood (ZA or
5 ZS) endorsement, a valid Michigan elementary teaching certificate
6 with a child development associate credential, or a bachelor's
7 degree in child development with specialization in preschool
8 teaching. However, if an applicant demonstrates to the department
9 that it is unable to fully comply with this subparagraph after
10 making reasonable efforts to comply, teachers who have significant
11 but incomplete training in early childhood education or child
12 development may be used if the applicant provides to the
13 department, and the department approves, a plan for each teacher to
14 come into compliance with the standards in this subparagraph. A
15 teacher's compliance plan must be completed within 2 years of the
16 date of employment. Progress toward completion of the compliance
17 plan shall consist of at least 2 courses per calendar year.

18 (ii) Paraprofessionals possessing proper training in early
19 childhood development, including an associate's degree in early
20 childhood education or child development or the equivalent, or a
21 child development associate (CDA) credential. However, if an
22 applicant demonstrates to the department that it is unable to fully
23 comply with this subparagraph after making reasonable efforts to
24 comply, the applicant may use paraprofessionals who have completed
25 at least 1 course that earns college credit in early childhood
26 education or child development if the applicant provides to the
27 department, and the department approves, a plan for each



1 paraprofessional to come into compliance with the standards in this
2 subparagraph. A paraprofessional's compliance plan must be
3 completed within 2 years of the date of employment. Progress toward
4 completion of the compliance plan shall consist of at least 2
5 courses or 60 clock hours of training per calendar year.

6 (d) Include a program budget that contains only those costs
7 that are not reimbursed or reimbursable by federal funding, that
8 are clearly and directly attributable to the great start readiness
9 program, and that would not be incurred if the program were not
10 being offered. **ELIGIBLE COSTS INCLUDE TRANSPORTATION COSTS.** The
11 program budget shall indicate the extent to which these funds will
12 supplement other federal, state, local, or private funds. Funds
13 received under this section shall not be used to supplant any
14 federal funds **RECEIVED** by the applicant to serve children eligible
15 for a federally funded ~~existing~~ preschool program that has the
16 capacity to serve those children.

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

24 (7) An intermediate district or consortium of intermediate
25 districts receiving a grant under this section may **PROVIDE SERVICES**
26 **DIRECTLY OR MAY** contract with **1 OR MORE DISTRICTS OR PUBLIC OR**
27 **PRIVATE** for-profit or nonprofit ~~preschool-center~~ providers that



1 meet all requirements of subsection (4) and retain for
 2 administrative services an amount equal to not more than ~~5%~~7% of
 3 the grant amount. ~~An~~**IN ADDITION, AN** intermediate district ~~, OR~~
 4 consortium of intermediate districts ~~, or competitive grant program~~
 5 may expend not more than ~~10%~~2% of the total grant amount for
 6 administration **RECRUITING AND PUBLIC AWARENESS** of the program.

7 ~~— (8) Any public or private for-profit or nonprofit legal entity~~
 8 ~~or agency may apply for a competitive grant under this section.~~
 9 ~~However, a district or intermediate district may not apply for a~~
 10 ~~competitive grant under this section unless the district,~~
 11 ~~intermediate district, or consortium of districts or intermediate~~
 12 ~~districts is acting as a local grantee for the federal head start~~
 13 ~~program operating under the head start act, 42 USC 9831 to 9852.~~

14 **(8) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE**
 15 **DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL CONDUCT A**
 16 **LOCAL PROCESS TO CONTRACT WITH INTERESTED AND ELIGIBLE PUBLIC AND**
 17 **PRIVATE FOR-PROFIT AND NONPROFIT COMMUNITY-BASED PROVIDERS THAT**
 18 **MEET ALL REQUIREMENTS OF SUBSECTION (4) FOR AT LEAST 20% OF ITS**
 19 **TOTAL SLOT ALLOCATION. IF THE INTERMEDIATE DISTRICT OR CONSORTIUM**
 20 **IS NOT ABLE TO CONTRACT FOR AT LEAST 20% OF ITS TOTAL SLOT**
 21 **ALLOCATION, THE GRANT RECIPIENT SHALL NOTIFY THE DEPARTMENT AND, IF**
 22 **THE DEPARTMENT VERIFIES THAT THE INTERMEDIATE DISTRICT OR**
 23 **CONSORTIUM ATTEMPTED TO CONTRACT FOR AT LEAST 20% OF ITS TOTAL SLOT**
 24 **ALLOCATION, THEN THE INTERMEDIATE DISTRICT OR CONSORTIUM MAY RETAIN**
 25 **ALL OF ITS ALLOCATED SLOTS.**

26 **(9) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE**
 27 **DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL ALLOW PARENTS**



1 OF PARTICIPATING CHILDREN TO CHOOSE ANY OF THE PROGRAMS OPERATED BY
 2 OR CONTRACTED WITH IN THAT INTERMEDIATE DISTRICT OR CONSORTIUM AS
 3 LONG AS THE PROGRAM HAS AVAILABLE CAPACITY AS DETERMINED BY THE
 4 INTERMEDIATE DISTRICT OR CONSORTIUM. FURTHER, AN INTERMEDIATE
 5 DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS RECEIVING A GRANT
 6 UNDER THIS SECTION SHALL ALLOW PARENTS OF ELIGIBLE CHILDREN WHO ARE
 7 RESIDENTS OF THE INTERMEDIATE DISTRICT OR WITHIN THE CONSORTIUM TO
 8 CHOOSE A PROGRAM OPERATED BY OR CONTRACTED WITH ANOTHER
 9 INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS AND
 10 SHALL PAY TO THE EDUCATING INTERMEDIATE DISTRICT OR CONSORTIUM THE
 11 PER-CHILD AMOUNT ATTRIBUTABLE TO EACH CHILD ENROLLED PURSUANT TO
 12 THIS SENTENCE, AS DETERMINED UNDER SECTION 39.

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

27 (11) ~~(10)~~—As used in this section:



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

4 (b) "Part-day program" means a program that operates at least
 5 4 days per week, 30 weeks per year, for at least 3 hours of
 6 teacher-child contact time per day but for fewer hours of teacher-
 7 child contact time per day than a school-day program.

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

13 **(12) ~~(11) A grant recipient AN INTERMEDIATE DISTRICT OR~~**
 14 **CONSORTIUM OF INTERMEDIATE DISTRICTS** receiving funds under this
 15 section ~~is encouraged to~~ **SHALL** establish a sliding scale of tuition
 16 rates based upon a ~~child's family income for the purpose of~~
 17 ~~expanding eligible programs under this section.~~ **HOUSEHOLD INCOME**
 18 **FOR CHILDREN PARTICIPATING IN AN ELIGIBLE GREAT START READINESS**
 19 **PROGRAM WHO LIVE WITH FAMILIES WITH A HOUSEHOLD INCOME THAT IS MORE**
 20 **THAN 250% OF THE FEDERAL POVERTY LEVEL TO BE USED BY ALL OF ITS**
 21 **PROVIDERS, AS APPROVED BY THE DEPARTMENT.** A grant recipient ~~may~~
 22 **SHALL** charge tuition ~~for programs provided under this section~~
 23 according to that sliding scale of tuition rates on a uniform basis
 24 for any child who does not meet the ~~program~~-**INCOME** eligibility
 25 requirements under this section.

26 ~~— (12) The department shall develop a plan for a multiyear~~
 27 ~~phased-in approach to transfer funding for great start readiness~~



1 ~~programs under this section into an early childhood block grant~~
 2 ~~program, along with funding for great start collaboratives under~~
 3 ~~section 32b and funding for great parents, great start programs~~
 4 ~~under section 32j. The early childhood block grant program will~~
 5 ~~allocate funds to intermediate districts and consortia of~~
 6 ~~intermediate districts to act as fiduciaries and provide~~
 7 ~~administration of regional early childhood programs in conjunction~~
 8 ~~with their regional great start collaborative to improve program~~
 9 ~~quality, evaluation, and efficiency for early childhood programs.~~
 10 ~~The department shall work with intermediate districts, districts,~~
 11 ~~great start collaboratives, and the early childhood investment~~
 12 ~~corporation to establish a revised funding formula, application~~
 13 ~~process, program criteria, and data reporting requirements.~~

14 Sec. 32p. (1) From the school aid fund appropriation in
 15 section 11, there is allocated an amount not to exceed
 16 \$10,900,000.00 **TO INTERMEDIATE DISTRICTS** for ~~2012-2013-2013-2014~~
 17 for the purpose of providing early childhood funding to
 18 intermediate school districts in block grants, **SUPPORTING THE**
 19 **ACTIVITIES UNDER SUBSECTION (2), AND PROVIDING EARLY CHILDHOOD**
 20 **PROGRAMS FOR CHILDREN FROM BIRTH THROUGH AGE 8. The-BEGINNING IN**
 21 **2013-2014, THE** funding provided to each intermediate district under
 22 this section shall be ~~equal to the sum of all funding allocated~~
 23 ~~under former sections 32b and 32j, as those sections were in effect~~
 24 ~~for 2011-2012.~~ **DETERMINED BY A DISTRIBUTION FORMULA ESTABLISHED BY**
 25 **THE DEPARTMENT'S OFFICE OF GREAT START TO PROVIDE EQUITABLE FUNDING**
 26 **STATEWIDE.** In order to receive funding under this section, each
 27 intermediate district shall provide an application to the office of



1 great start not later than ~~August 15, 2012,~~ **SEPTEMBER 15 OF THE**
 2 **IMMEDIATELY PRECEDING FISCAL YEAR** indicating the activities planned
 3 to be provided. ~~and children served under the block grant.~~

4 (2) Each intermediate district or consortium of intermediate
 5 districts that receives funding under this section shall convene a
 6 local great start collaborative and a parent coalition. ~~to address~~
 7 ~~the availability of the following 6 components of a great start~~
 8 ~~system in its communities: physical health, social-emotional~~
 9 ~~health, family supports, basic needs, economic stability and~~
 10 ~~safety, and parenting education and early education and care.~~ The
 11 goal of a ~~local~~ **EACH** great start collaborative ~~is~~ **AND PARENT**
 12 **COALITION SHALL BE** to ensure **THE COORDINATION AND EXPANSION OF**
 13 **LOCAL EARLY CHILDHOOD INFRASTRUCTURE AND PROGRAMS** that **ALLOW** every
 14 child in the community ~~is ready for kindergarten.~~ **TO ACHIEVE THE**
 15 **FOLLOWING OUTCOMES:**

16 (A) CHILDREN BORN HEALTHY.

17 (B) CHILDREN HEALTHY, THRIVING, AND DEVELOPMENTALLY ON TRACK
 18 FROM BIRTH TO THIRD GRADE.

19 (C) CHILDREN DEVELOPMENTALLY READY TO SUCCEED IN SCHOOL AT THE
 20 TIME OF SCHOOL ENTRY.

21 (D) CHILDREN PREPARED TO SUCCEED IN FOURTH GRADE AND BEYOND BY
 22 READING PROFICIENTLY BY THE END OF THIRD GRADE.

23 (3) Each local great start collaborative **AND PARENT COALITION**
 24 **SHALL CONVENE A WORKGROUP TO SERVE AS A SCHOOL READINESS ADVISORY**
 25 **COMMITTEE AS REQUIRED UNDER SECTION 32D AND** shall ensure the
 26 ~~coordination and expansion of infrastructure or programming to~~
 27 ~~support high-quality early childhood and childcare programs. An~~



1 ~~intermediate district or consortium of intermediate districts may~~
 2 ~~reconstitute its local great start collaborative if that~~
 3 ~~collaborative is found to be ineffective.~~ **THAT ITS LOCAL GREAT START**
 4 **SYSTEM INCLUDES THE FOLLOWING SUPPORTS FOR CHILDREN FROM BIRTH**
 5 **THROUGH AGE 8:**

6 (A) **PHYSICAL HEALTH.**

7 (B) **SOCIAL-EMOTIONAL HEALTH.**

8 (C) **FAMILY SUPPORTS AND BASIC NEEDS.**

9 (D) **PARENT EDUCATION AND CHILD ADVOCACY.**

10 (E) **EARLY EDUCATION AND CARE.**

11 (4) ~~(3)~~ Not later than December 1 ~~, 2013,~~ **OF EACH YEAR,** each
 12 intermediate district shall provide a report to the department
 13 detailing the activities actually provided during ~~2012-2013~~ **THE**
 14 **IMMEDIATELY PRECEDING SCHOOL YEAR** and the **FAMILIES AND** children
 15 actually served. The department shall compile and summarize these
 16 reports and submit its summary to the house and senate
 17 appropriations subcommittees on school aid and to the house and
 18 senate fiscal agencies. The block grants allocated under this
 19 section implement legislative intent language for this purpose
 20 enacted in 2011 PA 62.

21 (5) ~~(4)~~ An intermediate district or consortium of intermediate
 22 districts that receives funding under this section may carry over
 23 any unexpended funds received under this section ~~for a fiscal year~~
 24 into the next fiscal year and may expend those unused funds in the
 25 next fiscal year. A recipient of a grant shall return any
 26 unexpended grant funds to the department in the manner prescribed
 27 by the department not later than September 30 of the next fiscal



1 year after the fiscal year in which the funds are received.

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

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

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

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

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



1 openings are available.

2 (2) An applicant receiving funds under section 32d shall also
3 submit a final application for approval, in a form and manner
4 prescribed by the department, by a date specified by the
5 department, that details how the applicant complies with the
6 program components established by the department pursuant to
7 section 32d.

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

20 (4) The initial allocation for each fiscal year to each
21 eligible applicant under section 32d shall be determined by
22 multiplying the number of children determined by the formula under
23 subsection (3) or the number of children the applicant indicates it
24 will be able to serve under subsection (1)(c), whichever is less,
25 by ~~\$3,400.00~~ **\$3,625.00** and shall be distributed among applicants in
26 decreasing order of concentration of eligible children as
27 determined by the formula under subsection (3). If the number of



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

15 (5) If funds allocated for eligible applicants in section 32d
16 remain after the initial allocation under subsection (4), the
17 allocation under this subsection shall be distributed to each
18 eligible applicant under section 32d in decreasing order of
19 concentration of eligible children as determined by the formula
20 under subsection (3). The allocation shall be determined by
21 multiplying the number of children each district within the
22 applicant's service area served in the immediately preceding fiscal
23 year or the number of children the applicant indicates it will be
24 able to serve under subsection (1)(c), whichever is less, minus the
25 number of children for which the applicant received funding in
26 subsection (4) by ~~\$3,400.00~~ **\$3,625.00**.

27 (6) If funds allocated for eligible applicants in section 32d



1 remain after the allocations under subsections (4) and (5),
2 remaining funds shall be distributed to each eligible applicant
3 under section 32d in decreasing order of concentration of eligible
4 children as determined by the formula under subsection (3). If the
5 number of children the applicant indicates it will be able to serve
6 under subsection (1)(c) exceeds the number of children for which
7 funds have been received under subsections (4) and (5), the
8 allocation under this subsection shall be determined by multiplying
9 the number of children the applicant indicates it will be able to
10 serve under subsection (1)(c) less the number of children for which
11 funds have been received under subsections (4) and (5) by ~~\$3,400.00~~
12 **\$3,625.00** until the funds allocated for eligible applicants in
13 section 32d are distributed.

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

22 (8) If, taking into account the total amount to be allocated
23 to the applicant as calculated under this section, an applicant
24 determines that it is able to include additional eligible children
25 in the great start readiness program without additional funds under
26 section 32d, the applicant may include additional eligible children
27 but shall not receive additional funding under section 32d for

1 those children.

2 Sec. 39a. (1) From the federal funds appropriated in section
3 11, there is allocated for ~~2012-2013~~**2013-2014** to districts,
4 intermediate districts, and other eligible entities all available
5 federal funding, estimated at ~~\$812,328,500.00~~, **\$811,828,500.00**, for
6 the federal programs under the no child left behind act of 2001,
7 Public Law 107-110. These funds are allocated as follows:

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

12 ~~(b) An amount estimated at \$250,000.00 for the purpose of~~
13 ~~improving teaching and learning through a more effective use of~~
14 ~~technology, funded from DED-OESE, educational technology state~~
15 ~~grant funds.~~

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

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

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

26 **(E)** ~~(f)~~An amount estimated at \$2,393,500.00 for rural and low
27 income schools, funded from DED-OESE, rural and low income school



1 funds.

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

6 ~~—(h) An amount estimated at \$250,000.00 for the purpose of
7 providing unified family literacy programs, funded from DED-OESE,
8 title I, even start funds.~~

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

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

17 (I) ~~(k)~~—An amount estimated at \$24,600,000.00 to help support
18 local school improvement efforts, funded from DED-OESE, title I,
19 local school improvement grants.

20 (2) From the federal funds appropriated in section 11, there
21 is allocated for ~~2012-2013~~ **2013-2014** to districts, intermediate
22 districts, and other eligible entities all available federal
23 funding, estimated at ~~\$33,514,100.00~~ **\$31,700,000.00** for the
24 following programs that are funded by federal grants:

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



1 (b) An amount estimated at ~~\$1,814,100.00~~ **\$2,600,000.00** to
 2 provide services to homeless children and youth, funded from DED-
 3 OVAE, homeless children and youth funds.

4 ~~— (c) An amount estimated at \$2,600,000.00 for serve America~~
 5 ~~grants, funded from the corporation for national and community~~
 6 ~~service funds.~~

7 **(C)** ~~(d)~~ An amount estimated at \$28,500,000.00 for providing
 8 career and technical education services to pupils, funded from DED-
 9 OVAE, basic grants to states.

10 (3) To the extent allowed under federal law, the funds
 11 allocated under subsection ~~(1) (g), (h), and (k)~~ **(1) (F) AND (I)** may
 12 be used for 1 or more reading improvement programs that meet at
 13 least 1 of the following:

14 (a) A research-based, validated, structured reading program
 15 that aligns learning resources to state standards and includes
 16 continuous assessment of pupils and individualized education plans
 17 for pupils.

18 (b) A mentoring program that is a research-based, validated
 19 program or a statewide 1-to-1 mentoring program and is designed to
 20 enhance the independence and life quality of pupils who are
 21 mentally impaired by providing opportunities for mentoring and
 22 integrated employment.

23 (c) A cognitive development program that is a research-based,
 24 validated educational service program focused on assessing and
 25 building essential cognitive and perceptual learning abilities to
 26 strengthen pupil concentration and learning.

27 (d) A structured mentoring-tutorial reading program for pupils



1 in preschool to grade 4 that is a research-based, validated program
2 that develops individualized educational plans based on each
3 pupil's age, assessed needs, reading level, interests, and learning
4 style.

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

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

18 (6) As used in this section:

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

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

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

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

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



1 Sec. 51a. (1) From the appropriation in section 11, there is
2 allocated for ~~2011-2012-2013-2014~~ an amount not to exceed
3 ~~\$956,769,100.00~~ and there is ~~allocated an amount not to exceed~~
4 ~~\$996,269,100.00~~ for ~~2012-2013~~ **\$980,569,100.00** from state sources
5 and all available federal funding under sections 611 to 619 of part
6 B of the individuals with disabilities education act, 20 USC 1411
7 to 1419, estimated at ~~\$363,400,000.00~~ for ~~2011-2012~~ and estimated
8 at ~~\$365,000,000.00~~ for ~~2012-2013~~, **\$370,000,000.00 FOR 2013-2014**,
9 plus any carryover federal funds from previous year appropriations.
10 The allocations under this subsection are for the purpose of
11 reimbursing districts and intermediate districts for special
12 education programs, services, and special education personnel as
13 prescribed in article 3 of the revised school code, MCL 380.1701 to
14 380.1766; net tuition payments made by intermediate districts to
15 the Michigan schools for the deaf and blind; and special education
16 programs and services for pupils who are eligible for special
17 education programs and services according to statute or rule. For
18 meeting the costs of special education programs and services not
19 reimbursed under this article, a district or intermediate district
20 may use money in general funds or special education funds, not
21 otherwise restricted, or contributions from districts to
22 intermediate districts, tuition payments, gifts and contributions
23 from individuals or other entities, or federal funds that may be
24 available for this purpose, as determined by the intermediate
25 district plan prepared pursuant to article 3 of the revised school
26 code, MCL 380.1701 to 380.1766. All federal funds allocated under
27 this section in excess of those allocated under this section for



1 2002-2003 may be distributed in accordance with the flexible
2 funding provisions of the individuals with disabilities education
3 act, Public Law 108-446, including, but not limited to, 34 CFR
4 300.206 and 300.208. Notwithstanding section 17b, payments of
5 federal funds to districts, intermediate districts, and other
6 eligible entities under this section shall be paid on a schedule
7 determined by the department.

8 (2) From the funds allocated under subsection (1), there is
9 allocated the amount necessary, estimated at ~~\$247,500,000.00 for~~
10 ~~2011-2012 and estimated at \$257,400,000.00 for 2012-2013,~~
11 **\$258,300,000.00 FOR 2013-2014**, for payments toward reimbursing
12 districts and intermediate districts for 28.6138% of total approved
13 costs of special education, excluding costs reimbursed under
14 section 53a, and 70.4165% of total approved costs of special
15 education transportation. Allocations under this subsection shall
16 be made as follows:

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



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

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

15 (3) From the funds allocated under subsection (1), there is
16 allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
17 **2013-2014** an amount not to exceed \$1,000,000.00 to make payments to
18 districts and intermediate districts under this subsection. If the
19 amount allocated to a district or intermediate district for a
20 fiscal year under subsection (2)(b) is less than the sum of the
21 amounts allocated to the district or intermediate district for
22 1996-97 under sections 52 and 58, there is allocated to the
23 district or intermediate district for the fiscal year an amount
24 equal to that difference, adjusted by applying the same proration
25 factor that was used in the distribution of funds under section 52
26 in 1996-97 as adjusted to the district's or intermediate district's
27 necessary costs of special education used in calculations for the



1 fiscal year. This adjustment is to reflect reductions in special
2 education program operations or services between 1996-97 and
3 subsequent fiscal years. Adjustments for reductions in special
4 education program operations or services shall be made in a manner
5 determined by the department and shall include adjustments for
6 program or service shifts.

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

26 (5) State funds shall be allocated on a total approved cost
27 basis. Federal funds shall be allocated under applicable federal



1 requirements, except that an amount not to exceed \$3,500,000.00 may
2 be allocated by the department ~~each fiscal year for 2011-2012 and~~
3 ~~for 2012-2013~~ **FOR 2013-2014** to districts, intermediate districts,
4 or other eligible entities on a competitive grant basis for
5 programs, equipment, and services that the department determines to
6 be designed to benefit or improve special education on a statewide
7 scale.

8 (6) From the amount allocated in subsection (1), there is
9 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~
10 ~~for 2011-2012 and for 2012-2013~~ **FOR 2013-2014** to reimburse 100% of
11 the net increase in necessary costs incurred by a district or
12 intermediate district in implementing the revisions in the
13 administrative rules for special education that became effective on
14 July 1, 1987. As used in this subsection, "net increase in
15 necessary costs" means the necessary additional costs incurred
16 solely because of new or revised requirements in the administrative
17 rules minus cost savings permitted in implementing the revised
18 rules. Net increase in necessary costs shall be determined in a
19 manner specified by the department.

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

22 (a) "Total approved costs of special education" shall be
23 determined in a manner specified by the department and may include
24 indirect costs, but shall not exceed 115% of approved direct costs
25 for section 52 and section 53a programs. The total approved costs
26 include salary and other compensation for all approved special
27 education personnel for the program, including payments for social



1 security and medicare and public school employee retirement system
2 contributions. The total approved costs do not include salaries or
3 other compensation paid to administrative personnel who are not
4 special education personnel as defined in section 6 of the revised
5 school code, MCL 380.6. Costs reimbursed by federal funds, other
6 than those federal funds included in the allocation made under this
7 article, are not included. Special education approved personnel not
8 utilized full time in the evaluation of students or in the delivery
9 of special education programs, ancillary, and other related
10 services shall be reimbursed under this section only for that
11 portion of time actually spent providing these programs and
12 services, with the exception of special education programs and
13 services provided to youth placed in child caring institutions or
14 juvenile detention programs approved by the department to provide
15 an on-grounds education program.

16 (b) Beginning with the 2004-2005 fiscal year, a district or
17 intermediate district that employed special education support
18 services staff to provide special education support services in
19 2003-2004 or in a subsequent fiscal year and that in a fiscal year
20 after 2003-2004 receives the same type of support services from
21 another district or intermediate district shall report the cost of
22 those support services for special education reimbursement purposes
23 under this article. This subdivision does not prohibit the transfer
24 of special education classroom teachers and special education
25 classroom aides if the pupils counted in membership associated with
26 those special education classroom teachers and special education
27 classroom aides are transferred and counted in membership in the



1 other district or intermediate district in conjunction with the
2 transfer of those teachers and aides.

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

21 (C) ~~(d)~~ Reimbursement for ancillary and other related
22 services, as defined by R 340.1701c of the Michigan administrative
23 code, shall not be provided when those services are covered by and
24 available through private group health insurance carriers or
25 federal reimbursed program sources unless the department and
26 district or intermediate district agree otherwise and that
27 agreement is approved by the state budget director. Expenses, other



1 than the incidental expense of filing, shall not be borne by the
2 parent. In addition, the filing of claims shall not delay the
3 education of a pupil. A district or intermediate district shall be
4 responsible for payment of a deductible amount and for an advance
5 payment required until the time a claim is paid.

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

20 (8) A pupil who is enrolled in a full-time special education
21 program conducted or administered by an intermediate district or a
22 pupil who is enrolled in the Michigan schools for the deaf and
23 blind shall not be included in the membership count of a district,
24 but shall be counted in membership in the intermediate district of
25 residence.

26 (9) Special education personnel transferred from 1 district to
27 another to implement the revised school code shall be entitled to



1 the rights, benefits, and tenure to which the person would
2 otherwise be entitled had that person been employed by the
3 receiving district originally.

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

10 (11) From the funds allocated in subsection (1), there is
11 allocated the amount necessary, estimated at ~~\$5,300,000.00 for~~
12 ~~2011-2012 and estimated at \$5,600,000.00 for 2012-2013,~~
13 **\$4,500,000.00 FOR 2013-2014**, to pay the foundation allowances for
14 pupils described in this subsection. The allocation to a district
15 under this subsection shall be calculated by multiplying the number
16 of pupils described in this subsection who are counted in
17 membership in the district times the foundation allowance under
18 section 20 of the pupil's district of residence, not to exceed the
19 basic foundation allowance under section 20 for the current fiscal
20 year, or, for a pupil described in this subsection who is counted
21 in membership in a district that is a public school academy, times
22 an amount equal to the amount per membership pupil under section
23 20(6) or, for a pupil described in this subsection who is counted
24 in membership in the education achievement system, times an amount
25 equal to the amount per membership pupil under section 20(7). The
26 allocation to an intermediate district under this subsection shall
27 be calculated in the same manner as for a district, using the



1 foundation allowance under section 20 of the pupil's district of
2 residence, not to exceed the basic foundation allowance under
3 section 20 for the current fiscal year. This subsection applies to
4 all of the following pupils:

5 (a) Pupils described in section 53a.

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

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

13 (12) If it is determined that funds allocated under subsection
14 (2) or (11) or under section 51c will not be expended, funds up to
15 the amount necessary and available may be used to supplement the
16 allocations under subsection (2) or (11) or under section 51c in
17 order to fully fund those allocations. After payments under
18 subsections (2) and (11) and section 51c, the remaining
19 expenditures from the allocation in subsection (1) shall be made in
20 the following order:

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

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

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

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

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

26 (13) The allocations under subsections (2), (3), and (11)
27 shall be allocations to intermediate districts only and shall not

1 be allocations to districts, but instead shall be calculations used
2 only to determine the state payments under section 22b.

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

20 Sec. 51b. A district or intermediate district shall not
21 receive funds under ~~this article~~ **SECTION 51A** unless the district or
22 intermediate district complies with rules promulgated under article
23 3 of the revised school code, being sections 380.1701 to 380.1766
24 of the Michigan Compiled Laws.

25 Sec. 51c. As required by the court in the consolidated cases
26 known as Durant v State of Michigan, Michigan supreme court docket
27 no. 104458-104492, from the allocation under section 51a(1), there



1 is allocated ~~each fiscal year for 2011-2012 and for 2012-2013~~ **FOR**
 2 **2013-2014** the amount necessary, estimated at ~~\$648,700,000.00 for~~
 3 ~~2011-2012 and estimated at \$678,000,000.00 for 2012-2013,~~
 4 **\$662,500,000.00**, for payments to reimburse districts for 28.6138%
 5 of total approved costs of special education excluding costs
 6 reimbursed under section 53a, and 70.4165% of total approved costs
 7 of special education transportation. Funds allocated under this
 8 section that are not expended in the state fiscal year for which
 9 they were allocated, as determined by the department, may be used
 10 to supplement the allocations under sections 22a and 22b in order
 11 to fully fund those calculated allocations for the same fiscal
 12 year.

13 Sec. 51d. (1) From the federal funds appropriated in section
 14 11, there is allocated for ~~each fiscal year 2011-2012 and for 2012-~~
 15 ~~2013~~ **2013-2014** all available federal funding, estimated at
 16 \$74,000,000.00, ~~each fiscal year,~~ for special education programs
 17 that are funded by federal grants. All federal funds allocated
 18 under this section shall be distributed in accordance with federal
 19 law. Notwithstanding section 17b, payments of federal funds to
 20 districts, intermediate districts, and other eligible entities
 21 under this section shall be paid on a schedule determined by the
 22 department.

23 (2) From the federal funds allocated under subsection (1), the
 24 following amounts are allocated ~~each fiscal year for 2011-2012 and~~
 25 ~~for 2012-2013~~: **FOR 2013-2014:**

26 (a) An amount estimated at \$15,000,000.00 for handicapped
 27 infants and toddlers, funded from DED-OSERS, handicapped infants



1 and toddlers funds.

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

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

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

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

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

25 (a) Pupils assigned to a district or intermediate district
26 through the community placement program of the courts or a state
27 agency, if the pupil was a resident of another intermediate



1 district at the time the pupil came under the jurisdiction of the
2 court or a state agency.

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

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

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

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

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

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

23 (5) Not more than \$13,500,000.00 of the allocation for ~~2011-~~
24 ~~2012 and for 2012-2013~~ **2013-2014** in section 51a(1) shall be
25 allocated ~~for each fiscal year~~ under this section.

26 Sec. 54. Each intermediate district shall receive an amount
27 per pupil for each pupil in attendance at the Michigan schools for



1 the deaf and blind. The amount shall be proportionate to the total
2 instructional cost at each school. Not more than \$1,688,000.00 of
3 the allocation for ~~2012-2013~~**2013-2014** in section 51a(1) shall be
4 allocated under this section.

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

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

10 (b) "Millage levied" means the millage levied for special
11 education pursuant to part 30 of the revised school code, MCL
12 380.1711 to 380.1743, including a levy for debt service
13 obligations.

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

20 (2) From the allocation under section 51a(1), there is
21 allocated an amount not to exceed \$36,881,100.00 for ~~2012-2013~~
22 **2013-2014** to reimburse intermediate districts levying millages for
23 special education pursuant to part 30 of the revised school code,
24 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
25 reimbursement shall be limited as if the funds were generated by
26 these millages and governed by the intermediate district plan
27 adopted pursuant to article 3 of the revised school code, MCL



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

5 (3) Reimbursement for those millages levied in ~~2010-2011-2012-~~
 6 **2013** shall be made in ~~2011-2012-~~**2013-2014** at an amount per ~~2010-~~
 7 ~~2011-~~**2012-2013** membership pupil computed by subtracting from
 8 ~~\$174,700.00-~~**\$169,900.00** the ~~2010-2011-~~**2012-2013** taxable value
 9 behind each membership pupil and multiplying the resulting
 10 difference by the ~~2010-2011-~~**2012-2013** millage levied.

11 ~~—— (4) For 2012-2013 only, reimbursement to each intermediate~~
 12 ~~district shall be equal to its reimbursement under this section for~~
 13 ~~2011-2012.~~

14 **(4) THE AMOUNT PAID TO A SINGLE INTERMEDIATE DISTRICT UNDER**
 15 **THIS SECTION SHALL NOT EXCEED 62.9% OF THE TOTAL AMOUNT ALLOCATED**
 16 **UNDER SUBSECTION (2).**

17 Sec. 61a. (1) From the appropriation in section 11, there is
 18 allocated an amount not to exceed \$26,611,300.00 for ~~2012-2013~~
 19 **2013-2014** to reimburse on an added cost basis districts, except for
 20 a district that served as the fiscal agent for a vocational
 21 education consortium in the 1993-94 school year, and secondary area
 22 vocational-technical education centers for secondary-level career
 23 and technical education programs according to rules approved by the
 24 superintendent. Applications for participation in the programs
 25 shall be submitted in the form prescribed by the department. The
 26 department shall determine the added cost for each career and
 27 technical education program area. The allocation of added cost



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

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

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

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

26 (b) "Millage levied" means the millage levied for area
27 vocational-technical education pursuant to sections 681 to 690 of



1 the revised school code, MCL 380.681 to 380.690, including a levy
2 for debt service obligations incurred as the result of borrowing
3 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
6 districts constituent to an intermediate district or area
7 vocational-technical education program, except that if a district
8 has elected not to come under sections 681 to 690 of the revised
9 school code, MCL 380.681 to 380.690, the membership and taxable
10 value of that district shall not be included in the membership and
11 taxable value of the intermediate district. However, the membership
12 and taxable value of a district that has elected not to come under
13 sections 681 to 690 of the revised school code, MCL 380.681 to
14 380.690, shall be included in the membership and taxable value of
15 the intermediate district if the district meets both of the
16 following:

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

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

25 (2) From the appropriation in section 11, there is allocated
26 an amount not to exceed \$9,000,000.00 for ~~2012-2013~~**2013-2014** to
27 reimburse intermediate districts and area vocational-technical



1 education programs established under section 690(3) of the revised
 2 school code, MCL 380.690, levying millages for area vocational-
 3 technical education pursuant to sections 681 to 690 of the revised
 4 school code, MCL 380.681 to 380.690. The purpose, use, and
 5 expenditure of the reimbursement shall be limited as if the funds
 6 were generated by those millages.

7 (3) Reimbursement for the millages levied in ~~2010-2011-2012-~~
 8 **2013** shall be made in ~~2011-2012-2013-2014~~ at an amount per ~~2010-~~
 9 ~~2011-2012-2013~~ membership pupil computed by subtracting from
 10 ~~\$190,400.00~~ **\$186,500.00** the ~~2010-2011-2012-2013~~ taxable value
 11 behind each membership pupil and multiplying the resulting
 12 difference by the ~~2010-2011-2012-2013~~ millage levied.

13 ~~———— (4) For 2012-2013 only, reimbursements to each intermediate~~
 14 ~~district shall be equal to its reimbursement under this section for~~
 15 ~~2011-2012.~~

16 **(4) THE AMOUNT PAID TO A SINGLE INTERMEDIATE DISTRICT UNDER**
 17 **THIS SECTION SHALL NOT EXCEED 38.4% OF THE TOTAL AMOUNT ALLOCATED**
 18 **UNDER SUBSECTION (2).**

19 Sec. 74. (1) From the amount appropriated in section 11, there
 20 is allocated an amount not to exceed ~~\$3,259,900.00 for 2012-2013~~
 21 **\$3,299,000.00 FOR 2013-2014** for the purposes of this section.

22 (2) From the allocation in subsection (1), there is allocated
 23 for each fiscal year the amount necessary for payments to state
 24 supported colleges or universities and intermediate districts
 25 providing school bus driver safety instruction pursuant to section
 26 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
 27 payments shall be in an amount determined by the department not to



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

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

17 (4) From the funds allocated in subsection (1), there is
18 allocated an amount not to exceed ~~\$1,634,900.00 for 2012-2013~~
19 **\$1,674,000.00 FOR 2013-2014** for reimbursement to districts and
20 intermediate districts for costs associated with the inspection of
21 school buses and pupil transportation vehicles by the department of
22 state police as required under section 715a of the Michigan vehicle
23 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
24 transportation act, 1990 PA 187, MCL 257.1839. The department of
25 state police shall prepare a statement of costs attributable to
26 each district for which bus inspections are provided and submit it
27 to the department and to an intermediate district serving as



1 fiduciary in a time and manner determined jointly by the department
 2 and the department of state police. Upon review and approval of the
 3 statement of cost, the department shall forward to the designated
 4 intermediate district serving as fiduciary the amount of the
 5 reimbursement on behalf of each district and intermediate district
 6 for costs detailed on the statement within 45 days after receipt of
 7 the statement. The designated intermediate district shall make
 8 payment in the amount specified on the statement to the department
 9 of state police within 45 days after receipt of the statement. The
 10 total reimbursement of costs under this subsection shall not exceed
 11 the amount allocated under this subsection. Notwithstanding section
 12 17b, payments to eligible entities under this subsection shall be
 13 paid on a schedule prescribed by the department.

14 Sec. 81. (1) Except as otherwise provided in this section,
 15 from the appropriation in section 11, there is allocated for ~~2012-~~
 16 ~~2013-2014~~ to the intermediate districts the sum necessary, but
 17 not to exceed ~~\$64,108,000.00,~~ **\$62,115,100.00**, to provide state aid
 18 to intermediate districts under this section.

19 (2) From the allocation in subsection (1), there is allocated
 20 an amount not to exceed \$62,108,000.00 for allocations to each
 21 intermediate district for ~~2012-2013-~~**2013-2014** in an amount equal to
 22 100% of the amount allocated to the intermediate district under
 23 this subsection for ~~2011-2012.~~ **THE IMMEDIATELY PRECEDING FISCAL**
 24 **YEAR.** Funding provided under this section shall be used to comply
 25 with requirements of this article and the revised school code that
 26 are applicable to intermediate districts, and for which funding is
 27 not provided elsewhere in this article, and to provide technical



1 assistance to districts as authorized by the intermediate school
2 board.

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

8 (4) From the allocation in subsection (1), there is allocated
9 to an intermediate district, formed by the consolidation or
10 annexation of 2 or more intermediate districts or the attachment of
11 a total intermediate district to another intermediate school
12 district or the annexation of all of the constituent K-12 districts
13 of a previously existing intermediate school district which has
14 disorganized, an additional allotment of \$3,500.00 each fiscal year
15 for each intermediate district included in the new intermediate
16 district for 3 years following consolidation, annexation, or
17 attachment. **FROM THE ALLOCATION IN SUBSECTION (1), THERE IS**
18 **ALLOCATED \$7,000.00 FOR PURPOSES OF THIS SUBSECTION FOR 2013-2014**
19 **AND 2014-2015, AFTER WHICH THE PAYMENT UNDER THIS SUBSECTION WILL**
20 **CEASE.**

21 ~~— (5) During a fiscal year, the department shall not increase an~~
22 ~~intermediate district's allocation under subsection (1) because of~~
23 ~~an adjustment made by the department during the fiscal year in the~~
24 ~~intermediate district's taxable value for a prior year. Instead,~~
25 ~~the department shall report the adjustment and the estimated amount~~
26 ~~of the increase to the house and senate fiscal agencies and the~~
27 ~~state budget director not later than June 1 of the fiscal year, and~~



1 ~~the legislature shall appropriate money for the adjustment in the~~
2 ~~next succeeding fiscal year.~~

3 (5) ~~(6)~~—In order to receive funding under subsection (2), an
4 intermediate district shall do all of the following:

5 (a) Demonstrate to the satisfaction of the department that the
6 intermediate district employs at least 1 person who is trained in
7 pupil accounting and auditing procedures, rules, and regulations.

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

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

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

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

21 (f) Comply with section 761 of the revised school code, MCL
22 380.761.

23 (6) ~~(7)~~—From the allocation in subsection (1), there is
24 allocated an amount not to exceed ~~\$2,000,000.00 for 2012-2013~~
25 **\$100.00 FOR 2013-2014** for an incentive payment to each intermediate
26 district that meets best practices as determined by the department
27 under this subsection. The amount of the incentive payment is an



1 amount equal to ~~3.2%~~**0.00%** of the amount allocated to the
 2 intermediate district under subsection (2). An intermediate
 3 district is eligible for an incentive payment under this subsection
 4 if the intermediate district satisfies at least ~~4~~**5** of the
 5 following requirements not later than June 1, ~~2013~~**2014**:

6 (a) The intermediate district enters into an agreement with
 7 the department to ~~do~~**COMPLY WITH** all of the following:

8 **(i) IF THE INTERMEDIATE DISTRICT DEVELOPED A SERVICE**
 9 **CONSOLIDATION PLAN IN 2012-2013, IMPLEMENT THE SERVICE**
 10 **CONSOLIDATION PLAN IN 2013-2014 AND REPORT TO THE DEPARTMENT NOT**
 11 **LATER THAN FEBRUARY 1, 2014 ON THE INTERMEDIATE DISTRICT'S PROGRESS**
 12 **IN IMPLEMENTING THE SERVICE CONSOLIDATION PLAN.**

13 **(ii) ~~(i) Develop~~ IF THE INTERMEDIATE DISTRICT DID NOT DEVELOP A**
 14 **SERVICE CONSOLIDATION PLAN IN 2012-2013, DEVELOP** a service
 15 consolidation plan in ~~2012-2013~~**2013-3014** to reduce operating costs
 16 that is in compliance with guidelines that were developed by the
 17 department for former section 11d as that section was in effect for
 18 2010-2011.

19 **(iii) ~~(ii) Implement~~ IF THE INTERMEDIATE DISTRICT DEVELOPED A**
 20 **SERVICE CONSOLIDATION PLAN IN 2013-2014, IMPLEMENT** the service
 21 consolidation plan in ~~2013-2014~~**2014-2015** and report to the
 22 department not later than February 1, ~~2014~~**2015** on the intermediate
 23 district's progress in implementing the service consolidation plan.

24 **(iv) MAKE THE INTERMEDIATE DISTRICT'S SERVICE CONSOLIDATION**
 25 **PLAN PUBLICLY AVAILABLE ON THE INTERMEDIATE DISTRICT'S WEBSITE.**

26 (b) The intermediate district has obtained competitive bids on
 27 the provision of 1 or more noninstructional services for the



1 intermediate district or its constituent districts with a value of
2 at least \$50,000.00. **THE UNFUNDED ACCRUED LIABILITY COSTS FOR**
3 **RETIREMENT AND OTHER BENEFITS SHALL BE EXCLUDED FROM THE**
4 **INTERMEDIATE DISTRICT'S CURRENT COSTS FOR THE PURPOSE OF COMPARING**
5 **COMPETITIVE BIDS TO THE CURRENT COSTS OF PROVIDING SERVICES.**

6 (c) The intermediate district develops a technology plan in
7 accordance with department policy on behalf of all constituent
8 districts within the intermediate district that integrates
9 technology into the classroom and prepares teachers to use digital
10 technologies as part of the instructional program of each of its
11 constituent districts. **AN INTERMEDIATE DISTRICT THAT DEVELOPED A**
12 **TECHNOLOGY PLAN IN 2012-2013 SHALL BEGIN IMPLEMENTING THAT**
13 **TECHNOLOGY PLAN IN 2013-2014.**

14 (d) The intermediate district provides to parents and
15 community members a dashboard or report card demonstrating the
16 intermediate district's efforts to manage its finances responsibly.
17 The dashboard or report card shall include **REVENUE AND EXPENDITURE**
18 **PROJECTIONS FOR THE INTERMEDIATE DISTRICT FOR 2013-2014 AND 2014-**
19 **2015, A LISTING OF ALL DEBT SERVICE OBLIGATIONS, DETAILED BY**
20 **PROJECT, INCLUDING ANTICIPATED 2013-2014 PAYMENT FOR EACH PROJECT,**
21 **A LISTING OF TOTAL OUTSTANDING DEBT, AND** at least all of the
22 following for the 3 most recent school years for which the data are
23 available:

24 (i) A list of services offered by the intermediate district
25 that are shared by other local or intermediate districts and a list
26 of the districts or intermediate districts that participate.

27 (ii) The total cost savings to local or other intermediate



1 districts that share services with the intermediate district.

2 (iii) The number and percentage of teachers in the intermediate
3 district service area that are trained to integrate technology into
4 the classroom.

5 (iv) The total funds received from levying special education
6 and vocational education millages, and the number of special
7 education and vocational education pupils served with those
8 dollars.

9 (v) The number and percentage of individualized education
10 programs developed for special education pupils that contain
11 academic goals.

12 (e) The intermediate district works in a consortium with 1 or
13 more other intermediate districts **AND THE CENTER** to develop **LOCAL**
14 information management system requirements and bid specifications
15 ~~that can be used as statewide models.~~ **RESULT IN A RECOMMENDED MODEL**
16 **INFORMATION SYSTEM THAT SUPPORTS INTEROPERABILITY TO ENSURE LINKAGE**
17 **AND CONNECTIVITY IN A MANNER THAT FACILITATES THE EFFICIENT**
18 **EXCHANGE OF DATA BETWEEN DISTRICTS, INTERMEDIATE DISTRICTS, AND THE**
19 **CENTER.** At a minimum, these specifications shall ~~address~~ **INCLUDE**
20 pupil management systems for both general and special education,
21 learning management tools, and business services.

22 **(F) IF AN INTERMEDIATE DISTRICT PROVIDES MEDICAL, PHARMACY,**
23 **DENTAL, VISION, DISABILITY, LONG-TERM CARE, OR ANY OTHER TYPE OF**
24 **BENEFIT THAT WOULD CONSTITUTE A HEALTH CARE SERVICES BENEFIT, TO**
25 **EMPLOYEES AND THEIR DEPENDENTS, THE INTERMEDIATE DISTRICT IS THE**
26 **POLICYHOLDER FOR EACH OF ITS INSURANCE POLICIES THAT COVERS 1 OR**
27 **MORE OF THESE BENEFITS. AN INTERMEDIATE DISTRICT THAT DOES NOT**



1 DIRECTLY EMPLOY ITS STAFF OR AN INTERMEDIATE DISTRICT WITH A
2 VOLUNTARY EMPLOYEE BENEFICIARY ASSOCIATION THAT PAYS NO MORE THAN
3 THE MAXIMUM PER EMPLOYEE CONTRIBUTION AMOUNT AND THAT CONTRIBUTES
4 NO MORE THAN THE MAXIMUM EMPLOYER CONTRIBUTION PERCENTAGE OF TOTAL
5 ANNUAL COSTS FOR THE MEDICAL BENEFIT PLANS AS DESCRIBED IN SECTIONS
6 3 AND 4 OF THE PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT,
7 2011 PA 152, MCL 15.563 AND 15.564, IS CONSIDERED TO HAVE SATISFIED
8 THIS REQUIREMENT.

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

13 (a) Coordinate the collection of all data required by state
14 and federal law from districts, intermediate districts, and
15 postsecondary institutions.

16 (b) Create, maintain, and enhance this state's P-20
17 longitudinal data system and ensure that it meets the requirements
18 of subsection (4).

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

22 (d) Create, maintain, and enhance this state's web-based
23 educational portal to provide information to school leaders,
24 teachers, researchers, and the public in compliance with all
25 federal and state privacy laws. Data shall include, but are not
26 limited to, all of the following:

27 (i) Data sets that link teachers to student information,



1 allowing districts to assess individual teacher impact on student
2 performance and consider student growth factors in teacher and
3 principal evaluation systems.

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

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

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

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

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

15 (2) Each state department, officer, or agency that collects
16 information from districts, intermediate districts, or
17 postsecondary institutions as required under state or federal law
18 shall make arrangements with the center to ensure that the state
19 department, officer, or agency is in compliance with subsection
20 (1). This subsection does not apply to information collected by the
21 department of treasury under the uniform budgeting and accounting
22 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
23 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
25 388.1939; or section 1351a of the revised school code, MCL
26 380.1351a.

27 (3) The center may enter into any interlocal agreements



1 necessary to fulfill its functions.

2 (4) The center shall ensure that the P-20 longitudinal data
3 system required under subsection (1)(b) meets all of the following:

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

6 (b) Supports interoperability by using standard data
7 structures, data formats, and data definitions to ensure linkage
8 and connectivity in a manner that facilitates the exchange of data
9 among agencies and institutions within the state and between
10 states.

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

14 (d) Enables the matching of individual teachers with
15 information about their certification and the institutions that
16 prepared and recommended those teachers for state certification.

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

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

22 (g) Provides this state with the ability to meet federal and
23 state reporting requirements.

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

26 (i) Contains a unique statewide student identifier that does
27 not permit a student to be individually identified by users of the



1 system, except as allowed by federal and state law.

2 (ii) Contains student-level enrollment, demographic, and
3 program participation information.

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

7 (iv) Has the capacity to communicate with higher education data
8 systems.

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

11 (i) Contains yearly test records of individual students for
12 assessments approved by DED-OESE for accountability purposes under
13 section 1111(b) of the elementary and secondary education act of
14 1965, 20 USC 6311, including information on individual students not
15 tested, by grade and subject.

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

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

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

20 (i) Contains data that provide information regarding the extent
21 to which individual students transition successfully from secondary
22 school to postsecondary education, including, but not limited to,
23 all of the following:

24 (A) Enrollment in remedial coursework.

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

27 (ii) Contains data that provide other information determined



1 necessary to address alignment and adequate preparation for success
2 in postsecondary education.

3 (5) From the general fund appropriation in section 11, there
4 is allocated an amount not to exceed ~~\$9,218,400.00 for 2012-2013~~
5 **\$9,534,900.00 FOR 2013-2014** to the department of technology,
6 management, and budget to support the operations of the center. In
7 addition, from the federal funds appropriated in section 11 there
8 is allocated for ~~2012-2013~~**2013-2014** the amount necessary,
9 estimated at \$193,500.00, ~~for 2012-2013,~~ to support the operations
10 of the center and to establish a P-20 longitudinal data system as
11 provided under this section in compliance with the assurance
12 provided to the United States department of education in order to
13 receive state fiscal stabilization funds. The center shall
14 cooperate with the department to ensure that this state is in
15 compliance with federal law and is maximizing opportunities for
16 increased federal funding to improve education in this state.

17 (6) From the funds allocated in subsection (5), there is
18 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
19 \$850,000.00 for competitive grants to support collaborative efforts
20 on the P-20 longitudinal data system. All of the following apply to
21 grants awarded under this subsection:

22 (a) The center shall award competitive grants to eligible
23 intermediate districts or a consortium of intermediate districts
24 based on criteria established by the center.

25 (b) Activities funded under the grant shall support the P-20
26 longitudinal data system portal and may include portal hosting,
27 hardware and software acquisition, maintenance, enhancements, user



1 support and related materials, and professional learning tools and
2 activities aimed at improving the utility of the P-20 longitudinal
3 data system.

4 (c) An applicant that received a grant under this subsection
5 for the immediately preceding fiscal year shall receive priority
6 for funding under this section. However, after 3 fiscal years of
7 continuous funding, an applicant is required to compete openly with
8 new applicants.

9 **(7) FROM THE FUNDS ALLOCATED IN SUBSECTION (5), THERE IS**
10 **ALLOCATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$99,800.00 FOR THE**
11 **CENTER TO DEVELOP THE PUPIL TRANSFER APPLICATION AS REQUIRED UNDER**
12 **SECTION 25E.**

13 **(8) ~~(7)~~**—Funds allocated under this section that are not
14 expended in the fiscal year in which they were allocated may be
15 carried forward to a subsequent fiscal year and are appropriated
16 for the purposes for which the funds were originally allocated.

17 **(9) ~~(8)~~**—The center may bill departments as necessary in order
18 to fulfill reporting requirements of state and federal law. The
19 center may also enter into agreements to supply custom data,
20 analysis, and reporting to other principal executive departments,
21 state agencies, local units of government, and other individuals
22 and organizations. The center may receive and expend funds in
23 addition to those authorized in subsection (5) to cover the costs
24 associated with salaries, benefits, supplies, materials, and
25 equipment necessary to provide such data, analysis, and reporting
26 services.

27 **(10) ~~(9)~~**—As used in this section:



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

3 (b) "State education agency" means the department.

4 Sec. 95. (1) From the funds appropriated in section 11, there
5 is allocated an amount not to exceed ~~\$1,750,000.00 for 2012-2013~~
6 **\$500,000.00 FOR 2013-2014** for grants to districts to support
7 professional development for principals and assistant principals in
8 a department-approved training program for implementing educator
9 evaluations as required under section 1249 of the revised school
10 code, MCL 380.1249.

11 **(2) IT IS THE INTENT OF THE LEGISLATURE TO APPROPRIATE FOR**
12 **2013-2014 ANY UNEXPENDED FUNDS ALLOCATED UNDER THIS SECTION FOR**
13 **2012-2013.**

14 ~~(3) (2) For 2012-2013, all districts may apply for funding~~
15 ~~under this section by a date determined by the department.~~
16 ~~Beginning in 2013-2014, in~~ **IN** a form and manner determined by the
17 department, priority will be given to districts that have new
18 building administrators who have not previously received training
19 in programs funded under this section.

20 ~~(4) (3)~~ The department shall approve training programs for the
21 purpose of this section. The department shall approve all training
22 programs recommended by the ~~governor's~~ council on educator
23 effectiveness and may approve other training programs that meet
24 department criteria. At a minimum, these other programs shall meet
25 all of the following criteria:

26 (a) Contain instructional content on methods of evaluating
27 teachers consistently across multiple grades and subjects.



1 (b) Include training on evaluation observation that is focused
 2 on reliability and bias awareness and that instills skills needed
 3 for consistent, evidence-based observations.

4 (c) Incorporate the use of videos of actual lessons for
 5 applying rubrics and consistent scoring.

6 (d) Align with recommendations of the ~~governor's~~ council on
 7 educator effectiveness.

8 (e) Provide ongoing support to maintain inter-rater
 9 reliability. As used in this subdivision, "inter-rater reliability"
 10 means a consistency of measurement from different evaluators
 11 independently applying the same evaluation criteria to the same
 12 classroom observation.

13 (4) The department shall award grants to eligible districts in
 14 an amount determined by the department, but not to exceed \$350.00
 15 per participant.

16 (5) A district receiving funds under this section shall use
 17 the funds only for department-approved training programs under this
 18 section.

19 Sec. 98. (1) From the general fund money appropriated in
 20 section 11, there is allocated an amount not to exceed
 21 \$4,387,500.00 for ~~2012-2013~~ **2013-2014** for the purposes described in
 22 this section.

23 (2) The Michigan virtual university shall ~~establish the center~~
 24 ~~for online learning research and innovation. The center for online~~
 25 ~~learning research and innovation~~ **OPERATE THE MICHIGAN VIRTUAL**
 26 **LEARNING RESEARCH INSTITUTE. THE MICHIGAN VIRTUAL LEARNING RESEARCH**
 27 **INSTITUTE** shall do all of the following:



1 (a) Support and accelerate innovation in education through the
2 following activities:

3 (i) Test, evaluate, and recommend as appropriate new
4 technology-based instructional tools and resources.

5 (ii) Research, design, and recommend ~~online and blended~~ **DIGITAL**
6 education delivery models for use by pupils and teachers that
7 include age-appropriate multimedia instructional content.

8 (iii) Research, design, and recommend competency-based online
9 assessments.

10 (iv) Research, develop, and recommend annually to the
11 department criteria by which cyber schools and online course
12 providers should be monitored and evaluated to ensure a quality
13 education for their pupils.

14 (v) Based on pupil completion and performance data reported to
15 the department or the center for educational performance and
16 information from cyber schools and other online course providers
17 operating in this state, analyze the effectiveness of online
18 learning delivery models in preparing pupils to be college- and
19 career-ready and publish a report that highlights enrollment
20 totals, completion rates, and the overall impact on pupils. The
21 report shall be submitted to the house and senate appropriations
22 subcommittees on state school aid, the state budget director, the
23 house and senate fiscal agencies, and the department not later than
24 December ~~31, 2013.~~ **1, 2014.**

25 (vi) Design professional development services for teachers,
26 school administrators, and school board members to learn how to
27 effectively integrate new technologies and online learning into

1 curricula and instruction.

2 (vii) Identify and share best practices for **PLANNING**,
3 implementing, **AND EVALUATING** online and blended education delivery
4 models with intermediate districts, districts, and public school
5 academies to accelerate the adoption of innovative education
6 delivery models statewide.

7 (b) Provide leadership for this state's system of ~~online and~~
8 ~~blended~~-**DIGITAL** learning education by doing the following
9 activities:

10 (i) Develop and report policy recommendations to the governor
11 and the legislature that accelerate the expansion of effective
12 online learning in this state's schools.

13 (ii) Provide a clearinghouse for research reports, academic
14 studies, evaluations, and other information related to online
15 learning.

16 (iii) Promote and distribute the most current instructional
17 design standards and guidelines for online teaching.

18 (iv) In collaboration with the department and interested
19 colleges and universities in this state, recommend to the
20 superintendent guidelines and standards for a new teacher
21 endorsement credential related to effective ~~online and blended~~
22 **DIGITAL LEARNING** instruction. **THE INSTITUTE SHALL REPORT ITS**
23 **RECOMMENDATIONS FOR A NEW DIGITAL LEARNING TEACHER ENDORSEMENT**
24 **CREDENTIAL NOT LATER THAN SEPTEMBER 30, 2013.**

25 (v) Pursue public/private partnerships that include districts
26 to study and implement competency-based technology-rich online
27 learning models.



1 (vi) Convene focus groups and conduct annual surveys of
2 teachers, administrators, pupils, parents, and others to identify
3 barriers and opportunities related to online learning.

4 (vii) Produce an annual consumer awareness report for schools
5 and parents about effective online education providers and
6 education delivery models, performance data, cost structures, and
7 research trends.

8 ~~(3) Subject to the provisions of this subsection, from the~~
9 ~~funds allocated in subsection (1), there is allocated an amount not~~
10 ~~to exceed \$500,000.00 for 2012-2013 to the Michigan virtual school~~
11 ~~operated by the Michigan virtual university to conduct and report~~
12 ~~on a year-long pilot study of a new performance-based funding model~~
13 ~~for the Michigan virtual school. The purpose of the pilot study is~~
14 ~~to determine the merits of a payment system for online~~

15 ~~instructional programs based on pupil performance rather than~~
16 ~~solely on enrollment and attendance factors. All of the following~~
17 ~~apply to the pilot study and the funding under this subsection:~~

18 ~~(a) The Michigan virtual school shall randomly select a~~
19 ~~minimum of 1,000 of its qualifying online course enrollments for~~
20 ~~inclusion in the pilot study. The Michigan virtual school shall~~
21 ~~issue a refund or credit to districts for all online course~~
22 ~~enrollments included in the pilot study.~~

23 ~~(b) The Michigan virtual school shall report to the department~~
24 ~~the number of online course enrollments in the pilot study that~~
25 ~~meet the following conditions:~~

26 ~~(i) The pupil successfully completed the online course as~~
27 ~~measured by assessments aligned to the course content and earned a~~



1 ~~grade or credit from the district or public school academy in which~~
 2 ~~the pupil is enrolled.~~

3 ~~—— (ii) The online course is taught by a Michigan certificated~~
 4 ~~teacher certified in the subject area in which the course is being~~
 5 ~~offered.~~

6 ~~—— (iii) Where applicable, the online course is aligned with~~
 7 ~~Michigan curriculum standards.~~

8 ~~—— (iv) The online course curriculum contains periodic online~~
 9 ~~pupil assessments.~~

10 ~~—— (v) Pupils have access to the appropriate technology hardware~~
 11 ~~and software necessary to take the online course.~~

12 ~~—— (vi) Parents or guardians and pupils have secure online access~~
 13 ~~to review periodic pupil progress and performance data.~~

14 ~~—— (vii) The online instructor is available to interact with~~
 15 ~~parents or guardians and pupils using electronic communications.~~

16 ~~—— (c) The department shall pay to Michigan virtual school from~~
 17 ~~the funding under this subsection an amount not to exceed the~~
 18 ~~equivalent of 1/12 of the state's minimum per pupil foundation~~
 19 ~~allowance for each online course enrollment included in the pilot~~
 20 ~~study that meets the conditions of subdivision (b) in the next~~
 21 ~~school aid payment after the report is received by the department.~~

22 ~~(3) (4)~~—In order for the Michigan virtual university to
 23 receive any funds allocated under this section, the Michigan
 24 virtual school must maintain its accreditation status from
 25 recognized national and international accrediting entities.

26 ~~(4) (5)~~—The Michigan virtual school **OPERATED BY THE MICHIGAN**
 27 **VIRTUAL UNIVERSITY** may offer online course offerings, ~~in addition~~



1 ~~to those offered in the pilot study described in subsection (3),~~
2 including, but not limited to, all of the following:

3 (a) Information technology courses.

4 (b) College level equivalent courses, as defined in section
5 1471 of the revised school code, MCL 380.1471.

6 (c) Courses and dual enrollment opportunities.

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

8 (e) General education development test preparation courses for
9 adjudicated youth.

10 (f) Special interest courses.

11 (g) Professional development programs for teachers, school
12 administrators, other school employees, and school board members.

13 (5) ~~(6)~~—If a home-schooled or nonpublic school student is a
14 resident of a district that subscribes to services provided by the
15 Michigan virtual school, the student may use the services provided
16 by the Michigan virtual school to the district without charge to
17 the student beyond what is charged to a district pupil using the
18 same services.

19 (6) ~~(7)~~—Not later than December 1 of each fiscal year, the
20 Michigan virtual university shall provide a report to the house and
21 senate appropriations subcommittees on state school aid, the state
22 budget director, the house and senate fiscal agencies, and the
23 department that includes at least all of the following information
24 related to the Michigan virtual school for the preceding state
25 fiscal year:

26 (a) A list of the districts served by the Michigan virtual
27 school.



1 (b) A list of online course titles available to districts.

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

4 (d) The overall course completion rate percentage.

5 ~~— (e) An analysis of the results of the pilot study described in~~
6 ~~subsection (3), including, but not limited to:~~

7 ~~— (i) A list of the districts that were selected to be part of~~
8 ~~the pilot study.~~

9 ~~— (ii) The number of successful online course completions.~~

10 ~~— (iii) A list of the courses offered in the pilot study and the~~
11 ~~completion rates for each course.~~

12 ~~— (iv) Identification of opportunities and barriers that must be~~
13 ~~addressed in order to apply online learning performance funding~~
14 ~~based on successful completions rather than enrollment and~~
15 ~~attendance for online learning offerings statewide.~~

16 (7) ~~(8)~~ The governor may appoint an advisory group for the
17 ~~center for online learning research and innovation~~ **MICHIGAN VIRTUAL**
18 **LEARNING RESEARCH INSTITUTE** established under subsection (2). The
19 members of the advisory group shall serve at the pleasure of the
20 governor and shall serve without compensation. The purpose of the
21 advisory group is to make recommendations to the governor, the
22 legislature, and the president and board of the Michigan virtual
23 university that will accelerate innovation in this state's
24 education system in a manner that will prepare elementary and
25 secondary students to be career and college ready and that will
26 promote the goal of increasing the percentage of citizens of this
27 state with high-quality degrees and credentials to at least 60% by



1 2025.

2 (8) ~~(9)~~ As used in this section:

3 (a) "Blended learning" means a hybrid instructional delivery
 4 model where pupils are provided ~~face-to-face~~ **CONTENT**, instruction,
 5 **AND ASSESSMENT**, in part at a supervised ~~school~~ **EDUCATIONAL** facility
 6 away from home **WHERE THE PUPIL AND A TEACHER WITH A VALID MICHIGAN**
 7 **TEACHING CERTIFICATE ARE IN THE SAME PHYSICAL LOCATION** and in part
 8 through ~~computer-based and internet-connected~~ learning environments
 9 with some degree of pupil control over time, location, and pace of
 10 instruction.

11 (b) "Cyber school" means a full-time ~~online~~ instructional
 12 program **OF ONLINE COURSES** for pupils that may or may not require
 13 attendance at a physical school location.

14 (C) **"DIGITAL LEARNING" MEANS INSTRUCTION DELIVERED VIA A WEB-**
 15 **BASED EDUCATIONAL DELIVERY SYSTEM THAT USES VARIOUS INFORMATION**
 16 **TECHNOLOGIES TO PROVIDE A STRUCTURED LEARNING ENVIRONMENT,**
 17 **INCLUDING ONLINE AND BLENDED LEARNING INSTRUCTIONAL METHODS.**

18 (D) ~~(e)~~ "Online instructional program" **COURSE** means a course
 19 of study that ~~generates~~ **IS CAPABLE OF GENERATING** a credit or a
 20 grade, **THAT IS** provided in an interactive ~~computer-based and~~
 21 internet-connected learning environment, in which pupils are
 22 separated from their teachers by time or location, or both, and in
 23 which a ~~Michigan certificated teacher~~ **TEACHER WHO HOLDS A VALID**
 24 **MICHIGAN TEACHING CERTIFICATE** is responsible for ~~providing direct~~
 25 ~~instruction,~~ **DETERMINING APPROPRIATE INSTRUCTIONAL METHODS FOR EACH**
 26 **PUPIL**, diagnosing learning needs, assessing pupil learning,
 27 prescribing intervention strategies, reporting outcomes, and



1 evaluating the effects of instruction and support strategies.

2 Sec. 99. (1) From the funds appropriated in section 11, there
3 is allocated an amount not to exceed \$2,725,000.00 for ~~2012-2013~~
4 **2013-2014** to support the activities and programs of mathematics and
5 science centers and for other purposes as described in this
6 section. In addition, from the federal funds appropriated in
7 section 11, there is allocated for ~~2012-2013-2013-2014~~ an amount
8 estimated at \$5,249,300.00 from DED-OESE, title II, mathematics and
9 science partnership grants.

10 (2) Within a service area designated locally, approved by the
11 department, and consistent with the comprehensive master plan for
12 mathematics and science centers developed by the department and
13 approved by the state board, an established mathematics and science
14 center shall provide 2 or more of the following 6 basic services,
15 as described in the master plan, to constituent districts and
16 communities: leadership, pupil services, curriculum support,
17 community involvement, professional development, and resource
18 clearinghouse services.

19 (3) The department shall not award a state grant under this
20 section to more than 1 mathematics and science center located in a
21 designated region as prescribed in the 2007 master plan unless each
22 of the grants serves a distinct target population or provides a
23 service that does not duplicate another program in the designated
24 region.

25 (4) As part of the technical assistance process, the
26 department shall provide minimum standard guidelines that may be
27 used by the mathematics and science center for providing fair



1 access for qualified pupils and professional staff as prescribed in
2 this section.

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

13 (6) From the funds allocated in subsection (1), there is
14 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
15 \$750,000.00 in a form and manner determined by the department to
16 those centers able to provide curriculum and professional
17 development support to assist districts in implementing the
18 Michigan merit curriculum components for mathematics and science.
19 Funding under this subsection is in addition to funding allocated
20 under subsection (5).

21 (7) From the funds allocated in subsection (1), there is
22 allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
23 \$100,000.00 in a form and manner determined by the department to a
24 single mathematics and science center that is a participant in the
25 Michigan STEM partnership. Funding under this subsection is in
26 addition to funding allocated under subsection (5) and shall be
27 used for connecting mathematics and science centers for science,



1 technology, engineering, and mathematics purposes.

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

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

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

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

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

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

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

27 (13) As used in this section:



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

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

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



1 after the failure and continuing with each payment until the
2 district complies with this subsection. If a district does not
3 comply with this subsection by the end of the fiscal year, the
4 district forfeits the amount withheld. A person who willfully
5 falsifies a figure or statement in the certified and sworn copy of
6 enrollment shall be punished in the manner prescribed by section
7 161.

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

24 (3) Except as otherwise provided in subsections (11) and (12),
25 all of the following apply to the provision of pupil instruction:

26 (a) Except as otherwise provided in this section, each
27 district shall provide at least 1,098 hours and, beginning in 2010-



1 2011, the required minimum number of days of pupil instruction. For
2 2010-2011 and for 2011-2012, the required minimum number of days of
3 pupil instruction is 165. Beginning in 2012-2013, the required
4 minimum number of days of pupil instruction is 170. **BEGINNING IN**
5 **2014-2015, THE REQUIRED MINIMUM NUMBER OF DAYS OF PUPIL INSTRUCTION**
6 **IS 175.** However, ~~beginning in 2010-2011,~~ a district shall not
7 provide fewer days of pupil instruction than the district provided
8 for 2009-2010. A district may apply for a waiver under subsection
9 (9) from the requirements of this subdivision.

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

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



1 instruction.

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

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

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

23 (i) The district offers the minimum hours of pupil instruction
24 as required under this section.

25 (ii) For each enrolled pupil, the district uses appropriate
26 academic assessments to develop an individual education plan that
27 leads to a high school diploma.



1 (iii) The district tests each pupil to determine academic
2 progress at regular intervals and records the results of those
3 tests in that pupil's individual education plan.

4 (g) All of the following apply to a waiver granted under
5 subdivision (f):

6 (i) If the waiver is for a blended model of delivery, a waiver
7 that is granted for the 2011-2012 fiscal year or a subsequent
8 fiscal year remains in effect unless it is revoked by the
9 superintendent.

10 (ii) If the waiver is for a 100% online model of delivery and
11 the educational program for which the waiver is granted makes
12 educational services available to pupils for a minimum of at least
13 1,098 hours during a school year and ensures that each pupil
14 participates in the educational program for at least 1,098 hours
15 during a school year, a waiver that is granted for the 2011-2012
16 fiscal year or a subsequent fiscal year remains in effect unless it
17 is revoked by the superintendent.

18 (iii) A waiver that is not a waiver described in subparagraph
19 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
20 to remain in effect.

21 (h) The superintendent shall promulgate rules for the
22 implementation of this subsection.

23 (4) Except as otherwise provided in this subsection, the first
24 6 days or the equivalent number of hours for which pupil
25 instruction is not provided because of conditions not within the
26 control of school authorities, such as severe storms, fires,
27 epidemics, utility power unavailability, water or sewer failure, or

1 health conditions as defined by the city, county, or state health
2 authorities, shall be counted as hours and days of pupil
3 instruction. With the approval of the superintendent of public
4 instruction, the department shall count as hours and days of pupil
5 instruction for a fiscal year not more than 6 additional days or
6 the equivalent number of additional hours for which pupil
7 instruction is not provided in a district after April 1 of the
8 applicable school year due to unusual and extenuating occurrences
9 resulting from conditions not within the control of school
10 authorities such as those conditions described in this subsection.
11 Subsequent such hours or days shall not be counted as hours or days
12 of pupil instruction.

13 (5) A district shall not forfeit part of its state aid
14 appropriation because it adopts or has in existence an alternative
15 scheduling program for pupils in kindergarten if the program
16 provides at least the number of hours required under subsection (3)
17 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
20 section, if at any time the department determines that 1 or more of
21 the following has occurred in a district, the district shall
22 forfeit in the current fiscal year beginning in the next payment to
23 be calculated by the department a proportion of the funds due to
24 the district under this article that is equal to the proportion
25 below the required minimum number of hours and days of pupil
26 instruction under subsection (3), as specified in the following:

27 (a) The district fails to operate its schools for at least the

1 required minimum number of hours and days of pupil instruction
2 under subsection (3) in a school year, including hours and days
3 counted under subsection (4).

4 (b) The board of the district takes formal action not to
5 operate its schools for at least the required minimum number of
6 hours and days of pupil instruction under subsection (3) in a
7 school year, including hours and days counted under subsection (4).

8 (7) In providing the minimum number of hours and days of pupil
9 instruction required under subsection (3), a district shall use the
10 following guidelines, and a district shall maintain records to
11 substantiate its compliance with the following guidelines:

12 (a) Except as otherwise provided in this subsection, a pupil
13 must be scheduled for at least the required minimum number of hours
14 of instruction, excluding study halls, or at least the sum of 90
15 hours plus the required minimum number of hours of instruction,
16 including up to 2 study halls.

17 (b) The time a pupil is assigned to any tutorial activity in a
18 block schedule may be considered instructional time, unless that
19 time is determined in an audit to be a study hall period.

20 (c) Except as otherwise provided in this subdivision, a pupil
21 in grades 9 to 12 for whom a reduced schedule is determined to be
22 in the individual pupil's best educational interest must be
23 scheduled for a number of hours equal to at least 80% of the
24 required minimum number of hours of pupil instruction to be
25 considered a full-time equivalent pupil. A pupil in grades 9 to 12
26 who is scheduled in a 4-block schedule may receive a reduced
27 schedule under this subsection if the pupil is scheduled for a

1 number of hours equal to at least 75% of the required minimum
2 number of hours of pupil instruction to be considered a full-time
3 equivalent pupil.

4 (d) If a pupil in grades 9 to 12 who is enrolled in a
5 cooperative education program or a special education pupil cannot
6 receive the required minimum number of hours of pupil instruction
7 solely because of travel time between instructional sites during
8 the school day, that travel time, up to a maximum of 3 hours per
9 school week, shall be considered to be pupil instruction time for
10 the purpose of determining whether the pupil is receiving the
11 required minimum number of hours of pupil instruction. However, if
12 a district demonstrates to the satisfaction of the department that
13 the travel time limitation under this subdivision would create
14 undue costs or hardship to the district, the department may
15 consider more travel time to be pupil instruction time for this
16 purpose.

17 (e) In grades 7 through 12, instructional time that is part of
18 a junior reserve officer training corps (JROTC) program shall be
19 considered to be pupil instruction time regardless of whether the
20 instructor is a certificated teacher if all of the following are
21 met:

22 (i) The instructor has met all of the requirements established
23 by the United States department of defense and the applicable
24 branch of the armed services for serving as an instructor in the
25 junior reserve officer training corps program.

26 (ii) The board of the district or intermediate district
27 employing or assigning the instructor complies with the



1 requirements of sections 1230 and 1230a of the revised school code,
2 MCL 380.1230 and 380.1230a, with respect to the instructor to the
3 same extent as if employing the instructor as a regular classroom
4 teacher.

5 (8) Except as otherwise provided in subsections (11) and (12),
6 the department shall apply the guidelines under subsection (7) in
7 calculating the full-time equivalency of pupils.

8 (9) Upon application by the district for a particular fiscal
9 year, the superintendent may waive for a district the minimum
10 number of hours and days of pupil instruction requirement of
11 subsection (3) for a department-approved alternative education
12 program or another innovative program approved by the department,
13 including a 4-day school week. If a district applies for and
14 receives a waiver under this subsection and complies with the terms
15 of the waiver, the district is not subject to forfeiture under this
16 section for the specific program covered by the waiver. If the
17 district does not comply with the terms of the waiver, the amount
18 of the forfeiture shall be calculated based upon a comparison of
19 the number of hours and days of pupil instruction actually provided
20 to the minimum number of hours and days of pupil instruction
21 required under subsection (3). Pupils enrolled in a department-
22 approved alternative education program under this subsection shall
23 be reported to the center in a form and manner determined by the
24 center. All of the following apply to a waiver granted under this
25 subsection:

26 (a) If the waiver is for a blended model of delivery, a waiver
27 that is granted for the 2011-2012 fiscal year or a subsequent



1 fiscal year remains in effect unless it is revoked by the
2 superintendent.

3 (b) If the waiver is for a 100% online model of delivery and
4 the educational program for which the waiver is granted makes
5 educational services available to pupils for a minimum of at least
6 1,098 hours during a school year and ensures that each pupil
7 participates in the educational program for at least 1,098 hours
8 during a school year, a waiver that is granted for the 2011-2012
9 fiscal year or a subsequent fiscal year remains in effect unless it
10 is revoked by the superintendent.

11 (c) A waiver that is not a waiver described in subdivision (a)
12 or (b) is valid for 1 fiscal year and must be renewed annually to
13 remain in effect.

14 ~~—— (10) A district may count up to 38 hours of qualifying~~
15 ~~professional development for teachers as hours of pupil~~
16 ~~instruction. Professional development provided online is allowable~~
17 ~~and encouraged, as long as the instruction has been approved by the~~
18 ~~district. The department shall issue a list of approved online~~
19 ~~professional development providers, which shall include the~~
20 ~~Michigan virtual school. As used in this subsection, "qualifying~~
21 ~~professional development" means professional development that is~~
22 ~~focused on 1 or more of the following:~~

23 ~~—— (a) Achieving or improving adequate yearly progress as defined~~
24 ~~under the no child left behind act of 2001, Public Law 107-110.~~

25 ~~—— (b) Achieving accreditation or improving a school's~~
26 ~~accreditation status under section 1280 of the revised school code,~~
27 ~~MCL 380.1280.~~



1 ~~— (c) Achieving highly qualified teacher status as defined under~~
 2 ~~the no child left behind act of 2001, Public Law 107-110.~~

3 ~~— (d) Integrating technology into classroom instruction.~~

4 ~~— (e) Maintaining teacher certification.~~

5 (10) ~~(11)~~ Subsections (3) and (8) do not apply to a school of
 6 excellence that is a cyber school, as defined in section 551 of the
 7 revised school code, MCL 380.551, and is in compliance with section
 8 553a of the revised school code, MCL 380.553a.

9 (11) ~~(12)~~ Subsections (3) and (8) do not apply to eligible
 10 pupils enrolled in a dropout recovery program that meets the
 11 requirements of section 23a. As used in this subsection, "eligible
 12 pupil" means that term as defined in section 23a.

13 (12) ~~(13)~~ Beginning in 2013, at least every 2 years the
 14 superintendent shall review the waiver standards set forth in the
 15 pupil accounting and auditing manuals to ensure that the waiver
 16 standards and waiver process continue to be appropriate and
 17 responsive to changing trends in online learning. The
 18 superintendent shall solicit and consider input from stakeholders
 19 as part of this review.

20 Sec. 102. (1) A district or intermediate district receiving
 21 money under this act ~~act~~ **ARTICLE** shall not adopt or operate under a
 22 deficit budget, and a district or intermediate district shall not
 23 incur an operating deficit in a fund during a school fiscal year. A
 24 district or intermediate district that has an existing deficit fund
 25 balance, that incurs a deficit fund balance in the most recently
 26 completed school fiscal year, or that adopts a current year budget
 27 that projects a deficit fund balance shall not be allotted or paid



1 a further sum under this ~~act~~ **ARTICLE** until the district or
2 intermediate district submits to the department for approval a
3 budget for the current school fiscal year and a plan to eliminate
4 the district's or intermediate district's deficit not later than
5 the end of the second school fiscal year after the deficit was
6 incurred or the budget projecting a deficit was adopted. Withheld
7 state aid payments shall be released after the department approves
8 the deficit ~~reduction~~ **ELIMINATION** plan and ensures that the budget
9 for the current school fiscal year is balanced. After the
10 department approves a district's or intermediate district's deficit
11 ~~reduction~~ **ELIMINATION** plan, the district or intermediate district
12 shall post the deficit elimination plan on the district's or
13 intermediate district's website.

14 (2) Not later than March 1 of each year, the department shall
15 prepare a report of deficits incurred or projected by districts and
16 intermediate districts in the immediately preceding fiscal year and
17 the progress made in reducing those deficits and submit the report
18 to the standing committees of the legislature responsible for K-12
19 education legislation, the appropriations subcommittees of the
20 legislature responsible for K-12 education appropriations, the
21 house and senate fiscal agencies, the state treasurer, and the
22 state budget director. The department also shall submit quarterly
23 interim reports concerning the progress made by districts and
24 intermediate districts in reducing those deficits. On a quarterly
25 basis, the superintendent of public instruction shall publicly
26 present those reports to the appropriations subcommittees of the
27 legislature responsible for K-12 education appropriations.



1 (3) The amount of the permissible deficit for each school
2 fiscal year shall not exceed the amount of state aid reduced by an
3 executive order during that school fiscal year.

4 (4) A district or intermediate district that has an existing
5 deficit fund balance, that incurs a deficit fund balance in the
6 most recently completed school fiscal year, or that adopts a
7 current year budget that projects a deficit fund balance shall
8 submit to the department a monthly monitoring report on revenue and
9 expenditures in a form and manner prescribed by the department and
10 shall post these reports on its website.

11 (5) If a district or intermediate district is not able to
12 comply with the provisions of this section, the district or
13 intermediate district shall submit to the department a plan to
14 eliminate its deficit. Upon approval of the plan submitted, the
15 superintendent of public instruction may continue allotment and
16 payment of funds under this ~~act~~, **ARTICLE**, extend the period of time
17 in which a district or intermediate district has to eliminate its
18 deficit, and set special conditions that the district or
19 intermediate district must meet during the period of the extension.
20 After the department approves a district's or intermediate
21 district's deficit ~~reduction~~ **ELIMINATION** plan under this
22 subsection, the district or intermediate district shall post the
23 deficit elimination plan on the district's or intermediate
24 district's website.

25 (6) For the purposes of this section, "deficit fund balance"
26 means that term as defined in the Michigan public school accounting
27 manual published by the department.



1 Sec. 104. (1) In order to receive state aid under this
2 article, a district shall comply with sections 1249, 1278a, 1278b,
3 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
4 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970
5 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from
6 the state school aid fund money appropriated in section 11, there
7 is allocated for ~~2012-2013~~**2013-2014** an amount not to exceed
8 \$26,694,400.00 for payments on behalf of districts for costs
9 associated with complying with those provisions of law. In
10 addition, from the federal funds appropriated in section 11, there
11 is allocated for ~~2012-2013~~**2013-2014** an amount estimated at
12 \$8,250,000.00, funded from DED-OESE, title VI, state assessment
13 funds, and from DED-OSERS, section 504 of part B of the individuals
14 with disabilities education act, Public Law 94-142, plus any
15 carryover federal funds from previous year appropriations, for the
16 purposes of complying with the federal no child left behind act of
17 2001, Public Law 107-110.

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

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



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

5 (5) As used in this section:

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

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

9 (c) "DED-OSERS" means the DED office of special education and
10 rehabilitative services.

11 Sec. 107. (1) From the appropriation in section 11, there is
12 allocated an amount not to exceed \$22,000,000.00 for ~~2012-2013~~
13 **2013-2014** for adult education programs authorized under this
14 section. Funds allocated under this section are restricted for
15 adult education programs as authorized under this section only. A
16 recipient of funds under this section shall not use those funds for
17 any other purpose.

18 (2) To be eligible for funding under this section, a program
19 shall employ certificated teachers and qualified administrative
20 staff and shall offer continuing education opportunities for
21 teachers to allow them to maintain certification.

22 (3) To be eligible to be a participant funded under this
23 section, a person shall be enrolled in an adult basic education
24 program, an adult English as a second language program, a general
25 educational development (G.E.D.) test preparation program, a job-
26 or employment-related program, or a high school completion program,
27 that meets the requirements of this section, and shall meet either



1 of the following, as applicable:

2 (a) If the individual has obtained a high school diploma or a
3 general educational development (G.E.D.) certificate, the
4 individual meets 1 of the following:

5 (i) Is less than 20 years of age on September 1 of the school
6 year and is enrolled in the Michigan career and technical
7 institute.

8 (ii) Is less than 20 years of age on September 1 of the school
9 year, is not attending an institution of higher education, and is
10 enrolled in a job- or employment-related program through a referral
11 by an employer.

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
15 or G.E.D. certificate, the individual meets 1 of the following:

16 (i) Is at least 20 years of age on September 1 of the school
17 year.

18 (ii) Is at least 16 years of age on September 1 of the school
19 year, has been permanently expelled from school under section
20 1311(2) or 1311a of the revised school code, MCL 380.1311 and
21 380.1311a, and has no appropriate alternative education program
22 available through his or her district of residence.

23 (4) Except as otherwise provided in subsection (5), the money
24 allocated under this section shall be distributed as follows:

25 (a) For districts and consortia that received payments for
26 ~~2011-2012-2012-2013~~ under this section, the amount allocated to
27 each for ~~2012-2013-2013-2014~~ shall be based on the number of



1 participants served by the district or consortium for 2012-2013,
2 using the amount allocated per full-time equated participant under
3 subsection (7), up to a maximum total allocation under this
4 subsection in an amount equal to the amount the district or
5 consortium received for ~~2011-2012-2012-2013~~ under this section
6 before any reallocations made for ~~2011-2012-2012-2013~~ under
7 subsection (5).

8 (b) A district or consortium that received funding in ~~2011-~~
9 ~~2012-2012-2013~~ under this section may operate independently of a
10 consortium or join or form a consortium for ~~2012-2013-2013-2014~~.
11 The allocation for ~~2012-2013-2013-2014~~ to the district or the newly
12 formed consortium under this subsection shall be determined by the
13 department and shall be based on the proportion of the amounts that
14 are attributable to the district or consortium that received
15 funding in ~~2011-2012-2012-2013~~. A district or consortium described
16 in this subdivision shall notify the department of its intention
17 with regard to ~~2012-2013-2013-2014~~ by October 1, ~~2012-2013~~.

18 (5) A district that operated an adult education program in
19 ~~2011-2012-2012-2013~~ and does not intend to operate a program in
20 ~~2012-2013-2013-2014~~ shall notify the department by October 1, ~~2012-~~
21 ~~2013~~ of its intention. The money intended to be allocated under
22 this section to a district that does not operate a program in ~~2012-~~
23 ~~2013-2013-2014~~ and the unspent money originally allocated under
24 this section to a district or consortium that subsequently operates
25 a program at less than the level of funding allocated under
26 subsection (4) and any other unallocated money under this section
27 shall instead be proportionately reallocated to the other districts



1 described in subsection (4) (a) that are operating an adult
2 education program in ~~2012-2013~~**2013-2014** under this section.

3 (6) The amount allocated under this section per full-time
4 equated participant is \$2,850.00 for a 450-hour program. The amount
5 shall be proportionately reduced for a program offering less than
6 450 hours of instruction.

7 (7) An adult basic education program or an adult English as a
8 second language program operated on a year-round or school year
9 basis may be funded under this section, subject to all of the
10 following:

11 (a) The program enrolls adults who are determined by a
12 department-approved assessment, in a form and manner prescribed by
13 the department, to be below ninth grade level in reading or
14 mathematics, or both, or to lack basic English proficiency.

15 (b) The program tests individuals for eligibility under
16 subdivision (a) before enrollment and upon completion of the
17 program in compliance with the state-approved assessment policy.

18 (c) A participant in an adult basic education program is
19 eligible for reimbursement until 1 of the following occurs:

20 (i) The participant's reading and mathematics proficiency are
21 assessed at or above the ninth grade level.

22 (ii) The participant fails to show progress on 2 successive
23 assessments after having completed at least 450 hours of
24 instruction.

25 (d) A funding recipient enrolling a participant in an English
26 as a second language program is eligible for funding according to
27 subsection (11) until the participant meets 1 of the following:



1 (i) The participant is assessed as having attained basic
2 English proficiency as determined by a department-approved
3 assessment.

4 (ii) The participant fails to show progress on 2 successive
5 department-approved assessments after having completed at least 450
6 hours of instruction. The department shall provide information to a
7 funding recipient regarding appropriate assessment instruments for
8 this program.

9 (8) A general educational development (G.E.D.) test
10 preparation program operated on a year-round or school year basis
11 may be funded under this section, subject to all of the following:

12 (a) The program enrolls adults who do not have a high school
13 diploma.

14 (b) The program shall administer a G.E.D. pre-test approved by
15 the department before enrolling an individual to determine the
16 individual's potential for success on the G.E.D. test, and shall
17 administer a post-test upon completion of the program in compliance
18 with the state-approved assessment policy.

19 (c) A funding recipient shall receive funding according to
20 subsection (11) for a participant, and a participant may be
21 enrolled in the program until 1 of the following occurs:

22 (i) The participant passes the G.E.D. test.

23 (ii) The participant fails to show progress on 2 successive
24 department-approved assessments used to determine readiness to take
25 the G.E.D. test after having completed at least 450 hours of
26 instruction.

27 (9) A high school completion program operated on a year-round



1 or school year basis may be funded under this section, subject to
2 all of the following:

3 (a) The program enrolls adults who do not have a high school
4 diploma.

5 (b) The program tests participants described in subdivision
6 (a) before enrollment and upon completion of the program in
7 compliance with the state-approved assessment policy.

8 (c) A funding recipient shall receive funding according to
9 subsection (11) for a participant in a course offered under this
10 subsection until 1 of the following occurs:

11 (i) The participant passes the course and earns a high school
12 diploma.

13 (ii) The participant fails to earn credit in 2 successive
14 semesters or terms in which the participant is enrolled after
15 having completed at least 900 hours of instruction.

16 (10) A job- or employment-related adult education program
17 operated on a year-round or school year basis may be funded under
18 this section, subject to all of the following:

19 (a) The program enrolls adults referred by their employer who
20 are less than 20 years of age, have a high school diploma, are
21 determined to be in need of remedial mathematics or communication
22 arts skills and are not attending an institution of higher
23 education.

24 (b) The program tests participants described in subdivision
25 (a) before enrollment and upon completion of the program in
26 compliance with the department-approved assessment policy.

27 (c) An individual may be enrolled in this program and the



1 grant recipient shall receive funding according to subsection (11)
2 until 1 of the following occurs:

3 (i) The individual achieves the requisite skills as determined
4 by department-approved assessment instruments.

5 (ii) The individual fails to show progress on 2 successive
6 assessments after having completed at least 450 hours of
7 instruction.

8 (11) A funding recipient shall receive payments under this
9 section in accordance with the following:

10 (a) Ninety percent for enrollment of eligible participants.

11 (b) Ten percent for completion of the adult basic education
12 objectives by achieving an increase of at least 1 grade level of
13 proficiency in reading or mathematics; for achieving basic English
14 proficiency, as defined by the department in the adult education
15 guidebook; for obtaining a G.E.D. or passage of 1 or more
16 individual G.E.D. tests; for attainment of a high school diploma or
17 passage of a course required for a participant to attain a high
18 school diploma; or for completion of the course and demonstrated
19 proficiency in the academic skills to be learned in the course, as
20 applicable.

21 (12) As used in this section, "participant" means the sum of
22 the number of full-time equated individuals enrolled in and
23 attending a department-approved adult education program under this
24 section, using quarterly participant count days on the schedule
25 described in section 6(7)(b).

26 (13) A person who is not eligible to be a participant funded
27 under this section may receive adult education services upon the



1 payment of tuition. In addition, a person who is not eligible to be
2 served in a program under this section due to the program
3 limitations specified in subsection (7), (8), (9), or (10) may
4 continue to receive adult education services in that program upon
5 the payment of tuition. The tuition level shall be determined by
6 the local or intermediate district conducting the program.

7 (14) An individual who is an inmate in a state correctional
8 facility shall not be counted as a participant under this section.

9 (15) A district shall not commingle money received under this
10 section or from another source for adult education purposes with
11 any other funds of the district. A district receiving adult
12 education funds shall establish a separate ledger account for those
13 funds. This subsection does not prohibit a district from using
14 general funds of the district to support an adult education or
15 community education program.

16 (16) A district or intermediate district receiving funds under
17 this section may establish a sliding scale of tuition rates based
18 upon a participant's family income. A district or intermediate
19 district may charge a participant tuition to receive adult
20 education services under this section from that sliding scale of
21 tuition rates on a uniform basis. The amount of tuition charged per
22 participant shall not exceed the actual operating cost per
23 participant minus any funds received under this section per
24 participant. A district or intermediate district may not charge a
25 participant tuition under this section if the participant's income
26 is at or below 200% of the federal poverty guidelines published by
27 the United States department of health and human services.



1 (17) In order to receive funds under this section, a district
 2 shall furnish to the department, in a form and manner determined by
 3 the department, all information needed to administer this program
 4 and meet federal reporting requirements; shall allow the department
 5 or the department's designee to review all records related to the
 6 program for which it receives funds; and shall reimburse the state
 7 for all disallowances found in the review, as determined by the
 8 department.

9 (18) All intermediate district participant audits of adult
 10 education programs shall be performed pursuant to the adult
 11 education participant auditing and accounting manuals published by
 12 the department.

13 (19) As used in this section, "department" means the Michigan
 14 strategic fund.

15 **(20) IT IS THE INTENT OF THE LEGISLATURE TO BEGIN ALLOCATING**
 16 **FUNDS UNDER THIS SECTION ON A COMPETITIVE GRANT BASIS IN 2014-2015.**

17 Sec. 147. **(1)** The allocation **EACH FISCAL YEAR** for ~~2012-2013~~
 18 **2013-2014 AND FOR 2014-2015** for the public school employees'
 19 retirement system pursuant to the public school employees
 20 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall
 21 be made using the **INDIVIDUAL PROJECTED BENEFIT** entry age normal
 22 cost ~~actuarial~~-method **OF VALUATION** and risk assumptions adopted by
 23 the public school employees retirement board and the department of
 24 technology, management, and budget.

25 **(2) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES**
 26 **FOR THE 2013-2014 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT**
 27 **SYSTEM, ARE ESTIMATED AS FOLLOWS:**



1 **(A)** For public school employees who first worked for a public
2 school reporting unit before July 1, 2010 **AND WHO ARE ENROLLED IN**
3 **THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of payroll
4 contribution rate is estimated at ~~18.62% for pension and at 8.75%~~
5 ~~for retiree health care for the 2012-2013 fiscal year, unless a~~
6 ~~different contribution rate is calculated and applied by the office~~
7 ~~of retirement services pursuant to provisions enacted under Senate~~
8 ~~Bill No. 1040 of the 96th Legislature.~~ **29.35%, WITH 24.79% PAID**
9 **DIRECTLY BY THE EMPLOYER.**

10 **(B)** For public school employees who first worked for a public
11 school reporting unit on or after July 1, 2010 **AND WHO ARE ENROLLED**
12 **IN THE HEALTH PREMIUM SUBSIDY**, the annual level percentage of
13 payroll contribution rate is estimated at **29.12%, WITH 24.56% PAID**
14 **DIRECTLY BY THE EMPLOYER.** ~~17.39% for pension and 8.75% for retiree~~
15 ~~health care for the 2012-2013 fiscal year, unless a different~~
16 ~~contribution rate is calculated and applied by the office of~~
17 ~~retirement services pursuant to provisions enacted under Senate~~
18 ~~Bill No. 1040 of the 96th Legislature. For public school employees~~
19 ~~who first worked for a public school reporting unit before July 1,~~
20 ~~2010, the annual level percentage of payroll contribution rate is~~
21 ~~estimated at 22.46% for pension and 8.75% for retiree health care~~
22 ~~for the 2013-2014 fiscal year, unless a different contribution rate~~
23 ~~is calculated and applied by the office of retirement services~~
24 ~~pursuant to provisions enacted under Senate Bill No. 1040 of the~~
25 ~~96th Legislature. For public school employees who first worked for~~
26 ~~a public school reporting unit on or after July 1, 2010, the annual~~
27 ~~level percentage of payroll contribution rate is estimated at~~



1 ~~21.19% for pension and 8.75% for retiree health care for the 2013-~~
2 ~~2014 fiscal year, unless a different contribution rate is~~
3 ~~calculated and applied by the office of retirement services~~
4 ~~pursuant to provisions enacted under Senate Bill No. 1040 of the~~
5 ~~96th Legislature. The portion of the contribution rate assigned to~~
6 ~~districts and intermediate districts for each fiscal year is all of~~
7 ~~the total percentage points. This~~

8 (C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
9 SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE
10 IN THE PENSION PLUS PLAN AND IN THE PERSONAL HEALTHCARE FUND, THE
11 ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS ESTIMATED
12 AT 28.19%, WITH 23.63% PAID DIRECTLY BY THE EMPLOYER.

13 (D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
14 SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT
15 DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL
16 HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
17 CONTRIBUTION RATE IS ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY
18 BY THE EMPLOYER.

19 (E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
20 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
21 CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY,
22 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
23 ESTIMATED AT 26.45%, WITH 21.89% PAID DIRECTLY BY THE EMPLOYER.

24 (F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
25 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
26 CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND,
27 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS



1 ESTIMATED AT 25.52%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

2 (G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
3 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN
4 THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
5 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 28.42%, WITH 23.86% PAID
6 DIRECTLY BY THE EMPLOYER.

7 (3) THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATES
8 FOR THE 2014-2015 FISCAL YEAR, AS DETERMINED BY THE RETIREMENT
9 SYSTEM, ARE ESTIMATED AS FOLLOWS:

10 (A) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
11 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO ARE ENROLLED IN
12 THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
13 CONTRIBUTION RATE IS ESTIMATED AT 33.10%, WITH 25.78% PAID DIRECTLY
14 BY THE EMPLOYER.

15 (B) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
16 SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO ARE ENROLLED
17 IN THE HEALTH PREMIUM SUBSIDY, THE ANNUAL LEVEL PERCENTAGE OF
18 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.02%, WITH 24.70% PAID
19 DIRECTLY BY THE EMPLOYER.

20 (C) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
21 SCHOOL REPORTING UNIT ON OR AFTER JULY 1, 2010 AND WHO PARTICIPATE
22 IN THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
23 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 31.51%, WITH 24.19% PAID
24 DIRECTLY BY THE EMPLOYER.

25 (D) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
26 SCHOOL REPORTING UNIT ON OR AFTER SEPTEMBER 4, 2012, WHO ELECT
27 DEFINED CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL



1 HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF PAYROLL
2 CONTRIBUTION RATE IS ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY
3 BY THE EMPLOYER.

4 (E) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
5 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
6 CONTRIBUTION, AND WHO ARE ENROLLED IN THE HEALTH PREMIUM SUBSIDY,
7 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
8 ESTIMATED AT 28.79%, WITH 21.47% PAID DIRECTLY BY THE EMPLOYER.

9 (F) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
10 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010, WHO ELECT DEFINED
11 CONTRIBUTION, AND WHO PARTICIPATE IN THE PERSONAL HEALTHCARE FUND,
12 THE ANNUAL LEVEL PERCENTAGE OF PAYROLL CONTRIBUTION RATE IS
13 ESTIMATED AT 28.28%, WITH 20.96% PAID DIRECTLY BY THE EMPLOYER.

14 (G) FOR PUBLIC SCHOOL EMPLOYEES WHO FIRST WORKED FOR A PUBLIC
15 SCHOOL REPORTING UNIT BEFORE JULY 1, 2010 AND WHO PARTICIPATE IN
16 THE PERSONAL HEALTHCARE FUND, THE ANNUAL LEVEL PERCENTAGE OF
17 PAYROLL CONTRIBUTION RATE IS ESTIMATED AT 32.59%, WITH 25.27% PAID
18 DIRECTLY BY THE EMPLOYER.

19 (4) IN ADDITION TO THE EMPLOYER PAYMENTS DESCRIBED IN
20 SUBSECTIONS (2) AND (3), THE EMPLOYER SHALL PAY THE APPLICABLE
21 CONTRIBUTIONS TO THE TIER 2 PLAN, AS DETERMINED BY THE PUBLIC
22 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300 MCL 38.1301 TO
23 38.1408.

24 (5) ~~THE contribution rate reflects~~ RATES IN SUBSECTION (2)
25 REFLECT an amortization period of ~~26~~ 25 years for ~~2012-2013~~ 2013-
26 2014. The public school employees' retirement system board shall
27 notify each district and intermediate district by February 28 of



1 each fiscal year of the estimated contribution rate for the next
2 fiscal year.

3 Sec. 147a. From the appropriation in section 11, there is
4 allocated for ~~2012-2013~~ **2013-2014** an amount not to exceed
5 \$155,000,000.00 for payments to participating districts. A district
6 that receives money under this section shall use that money solely
7 for the purpose of offsetting a portion of the retirement
8 contributions owed by the district for the fiscal year ~~ending~~
9 ~~September 30, 2013.~~ **IN WHICH IT IS RECEIVED.** The amount allocated
10 to each participating district under this section shall be based on
11 each participating district's percentage of the total statewide
12 payroll for all participating districts for the immediately
13 preceding fiscal year. As used in this section, "participating
14 district" means a district that is a reporting unit of the Michigan
15 public school employees' retirement system under the public school
16 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
17 38.1408, and that reports employees to the Michigan public school
18 employees' retirement system for the applicable fiscal year.

19 Sec. 147b. ~~(1) From the appropriation in section 11, there is~~
20 ~~allocated an amount not to exceed \$133,000,000.00 for 2011-2012 and~~
21 ~~an amount not to exceed \$41,000,000.00 for 2012-2013 for the~~
22 ~~purposes of this section. The money allocated in this section~~
23 ~~represents a portion of the year-end school aid fund balance. Money~~
24 ~~allocated under this section shall be deposited in the MPSERS~~
25 ~~retirement obligation reform reserve fund.~~

26 **(1)** ~~(2)~~ The MPSERS retirement obligation reform reserve fund
27 is created as a separate account within the state school aid fund.



1 (2) The state treasurer may receive money or other assets from
 2 any source for deposit into the MPERS retirement obligation reform
 3 reserve fund. The state treasurer shall direct the investment of
 4 the MPERS retirement obligation reform reserve fund. The state
 5 treasurer shall credit to the MPERS retirement obligation reform
 6 reserve fund interest and earnings from the MPERS retirement
 7 obligation reform reserve fund.

8 **(3) MONEY AVAILABLE IN THE MPERS RETIREMENT OBLIGATION REFORM**
 9 **RESERVE FUND SHALL NOT BE EXPENDED WITHOUT A SPECIFIC**
 10 **APPROPRIATION.**

11 (4) Money in the MPERS retirement obligation reform reserve
 12 fund at the close of the fiscal year shall remain in the MPERS
 13 retirement obligation reform reserve fund and shall not lapse to
 14 the state school aid fund or to the general fund. The department of
 15 treasury shall be the administrator of the MPERS retirement
 16 obligation reform reserve fund for auditing purposes.

17 ~~—— (3) It is the intent of the legislature that the speaker of~~
 18 ~~the house of representatives or the senate majority leader, or~~
 19 ~~both, shall convene a workgroup to examine retirement obligations~~
 20 ~~and potential reforms to the Michigan public school employees'~~
 21 ~~retirement system established under the public school employees~~
 22 ~~retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. The~~
 23 ~~chair of the senate appropriations committee and chair of the house~~
 24 ~~appropriations committee, or his or her designee, each shall be a~~
 25 ~~member of the workgroup, and the workgroup shall report to the~~
 26 ~~speaker of the house of representatives or the senate majority~~
 27 ~~leader, as applicable, by February 1, 2012, on reforms identified,~~



1 ~~timelines for implementing reforms, and estimated costs and savings~~
 2 ~~of the identified reforms.~~

3 (5) IF THE CONTRIBUTIONS DESCRIBED IN SECTION 43E OF THE
 4 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
 5 38.1343E, AS THAT SECTION WAS ADDED BY 2010 PA 75, ARE DETERMINED
 6 BY A FINAL ORDER OF A COURT OF COMPETENT JURISDICTION FOR WHICH ALL
 7 RIGHTS OF APPEAL HAVE BEEN EXHAUSTED TO BE CONSTITUTIONAL AND IF
 8 THE ORDER FOR PRELIMINARY INJUNCTION IN CASE NO. 10-45-MM ISSUED ON
 9 JULY 13, 2010 IS LIFTED, THE MONEY PLACED IN A SEPARATE INTEREST
 10 BEARING ACCOUNT AS A RESULT OF IMPLEMENTING THE PRELIMINARY
 11 INJUNCTION SHALL BE DEPOSITED INTO THE MPSERS RETIREMENT OBLIGATION
 12 REFORM RESERVE FUND CREATED IN THIS SECTION TO BE USED SOLELY FOR
 13 HEALTH CARE UNFUNDED ACCRUED LIABILITIES.

14 Sec. 147c. (1) ~~Except as otherwise provided in subsection (2),~~
 15 ~~from~~ **FROM** the appropriation in section 11, there is allocated for
 16 ~~2012-2013-2013-2014~~ an amount not to exceed ~~\$130,000,000.00 to~~
 17 **\$253,300,000.00 FROM THE STATE SCHOOL AID FUND, AND THERE IS**
 18 **APPROPRIATED FOR 2013-2014 AN AMOUNT NOT TO EXCEED \$150,000,000.00**
 19 **FROM THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND, FOR**
 20 **PAYMENTS TO DISTRICTS AND INTERMEDIATE DISTRICTS THAT ARE**
 21 **PARTICIPATING ENTITIES OF** the Michigan public school employees'
 22 retirement system.

23 (2) **PAYMENTS MADE UNDER THIS SECTION SHALL BE EQUAL TO THE**
 24 **DIFFERENCE BETWEEN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY**
 25 **CONTRIBUTION RATE AS CALCULATED** pursuant to section 41 of the
 26 public school employees' retirement act of 1979, 1980 PA 300, MCL
 27 38.1341, **AS CALCULATED WITHOUT TAKING INTO ACCOUNT THE MAXIMUM**



1 EMPLOYER RATE OF 20.96% INCLUDED IN SECTION 41 OF THE PUBLIC SCHOOL
 2 EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341, AND THE
 3 MAXIMUM EMPLOYER RATE OF 20.96% INCLUDED IN SECTION 41 OF THE
 4 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
 5 38.1341.

6 ~~—— (2) If section 41 of the public school employees' retirement~~
 7 ~~act of 1979, 1980 PA 300, MCL 38.1341, is not amended by Senate~~
 8 ~~Bill No. 1040 of the 96th Legislature, then the allocation under~~
 9 ~~subsection (1) shall lapse to the state school aid fund unless the~~
 10 ~~legislature takes action to allocate the funding in another manner.~~

11 (3) THE AMOUNT ALLOCATED TO EACH PARTICIPATING ENTITY UNDER
 12 THIS SECTION SHALL BE BASED ON EACH PARTICIPATING ENTITY'S
 13 PROPORTION OF THE TOTAL COVERED PAYROLL FOR THE IMMEDIATELY
 14 PRECEDING FISCAL YEAR FOR ALL DISTRICTS AND INTERMEDIATE DISTRICTS
 15 THAT ARE PARTICIPATING ENTITIES. PARTICIPATING ENTITIES THAT
 16 RECEIVE FUNDS UNDER THIS SECTION SHALL USE THE FUNDS SOLELY FOR THE
 17 PURPOSE OF RETIREMENT CONTRIBUTIONS AS SPECIFIED IN SUBSECTION (4).

18 (4) EACH PARTICIPATING ENTITY RECEIVING FUNDS UNDER THIS
 19 SECTION SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT ALLOCATED UNDER
 20 SUBSECTION (3) TO THE RETIREMENT SYSTEM IN A FORM, MANNER, AND TIME
 21 FRAME DETERMINED BY THE RETIREMENT SYSTEM.

22 (5) AS USED IN THIS SECTION:

23 (A) "PARTICIPATING ENTITY" MEANS A DISTRICT OR INTERMEDIATE
 24 DISTRICT THAT IS A REPORTING UNIT OF THE MICHIGAN PUBLIC SCHOOL
 25 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
 26 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437, AND
 27 THAT REPORTS EMPLOYEES TO THE MICHIGAN PUBLIC SCHOOL EMPLOYEES'



1 RETIREMENT SYSTEM FOR THE APPLICABLE FISCAL YEAR.

2 (B) "RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE
3 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT
4 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

5 (C) "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL
6 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
7 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

8 Sec. 152a. (1) As required by the court in the consolidated
9 cases known as Adair v State of Michigan, Michigan supreme court
10 docket nos. 137424 and 137453, from the state school aid fund money
11 appropriated in section 11 there is allocated for ~~2012-2013-2013-~~
12 **2014** an amount not to exceed \$38,000,500.00 to be used solely for
13 the purpose of paying necessary costs related to the state-mandated
14 collection, maintenance, and reporting of data to this state.

15 (2) From the allocation in subsection (1), the department
16 shall make payments to districts and intermediate districts in an
17 equal amount per pupil based on the total number of pupils in
18 membership in each district and intermediate district. The
19 department shall not make any adjustment to these payments after
20 the final installment payment under section 17b is made.

21 Sec. 201. (1) Subject to the conditions set forth in this
22 article, the amounts listed in subsections (2), ~~and~~(4), **(5), AND**
23 **(6)** are appropriated for community colleges for the fiscal year
24 ending September 30, ~~2013,~~**2014**, from the funds indicated in this
25 section. The following is a summary of the appropriations in
26 subsections (2), ~~and~~(4), **(5), AND (6)** :

27 (a) The gross appropriation is ~~\$294,130,500.00.~~



1 **\$334,877,600.00.** After deducting total interdepartmental grants and
 2 intradepartmental transfers in the amount of \$0.00, the adjusted
 3 gross appropriation is ~~\$294,130,500.00.~~ **\$334,877,600.00.**

4 (b) The sources of the adjusted gross appropriation described
 5 in subdivision (a) are as follows:

6 (i) Total federal revenues, \$0.00.

7 (ii) Total local revenues, \$0.00.

8 (iii) Total private revenues, \$0.00.

9 (iv) Total other state restricted revenues, \$197,614,100.00.

10 (v) State general fund/general purpose money,

11 ~~\$96,516,400.00.~~ **\$137,263,500.00.**

12 (2) Subject to subsection (3), the amount appropriated for
 13 community college operations is ~~\$292,396,900.00,~~ **\$298,244,000.00,**
 14 allocated as follows:

15 (a) Alpena Community College, ~~\$5,111,200.00.~~ **\$5,221,100.00.**

16 (b) Bay de Noc Community College, ~~\$5,161,300.00.~~ **\$5,263,800.00.**

17 (c) Delta College, ~~\$13,712,700.00.~~ **\$14,022,200.00.**

18 (d) Glen Oaks Community College, ~~\$2,383,000.00.~~ **\$2,434,000.00.**

19 (e) Gogebic Community College, ~~\$4,233,100.00.~~ **\$4,317,500.00.**

20 (f) Grand Rapids Community College,

21 ~~\$17,054,300.00.~~ **\$17,403,500.00.**

22 (g) Henry Ford Community College,

23 ~~\$20,596,700.00.~~ **\$20,997,900.00.**

24 (h) Jackson Community College, ~~\$11,491,500.00.~~ **\$11,723,600.00.**

25 (i) Kalamazoo Valley Community College,

26 ~~\$11,828,300.00.~~ **\$12,086,900.00.**

27 (j) Kellogg Community College, ~~\$9,289,300.00.~~ **\$9,494,000.00.**



- 1 (k) Kirtland Community College, ~~\$2,968,300.00~~ **\$3,046,800.00.**
- 2 (l) Lake Michigan College, ~~\$5,059,300.00~~ **\$5,162,900.00.**
- 3 (m) Lansing Community College, ~~\$29,335,000.00~~ **\$29,935,300.00.**
- 4 (n) Macomb Community College, ~~\$31,206,500.00~~ **\$31,837,200.00.**
- 5 (o) Mid Michigan Community College,
- 6 ~~\$4,393,400.00~~ **\$4,504,700.00.**
- 7 (p) Monroe County Community College,
- 8 ~~\$4,223,500.00~~ **\$4,329,900.00.**
- 9 (q) Montcalm Community College, ~~\$3,038,500.00~~ **\$3,112,000.00.**
- 10 (r) C.S. Mott Community College,
- 11 ~~\$14,890,400.00~~ **\$15,202,200.00.**
- 12 (s) Muskegon Community College, ~~\$8,456,100.00~~ **\$8,628,000.00.**
- 13 (t) North Central Michigan College,
- 14 ~~\$2,979,900.00~~ **\$3,055,400.00.**
- 15 (u) Northwestern Michigan College,
- 16 ~~\$8,624,100.00~~ **\$8,799,300.00.**
- 17 (v) Oakland Community College, ~~\$19,977,500.00~~ **\$20,422,900.00.**
- 18 (w) St. Clair County Community College,
- 19 ~~\$6,697,300.00~~ **\$6,839,900.00.**
- 20 (x) Schoolcraft College, ~~\$11,800,500.00~~ **\$12,076,700.00.**
- 21 (y) Southwestern Michigan College,
- 22 ~~\$6,269,000.00~~ **\$6,385,400.00.**
- 23 (z) Washtenaw Community College,
- 24 ~~\$12,242,000.00~~ **\$12,573,900.00.**
- 25 (aa) Wayne County Community College,
- 26 ~~\$15,798,500.00~~ **\$16,146,700.00.**
- 27 (bb) West Shore Community College,



1 ~~\$2,298,200.00.~~ **\$2,342,600.00.**

2 (cc) Local strategic value, ~~\$1,277,500.00.~~ **\$877,700.00.**

3 (3) The amount appropriated in subsection (2) for community
4 college operations is appropriated from the following:

5 (a) State school aid fund, \$195,880,500.00.

6 (b) State general fund/general purpose money,
7 ~~\$96,516,400.00.~~ **\$102,363,500.00.**

8 (4) From the appropriations described in subsection (1), there
9 is appropriated for fiscal year ~~2012-2013-~~ **2013-2014** an amount not
10 to exceed \$1,733,600.00 for payments to community colleges from the
11 state school aid fund. A community college that receives money
12 under this subsection shall use that money solely for the purpose
13 of offsetting a portion of the retirement contributions owed by the
14 college for the fiscal year ending September 30, ~~2013-~~ **2014**. ~~The~~
15 ~~amount allocated to each community college under this subsection is~~
16 ~~as follows:~~ **THE AMOUNT ALLOCATED TO EACH PARTICIPATING COMMUNITY**
17 **COLLEGE UNDER THIS SECTION SHALL BE BASED ON EACH PARTICIPATING**
18 **COLLEGE'S TOTAL PAYROLL COVERED BY THE RETIREMENT SYSTEM FOR ALL**
19 **PARTICIPATING COLLEGES FOR THE IMMEDIATELY PRECEDING STATE FISCAL**
20 **YEAR.**

21 ~~— (a) Alpena Community College, \$30,400.00.~~

22 ~~— (b) Bay de Noc Community College, \$30,800.00.~~

23 ~~— (c) Delta College, \$81,400.00.~~

24 ~~— (d) Glen Oaks Community College, \$14,200.00.~~

25 ~~— (e) Gogebic Community College, \$25,300.00.~~

26 ~~— (f) Grand Rapids Community College, \$101,700.00.~~

27 ~~— (g) Henry Ford Community College, \$123,000.00.~~



- 1 ~~— (h) Jackson Community College, \$68,500.00.~~
2 ~~— (i) Kalamazoo Valley Community College, \$70,400.00.~~
3 ~~— (j) Kellogg Community College, \$55,300.00.~~
4 ~~— (k) Kirtland Community College, \$17,500.00.~~
5 ~~— (l) Lake Michigan College, \$30,200.00.~~
6 ~~— (m) Lansing Community College, \$175,000.00.~~
7 ~~— (n) Macomb Community College, \$186,200.00.~~
8 ~~— (o) Mid Michigan Community College, \$26,100.00.~~
9 ~~— (p) Monroe County Community College, \$25,000.00.~~
10 ~~— (q) Montcalm Community College, \$18,000.00.~~
11 ~~— (r) C.S. Mott Community College, \$88,700.00.~~
12 ~~— (s) Muskegon Community College, \$50,400.00.~~
13 ~~— (t) North Central Michigan College, \$17,600.00.~~
14 ~~— (u) Northwestern Michigan College, \$51,500.00.~~
15 ~~— (v) Oakland Community College, \$118,800.00.~~
16 ~~— (w) St. Clair County Community College, \$39,900.00.~~
17 ~~— (x) Schoolcraft College, \$70,100.00.~~
18 ~~— (y) Southwestern Michigan College, \$37,500.00.~~
19 ~~— (z) Washtenaw Community College, \$72,200.00.~~
20 ~~— (aa) Wayne County Community College, \$94,200.00.~~
21 ~~— (bb) West Shore Community College, \$13,700.00.~~
22 ~~— (5) Notwithstanding subsections (1) and (3) of this section as~~
23 ~~in effect for the fiscal year ending September 30, 2012, the~~
24 ~~amounts appropriated for community colleges under subsection (2) of~~
25 ~~this section for the fiscal year ending September 30, 2012 are~~
26 ~~appropriated from the following funds:~~
27 ~~— (a) State school aid fund, \$259,629,400.00.~~

1 ~~----- (b) State general fund/general purpose money, \$24,251,100.00.~~

2 (5) FROM THE APPROPRIATIONS DESCRIBED IN SUBSECTION (1), THERE
3 IS APPROPRIATED AN AMOUNT NOT TO EXCEED \$31,400,000.00 FROM THE
4 STATE GENERAL FUND FOR PAYMENTS TO COMMUNITY COLLEGES THAT ARE
5 PARTICIPATING ENTITIES OF THE RETIREMENT SYSTEM. ALL OF THE
6 FOLLOWING APPLY TO THE APPROPRIATIONS DESCRIBED IN THIS SUBSECTION:

7 (A) THE AMOUNT OF A PAYMENT UNDER THIS SUBSECTION SHALL BE THE
8 DIFFERENCE BETWEEN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
9 CONTRIBUTION RATE AS CALCULATED UNDER SECTION 41 OF THE PUBLIC
10 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341,
11 AND THE MAXIMUM EMPLOYER RATE OF 20.96% UNDER SECTION 41 OF THE
12 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
13 38.1341.

14 (B) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER THIS
15 SUBSECTION SHALL BE BASED ON EACH COMMUNITY COLLEGE'S PERCENTAGE OF
16 THE TOTAL COVERED PAYROLL FOR ALL COMMUNITY COLLEGES THAT ARE
17 PARTICIPATING COLLEGES IN THE IMMEDIATELY PRECEDING FISCAL YEAR. A
18 COMMUNITY COLLEGE THAT RECEIVES FUNDS UNDER THIS SUBSECTION SHALL
19 USE THE FUNDS SOLELY FOR THE PURPOSE OF RETIREMENT CONTRIBUTIONS
20 UNDER SUBDIVISION (C).

21 (C) EACH PARTICIPATING COLLEGE RECEIVING FUNDS UNDER THIS
22 SUBSECTION SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT ALLOCATED
23 UNDER SUBDIVISION (B) TO THE RETIREMENT SYSTEM IN A FORM AND MANNER
24 DETERMINED BY THE RETIREMENT SYSTEM.

25 (6) ALL OF THE FOLLOWING APPLY TO COMMUNITY COLLEGES DESCRIBED
26 IN SECTION 12(3) OF THE MICHIGAN RENAISSANCE ZONE ACT, MCL
27 125.2692:



1 (A) FROM THE APPROPRIATIONS DESCRIBED IN SUBSECTION (1), THE
2 FOLLOWING AMOUNT IS ALLOCATED FOR REIMBURSEMENT TO COMMUNITY
3 COLLEGES UNDER SECTION 12(3) OF THE MICHIGAN RENAISSANCE ZONE ACT,
4 MCL 125.2692:

5 (i) IF THE AMOUNT OF TAX REVENUE LOST BY COMMUNITY COLLEGES AS
6 A RESULT OF THE EXEMPTION OF PROPERTY UNDER THE MICHIGAN
7 RENAISSANCE ZONE ACT IN FISCAL YEAR 2012-2013 IS \$3,500,000.00 OR
8 MORE, \$3,500,000.00 FROM THE STATE GENERAL FUND.

9 (ii) IF THE AMOUNT OF TAX REVENUE LOST BY COMMUNITY COLLEGES AS
10 A RESULT OF THE EXEMPTION OF PROPERTY UNDER THE MICHIGAN
11 RENAISSANCE ZONE ACT IN FISCAL YEAR 2012-2013 IS LESS THAN
12 \$3,500,000.00, THE ACTUAL AMOUNT OF TAX REVENUE LOST BY THE
13 COMMUNITY COLLEGES.

14 (B) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER THIS
15 SUBSECTION SHALL BE BASED ON THAT COMMUNITY COLLEGE'S PROPORTION OF
16 TOTAL REVENUE LOST BY COMMUNITY COLLEGES IN FISCAL YEAR 2012-2013
17 AS A RESULT OF THE EXEMPTION OF PROPERTY UNDER THE MICHIGAN
18 RENAISSANCE ZONE ACT.

19 (C) THE APPROPRIATIONS DESCRIBED IN THIS SUBSECTION SHALL BE
20 MADE TO EACH ELIGIBLE COMMUNITY COLLEGE WITHIN 60 DAYS AFTER THE
21 DEPARTMENT OF TREASURY CERTIFIES TO THE STATE BUDGET DIRECTOR THAT
22 IT HAS RECEIVED ALL NECESSARY INFORMATION TO PROPERLY DETERMINE THE
23 AMOUNTS OF TAX REVENUE LOST BY EACH ELIGIBLE COMMUNITY COLLEGE IN
24 FISCAL YEAR 2012-2013 UNDER SECTION 12 OF THE MICHIGAN RENAISSANCE
25 ZONE ACT, MCL 125.2692.

26 (7) AS USED IN THIS SECTION:

27 (A) "MICHIGAN RENAISSANCE ZONE ACT" MEANS THE MICHIGAN



1 RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2681 TO 125.2696.

2 (B) "PARTICIPATING COLLEGE" MEANS A COMMUNITY COLLEGE THAT IS
3 A REPORTING UNIT OF THE RETIREMENT SYSTEM AND THAT REPORTS
4 EMPLOYEES TO THE RETIREMENT SYSTEM FOR THE STATE FISCAL YEAR.

5 (C) "RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE
6 RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT
7 OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

8 (D) "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL
9 EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES
10 RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.

11 Sec. 201a. It is the intent of the legislature to provide
12 appropriations for the fiscal year ending on September 30, ~~2014~~
13 ~~2015~~ for the items listed in section 201. The fiscal year ~~2013-2014~~
14 ~~2014-2015~~ appropriations are anticipated to be the same as those
15 for fiscal year ~~2012-2013,~~ ~~2013-2014~~, except that the amounts will
16 be adjusted for changes in caseload and related costs, federal fund
17 match rates, economic factors, and available revenue. These
18 adjustments will be determined after the ~~January 2013-~~ ~~MAY 2014~~
19 consensus revenue estimating conference.

20 Sec. 206. The funds appropriated in section 201 are
21 appropriated for community colleges with fiscal years ending June
22 30, ~~2013-2014~~ and shall be paid out of the state treasury and
23 distributed by the state treasurer to the respective community
24 colleges in 11 monthly installments on the sixteenth of each month,
25 or the next succeeding business day, beginning with October 16,
26 ~~2012-2013~~. Each community college shall accrue its July and August
27 ~~2013-2014~~ payments to its institutional fiscal year ending June 30,



1 ~~2013.~~**2014.** However, if the state budget director determines that a
 2 community college failed to submit all verified Michigan community
 3 colleges activities classification structure data for school year
 4 ~~2011-2012-2012-2013~~ to the workforce development agency by November
 5 1, ~~2012,~~**2013,** or failed to submit its longitudinal data system
 6 data set for school year ~~2011-2012-2012-2013~~ to the center for
 7 educational performance and information under section 219, the
 8 state treasurer shall withhold the monthly installments from that
 9 community college until those data are submitted. The state budget
 10 director shall notify the chairs of the house and senate
 11 appropriations subcommittees on community colleges at least 10 days
 12 before withholding funds from any community college.

13 Sec. 209. (1) Within 30 days after the board of a community
 14 college adopts its annual operating budget for the following school
 15 fiscal year, or after the board adopts a subsequent revision to
 16 that budget, the community college shall make all of the following
 17 available through a link on its website homepage:

18 (a) The annual operating budget and subsequent budget
 19 revisions.

20 (b) A link to the most recent "Activities Classification
 21 Structure Manual for Michigan Community Colleges".

22 **(C) GENERAL FUND REVENUE AND EXPENDITURE PROJECTIONS FOR**
 23 **FISCAL YEAR 2013-2014 AND FISCAL YEAR 2014-2015.**

24 **(D) A LISTING OF ALL DEBT SERVICE OBLIGATIONS, DETAILED BY**
 25 **PROJECT, ANTICIPATED FISCAL YEAR 2013-2014 PAYMENT OF EACH PROJECT,**
 26 **AND TOTAL OUTSTANDING DEBT.**

27 **(E)** ~~(e)~~—Links to all of the following for the community



1 college:

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

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

9 (iii) Audits and financial reports for the most recent fiscal
10 year for which they are available.

11 ~~—— (iv) A copy of the board of trustees resolution regarding~~
12 ~~compliance with best practices for the local strategic value~~
13 ~~component described in section 230(3).~~

14 (2) For statewide consistency and public visibility, community
15 colleges must use the icon badge provided by the department of
16 technology, management, and budget consistent with the icon badge
17 developed by the department of education for K-12 school districts.
18 It must appear on the front of each community college's homepage.
19 The size of the icon may be reduced to 150 x 150 pixels. ~~To be in~~
20 ~~compliance with this section, all data elements defined in this~~
21 ~~section must be available on the college's homepage by December 31,~~
22 ~~2012. Each community college shall notify the state budget office~~
23 ~~when all data elements defined in this section are made available~~
24 ~~on its website.~~

25 (3) The state budget director shall determine whether a
26 community college has complied with this section. The state budget
27 director may withhold a community college's monthly installments



1 described in section 206 until the community college complies with
2 this section. The state budget director shall notify the chairs of
3 the house and senate appropriations subcommittee on community
4 colleges at least 10 days before withholding funds from any
5 community college.

6 (4) Each community college shall report the following
7 information to the senate and house appropriations subcommittees on
8 community colleges, the senate and house fiscal agencies, and the
9 state budget office by November 15, ~~2012,~~**2013**, and post that
10 information on the internet website required under subsection (1):

11 (a) Budgeted fiscal year ~~2012-2013~~**2013-2014** general fund
12 revenue from tuition and fees.

13 (b) Budgeted fiscal year ~~2012-2013~~**2013-2014** general fund
14 revenue from state appropriations.

15 (c) Budgeted fiscal year ~~2012-2013~~**2013-2014** general fund
16 revenue from property taxes.

17 (d) Budgeted fiscal year ~~2012-2013~~**2013-2014** total general
18 fund revenue.

19 (e) Budgeted fiscal year ~~2012-2013~~**2013-2014** total general
20 fund expenditures.

21 Sec. 210. (1) Recognizing the critical importance of education
22 in strengthening Michigan's workforce, the legislature encourages
23 each community college to explore ways of increasing collaboration
24 and cooperation with 4-year universities, particularly in the areas
25 related to training, instruction, and program articulation.

26 (2) Recognizing the central role of community colleges in
27 responding to local employment needs and challenges, community



1 colleges shall develop and continue efforts to collaborate with
 2 local employers and students to identify local employment needs and
 3 strategies to meet them.

4 (3) Community colleges are encouraged to collaborate with each
 5 other on innovations to identify and meet local employment needs.

6 **(4) COMMUNITY COLLEGES ARE ENCOURAGED TO WORK WITH**
 7 **UNIVERSITIES TO DEVELOP EQUIVALENCY STANDARDS OF CORE COLLEGE**
 8 **COURSES AND IDENTIFY EQUIVALENT COURSES OFFERED BY INSTITUTIONS.**

9 Sec. 224. ~~Upon request, a~~ **A** community college shall **USE THE P-**
 10 **20-LONGITUDINAL DATA SYSTEM TO** inform interested Michigan high
 11 schools of the aggregate academic status of its students for the
 12 previous academic year, in a manner prescribed by the Michigan
 13 community college association and in cooperation with the Michigan
 14 association of secondary school principals. Community colleges
 15 shall cooperate with the center for educational performance and
 16 information to design and implement a systematic approach for
 17 accomplishing this work.

18 Sec. 225. Each community college shall report to the house and
 19 senate fiscal agencies, the state budget director, and the
 20 workforce development agency by August 31, ~~2012,~~ **2013**, the tuition
 21 and mandatory fees paid by a full-time in-district student and a
 22 full-time out-of-district student as established by the college
 23 governing board for the ~~2011-2012~~ **2012-2013** academic year. This
 24 report should also include the annual cost of attendance based on a
 25 full-time course load of 30 credits. Each community college shall
 26 also report any revisions to the reported ~~2011-2012~~ **2012-2013 OR**
 27 **2013-2014** academic year tuition and mandatory fees adopted by the



1 college governing board to the house and senate fiscal agencies,
 2 the state budget director, and the workforce development agency
 3 within 15 days of being adopted.

4 Sec. 229a. Included in the fiscal year ~~2012-2013-2013-2014~~
 5 `appropriations for the department of technology, management, and
 6 budget are appropriations to provide funding for the state share of
 7 costs for previously constructed capital projects for community
 8 colleges. Those appropriations for state building authority rent
 9 represent additional state general fund support for community
 10 colleges, and the following is an estimate of the amount of that
 11 support to each community college:

- 12 (a) Alpena Community College, ~~\$428,100.00~~ **\$434,500.00**.
 13 (b) Bay de Noc Community College, ~~\$618,000.00~~ **\$644,500.00**.
 14 (c) Delta College, ~~\$2,610,000.00~~ **\$2,877,700.00**.
 15 (d) Glen Oaks Community College, ~~\$123,000.00~~ **\$124,900.00**.
 16 (e) Gogebic Community College, ~~\$60,000.00~~ **\$78,100.00**.
 17 (f) Grand Rapids Community College,
 18 ~~\$1,675,000.00~~ **\$1,700,400.00**.
 19 (g) Henry Ford Community College, ~~\$1,110,000.00~~ **\$1,126,800.00**.
 20 (h) Jackson Community College, ~~\$1,563,000.00~~ **\$1,809,500.00**.
 21 (i) Kalamazoo Valley Community College,
 22 ~~\$1,467,000.00~~ **\$1,489,300.00**.
 23 (j) Kellogg Community College, ~~\$520,000.00~~ **\$527,900.00**.
 24 (k) Kirtland Community College, ~~\$363,300.00~~ **\$368,800.00**.
 25 (l) Lake Michigan College, ~~\$340,000.00~~ **\$345,200.00**.
 26 (m) Lansing Community College, ~~\$384,000.00~~ **\$617,600.00**.
 27 (n) Macomb Community College, ~~\$1,313,100.00~~ **\$1,332,900.00**.



- 1 (o) Mid Michigan Community College, ~~\$915,000.00~~ **\$928,900.00.**
- 2 (p) Monroe County Community College,
- 3 ~~\$1,355,000.00~~ **\$1,375,600.00.**
- 4 (q) Montcalm Community College, ~~\$756,000.00~~ **\$1,015,700.00.**
- 5 (r) C.S. Mott Community College, ~~\$1,803,000.00~~ **\$1,830,400.00.**
- 6 (s) Muskegon Community College, ~~\$198,000.00~~ **\$201,000.00.**
- 7 **(T) NORTH CENTRAL MICHIGAN COLLEGE, \$476,300.00.**
- 8 **(U)** ~~(t)~~ Northwestern Michigan College,
- 9 ~~\$1,305,000.00~~ **\$1,324,800.00.**
- 10 **(V)** ~~(u)~~ Oakland Community College, ~~\$465,000.00~~ **\$472,100.00.**
- 11 **(W)** ~~(v)~~ St. Clair County Community College,
- 12 ~~\$356,100.00~~ **\$361,400.00.**
- 13 **(X)** ~~(w)~~ Schoolcraft College, ~~\$1,546,100.00~~ **\$1,569,500.00.**
- 14 **(Y)** ~~(x)~~ Southwestern Michigan College,
- 15 ~~\$530,600.00~~ **\$538,600.00.**
- 16 **(Z)** ~~(y)~~ Washtenaw Community College,
- 17 ~~\$1,993,000.00~~ **\$2,023,100.00.**
- 18 **(AA)** ~~(z)~~ Wayne County Community College,
- 19 ~~\$1,890,000.00~~ **\$1,918,700.00.**
- 20 **(BB)** ~~(aa)~~ West Shore Community College,
- 21 ~~\$577,000.00~~ **\$585,800.00.**
- 22 Sec. 230. (1) It is the intent of the legislature that the
- 23 recommendations and performance measures developed by the
- 24 performance indicators task force formed under section 242 of 2005
- 25 PA 154 be reviewed and more fully implemented for distribution of
- 26 state funding to community colleges in future years.
- 27 (2) Any additional funding provided to community college

1 operations under section 201(2) in fiscal year ~~2012-2013~~ **2013-2014**
2 that exceeds the amounts appropriated for operations in fiscal year
3 ~~2011-2012 is allocated solely for the purpose of offsetting a~~
4 ~~portion of the retirement contributions owed by the college for the~~
5 ~~fiscal year ending September 30, 2013. The additional funding~~ **2012-**
6 **2013** is distributed based on the following formula:

7 (a) Allocated proportionate to fiscal year ~~2011-2012~~ **2012-2013**
8 base appropriations, 50%.

9 (b) Based on contact hour equated students, 10%.

10 (c) Based on administrative costs, 7.5%.

11 (d) Based on a weighted degree formula as provided for in the
12 2006 recommendations of the performance indicators task force,
13 17.5%.

14 (e) Based on the local strategic value component, as developed
15 in cooperation with the Michigan community college association and
16 described in subsection (3), 15%.

17 (3) The appropriation in section 201(2)(cc) for local
18 strategic value shall be allocated to each community college that
19 certifies to the state budget director, through a board of trustees
20 resolution on or before November 1, ~~2012,~~ **2013**, that the college
21 has met 4 out of 5 best practices listed in each category described
22 in subsection (4). The resolution shall provide specifics as to how
23 the community college meets each best practice measure within each
24 category. One-third of funding available under the strategic value
25 component shall be allocated to each category described in
26 subsection (4). Amounts distributed under local strategic value
27 shall be on a proportionate basis to each college's fiscal year



1 ~~2011-2012-2012-2013~~ operations funding. Payments to community
2 colleges that qualify for local strategic value funding shall be
3 distributed with the November installment payment described in
4 section 206.

5 (4) For purposes of subsection (3), the following categories
6 of best practices reflect functional activities of community
7 colleges that have strategic value to the local communities and
8 regional economies:

9 (a) For Category A, economic development and business or
10 industry partnerships, the following:

11 (i) The community college has active partnerships with local
12 employers including hospitals and health care providers.

13 (ii) The community college provides customized on-site training
14 for area companies, employees, or both.

15 (iii) The community college supports entrepreneurship through a
16 small business assistance center or other training or consulting
17 activities targeted toward small businesses.

18 (iv) The community college supports technological advancement
19 through industry partnerships, incubation activities, or operation
20 of a Michigan technical education center or other advanced
21 technology center.

22 (v) The community college has active partnerships with local
23 or regional workforce and economic development agencies.

24 (b) For Category B, educational partnerships, the following:

25 (i) The community college has active partnerships with regional
26 high schools, intermediate school districts, and career-tech
27 centers to provide instruction through dual enrollment, direct



1 credit, middle college, or academy programs.

2 (ii) The community college hosts, sponsors, or participates in
3 enrichment programs for area K-12 students, such as college days,
4 summer or after-school programming, or science Olympiad.

5 (iii) The community college provides, supports, or participates
6 in programming to promote successful transitions to college for
7 traditional age students, including grant programs such as talent
8 search, upward bound, or other activities to promote college
9 readiness in area high schools and community centers.

10 (iv) The community college provides, supports, or participates
11 in programming to promote successful transitions to college for new
12 or reentering adult students, such as adult basic education, GED
13 preparation, GED testing, or recruiting, advising, or orientation
14 activities specific to adults.

15 (v) The community college has active partnerships with
16 regional 4-year colleges and universities to promote successful
17 transfer, such as articulation, 2+2, or reverse transfer agreements
18 or operation of a university center.

19 (c) For Category C, community services, the following:

20 (i) The community college provides continuing education
21 programming for leisure, wellness, personal enrichment, or
22 professional development.

23 (ii) The community college operates or sponsors opportunities
24 for community members to engage in activities that promote leisure,
25 wellness, cultural or personal enrichment such as community sports
26 teams, theater or musical ensembles, or artist guilds.

27 (iii) The community college operates public facilities to



1 promote cultural, educational, or personal enrichment for community
 2 members, such as libraries, computer labs, performing arts centers,
 3 museums, art galleries, or television or radio stations.

4 (iv) The community college operates public facilities to
 5 promote leisure or wellness activities for community members,
 6 including gymnasiums, athletic fields, tennis courts, fitness
 7 centers, hiking or biking trails, or natural areas.

8 (v) The community college promotes, sponsors, or hosts
 9 community service activities for students, staff, or community
 10 members.

11 (5) TO RECEIVE ADDITIONAL FUNDING DISTRIBUTED UNDER SUBSECTION
 12 (2), A COMMUNITY COLLEGE MUST MEET ALL OF THE FOLLOWING:

13 (A) IT DOES NOT EXTEND OR RENEW A LABOR CONTRACT AFTER
 14 DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013, THAT WOULD NOT EXPIRE,
 15 BUT FOR THE EXTENSION OR RENEWAL OF THE CONTRACT, UNTIL AFTER
 16 SEPTEMBER 30, 2013, UNLESS 1 OF THE FOLLOWING IS MET:

17 (i) THE EXTENSION OR RENEWAL WILL RESULT IN ANNUAL SAVINGS OF
 18 GREATER THAN 10% OVER THE TERM OF THE EXISTING CONTRACT, AS
 19 DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED PUBLIC
 20 ACCOUNTANT.

21 (ii) THE EXTENSION OR RENEWAL WILL RESULT IN ANNUAL SAVINGS OF
 22 GREATER THAN 10% OVER THE EXPECTED NEXT CONTRACT, AS DETERMINED AND
 23 CERTIFIED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT.

24 (B) IT DOES NOT EXTEND, RENEW, OR ENTER INTO A LABOR CONTRACT
 25 AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013 FOR WHICH THE
 26 TERM OF THE EXTENSION, RENEWAL, OR NEW CONTRACT EXCEEDS THE LENGTH
 27 OF THE EXTENDED, RENEWED, OR PREVIOUS CONTRACT THAT IT REPLACES,



1 UNLESS 1 OF THE FOLLOWING IS MET:

2 (i) THE EXTENSION, RENEWAL, OR NEW CONTRACT WILL RESULT IN
3 ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING OR PREVIOUS
4 CONTRACT, AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED
5 PUBLIC ACCOUNTANT.

6 (ii) THE EXTENSION, RENEWAL, OR NEW CONTRACT WILL RESULT IN
7 ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT CONTRACT,
8 AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED PUBLIC
9 ACCOUNTANT.

10 (C) AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013, IT DOES
11 NOT ENTER INTO A LABOR CONTRACT THAT CONTAINS ONLY TERMS THAT
12 CONSTITUTE A UNION SECURITY AGREEMENT, CLOSED-SHOP PROVISION, OR
13 ANY OTHER AGREEMENT THAT REQUIRES ANY EMPLOYEE, AS A CONDITION OF
14 OBTAINING OR CONTINUING EMPLOYMENT, TO DO ANY OF THE FOLLOWING:

15 (i) REFRAIN OR RESIGN FROM MEMBERSHIP IN, VOLUNTARY AFFILIATION
16 WITH, OR VOLUNTARY FINANCIAL SUPPORT OF A LABOR ORGANIZATION OR
17 BARGAINING REPRESENTATIVE.

18 (ii) BECOME OR REMAIN A MEMBER OF A LABOR ORGANIZATION OR
19 BARGAINING REPRESENTATIVE.

20 (iii) PAY ANY DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR
21 EXPENSES OF ANY KIND OR AMOUNT, OR PROVIDE ANYTHING OF VALUE, TO A
22 LABOR ORGANIZATION OR BARGAINING REPRESENTATIVE.

23 (iv) PAY TO ANY CHARITABLE ORGANIZATION OR THIRD PARTY ANY
24 AMOUNT THAT IS IN LIEU OF, EQUIVALENT TO, OR ANY PORTION OF, DUES,
25 FEES, ASSESSMENTS, OR OTHER CHARGES OR EXPENSES REQUIRED OF MEMBERS
26 OF OR PUBLIC EMPLOYEES REPRESENTED BY A LABOR ORGANIZATION OR
27 BARGAINING REPRESENTATIVE.



1 (6) ANY FUNDING AMOUNTS THAT WOULD BE DISTRIBUTED UNDER
 2 SUBSECTION (2) TO A COMMUNITY COLLEGE, BUT ARE NOT PAID TO THE
 3 COMMUNITY COLLEGE BECAUSE IT DID NOT COMPLY WITH SUBSECTION (5),
 4 ARE UNAPPROPRIATED AND REAPPROPRIATED TO THOSE COMMUNITY COLLEGES
 5 THAT DO COMPLY WITH SUBSECTION (5), IN PROPORTION TO THEIR SHARE AS
 6 DETERMINED UNDER THE FUNDING FORMULA DESCRIBED IN SUBSECTION (2).

7 (7) AS USED IN THIS SECTION, "SAVINGS" INCLUDE EMPLOYEE OR
 8 UNION CONCESSIONS IN WAGES, HEALTH CARE BENEFITS, PENSION
 9 CONTRIBUTIONS, OR OTHER EMPLOYMENT ISSUES IF THOSE OTHER ISSUES
 10 HAVE QUANTIFIABLE COST SAVINGS.

11 Sec. 236. (1) Subject to the conditions set forth in this
 12 article, the amounts listed in subsections (2) to ~~(7)~~-(6) are
 13 appropriated for higher education for the fiscal year ending
 14 September 30, ~~2013,~~2014, from the funds indicated in this section.
 15 The following is a summary of the appropriations in subsections (2)
 16 to ~~(7)~~-(6):

17 (a) The gross appropriation is ~~\$1,399,220,400.00.~~
 18 \$1,430,573,500.00. After deducting total interdepartmental grants
 19 and intradepartmental transfers in the amount of \$0.00, the
 20 adjusted gross appropriation is
 21 ~~\$1,399,220,400.00.~~\$1,430,573,500.00.

22 (b) The sources of the adjusted gross appropriation described
 23 in subdivision (a) are as follows:

24 (i) Total federal revenues, \$97,026,400.00.

25 (ii) Total local revenues, \$0.00.

26 (iii) Total private revenues, \$0.00.

27 (iv) Total other state restricted revenues, \$200,565,700.00.



1 (v) State general fund/general purpose money,
 2 ~~\$1,101,628,300.00~~ **\$1,132,981,400.00**.

3 (2) Amounts appropriated for public universities are as
 4 follows:

5 (a) The appropriation for Central Michigan University is
 6 ~~\$69,575,300.00, \$68,108,900.00~~ **\$73,859,200.00, \$60,649,500.00** for
 7 operations, **\$10,702,800.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**
 8 **CONTRACTING FUNDING**, and ~~\$1,466,400.00~~ **\$2,506,900.00** for
 9 performance funding, appropriated from the following:

10 (i) State school aid fund, \$11,284,600.00.

11 (ii) State general fund/general purpose money,
 12 ~~\$58,290,700.00~~ **\$62,574,600.00**

13 (b) The appropriation for Eastern Michigan University is
 14 ~~\$66,297,500.00, \$64,619,100.00~~ **\$67,455,600.00, \$56,496,700.00** for
 15 operations, **\$9,970,000.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**
 16 **CONTRACTING FUNDING**, and ~~\$1,678,400.00~~ **\$988,900.00** for performance
 17 funding, appropriated from the following:

18 (i) State school aid fund, \$10,706,400.00.

19 (ii) State general fund/general purpose money,
 20 ~~\$55,591,100.00~~ **\$56,749,200.00**.

21 (c) The appropriation for Ferris State University is
 22 ~~\$42,981,400.00, \$41,324,300.00~~ **\$46,264,600.00, \$37,613,100.00** for
 23 operations, **\$6,637,600.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**
 24 **CONTRACTING FUNDING**, and ~~\$1,657,100.00~~ **\$2,013,900.00** for
 25 performance funding, appropriated from the following:

26 (i) State school aid fund, \$6,846,800.00.

27 (ii) State general fund/general purpose money,



1 ~~\$36,134,600.00~~-\$39,417,800.00.

2 (d) The appropriation for Grand Valley State University is
 3 ~~\$55,097,500.00, \$52,677,400.00~~-\$58,398,100.00, \$47,120,600.00 for
 4 operations, \$8,315,400.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE
 5 CONTRACTING FUNDING, and ~~\$2,420,100.00~~-\$2,962,100.00 for
 6 performance funding, appropriated from the following:

7 (i) State school aid fund, \$8,727,800.00.

8 (ii) State general fund/general purpose money,
 9 ~~\$46,369,700.00~~-\$49,670,300.00.

10 (e) The appropriation for Lake Superior State University is
 11 ~~\$11,030,700.00, \$10,789,500.00~~-\$12,271,900.00, \$10,239,200.00 for
 12 operations, \$1,806,900.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE
 13 CONTRACTING FUNDING, and ~~\$241,200.00~~-\$225,800.00 for performance
 14 funding, appropriated from the following:

15 (i) State school aid fund, \$1,787,600.00.

16 (ii) State general fund/general purpose money,
 17 ~~\$9,243,100.00~~-\$10,484,300.00.

18 (f) The appropriation for Michigan State University is
 19 ~~\$298,733,800.00, \$241,120,800.00~~-\$305,383,300.00, \$208,281,400.00
 20 for operations, ~~\$3,408,400.00~~-\$36,755,600.00 FOR FIDUCIARY
 21 RESPONSIBILITY IN EMPLOYEE CONTRACTING FUNDING, \$5,057,600.00 for
 22 performance funding, and ~~\$54,204,600.00~~-\$29,706,600.00 for MSU
 23 AgBioResearch, and \$25,582,100.00 FOR MSU extension, activities,
 24 appropriated from the following:

25 (i) State school aid fund, \$39,949,900.00.

26 (ii) State general fund/general purpose money,
 27 ~~\$258,783,900.00~~-\$265,433,400.00.



1 (g) The appropriation for Michigan Technological University is
 2 ~~\$42,409,900.00, \$40,733,600.00~~ **\$43,453,700.00, \$36,192,200.00** for
 3 operations, **\$6,386,900.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**
 4 **CONTRACTING FUNDING**, and ~~\$1,676,300.00~~ **\$874,600.00** for performance
 5 funding, appropriated from the following:

6 (i) State school aid fund, \$6,748,900.00.

7 (ii) State general fund/general purpose money,
 8 ~~\$35,661,000.00~~ **\$36,704,800.00**.

9 (h) The appropriation for Northern Michigan University is
 10 ~~\$40,348,800.00, \$38,367,400.00~~ **\$41,492,200.00, \$34,728,100.00** for
 11 operations, **\$6,128,500.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**
 12 **CONTRACTING FUNDING**, and ~~\$1,981,400.00~~ **\$635,600.00** for performance
 13 funding, appropriated from the following:

14 (i) State school aid fund, \$6,356,900.00.

15 (ii) State general fund/general purpose money,
 16 ~~\$33,991,900.00~~ **\$35,135,300.00**.

17 (i) The appropriation for Oakland University is
 18 ~~\$44,033,300.00, \$43,145,000.00~~ **\$46,027,100.00, \$38,219,500.00** for
 19 operations, **\$6,744,600.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**
 20 **CONTRACTING FUNDING**, and ~~\$888,300.00~~ **\$1,063,000.00** for performance
 21 funding, appropriated from the following:

22 (i) State school aid fund, \$7,148,400.00.

23 (ii) State general fund/general purpose money,
 24 ~~\$36,884,900.00~~ **\$38,878,700.00**.

25 (j) The appropriation for Saginaw Valley State University is
 26 ~~\$25,487,500.00, \$23,561,500.00~~ **\$26,187,300.00, \$21,808,200.00** for
 27 operations, **\$3,848,500.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**



1 **CONTRACTING FUNDING**, and ~~\$1,926,000.00~~ **\$530,600.00** for performance
 2 funding, appropriated from the following:

3 (i) State school aid fund, \$3,903,800.00.

4 (ii) State general fund/general purpose money,

5 ~~\$21,583,700.00~~ **\$22,283,500.00**.

6 (k) The appropriation for University of Michigan - Ann Arbor
 7 is ~~\$273,056,700.00~~, ~~\$268,803,300.00~~ **\$278,783,600.00**,

8 **\$233,033,200.00** for operations, **\$41,123,500.00 FOR FIDUCIARY**

9 **RESPONSIBILITY IN EMPLOYEE CONTRACTING FUNDING**, and ~~\$4,253,400.00~~
 10 **\$4,626,900.00** for performance funding, appropriated from the
 11 following:

12 (i) State school aid fund, \$44,536,300.00.

13 (ii) State general fund/general purpose money,

14 ~~\$228,520,400.00~~ **\$234,247,300.00**.

15 (l) The appropriation for University of Michigan - Dearborn is

16 ~~\$21,898,800.00~~, ~~\$21,016,300.00~~ **\$22,470,600.00**, **\$18,901,700.00** for

17 operations, **\$3,335,600.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**

18 **CONTRACTING FUNDING**, and ~~\$882,500.00~~ **\$233,300.00** for performance

19 funding, appropriated from the following:

20 (i) State school aid fund, \$3,482,100.00.

21 (ii) State general fund/general purpose money,

22 ~~\$18,416,700.00~~ **\$18,988,500.00**.

23 (m) The appropriation for University of Michigan - Flint is

24 ~~\$19,103,500.00~~, ~~\$17,762,400.00~~ **\$20,203,600.00**, **\$16,597,600.00** for

25 operations, **\$2,929,000.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**

26 **CONTRACTING FUNDING**, and ~~\$1,341,100.00~~ **\$677,000.00** for performance

27 funding, appropriated from the following:



1 (i) State school aid fund, \$2,942,900.00.

2 (ii) State general fund/general purpose money,
3 ~~\$16,160,600.00~~ **\$17,260,700.00**.

4 (n) The appropriation for Wayne State University is
5 ~~\$183,229,100.00, \$182,036,900.00~~ **\$184,006,300.00, \$155,888,600.00**
6 for operations, **\$27,509,700.00 FOR FIDUCIARY RESPONSIBILITY IN**
7 **EMPLOYEE CONTRACTING FUNDING**, and ~~\$1,192,200.00~~ **\$608,000.00** for
8 performance funding, appropriated from the following:

9 (i) State school aid fund, \$30,160,600.00.

10 (ii) State general fund/general purpose money,
11 ~~\$153,068,500.00~~ **\$153,845,700.00**.

12 (o) The appropriation for Western Michigan University is
13 ~~\$95,318,300.00, \$93,168,300.00~~ **\$97,352,300.00, \$81,164,400.00** for
14 operations, **\$14,323,100.00 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE**
15 **CONTRACTING FUNDING**, and ~~\$2,150,000.00~~ **\$1,864,800.00** for
16 performance funding, appropriated from the following:

17 (i) State school aid fund, \$15,436,500.00.

18 (ii) State general fund/general purpose money,
19 ~~\$79,881,800.00~~ **\$81,915,800.00**.

20 ~~—— (3) In addition to the amounts described in subsection (2),~~
21 ~~\$9,054,200.00 in tuition restraint funding is appropriated for~~
22 ~~university operations from general fund/general purpose money. The~~
23 ~~amount allocated to each public university is determined in the~~
24 ~~manner provided in section 265.~~

25 **(3) (4)**—The amount appropriated for Michigan public school
26 employees' retirement system reimbursement is \$446,200.00,
27 appropriated from the state school aid fund.



1 **(4)** ~~(5)~~—The amount appropriated for state and regional
 2 programs is ~~\$200,000.00,~~ **\$2,200,000.00** appropriated from general
 3 fund/general purpose money and allocated as follows:

4 **(A) COLLEGE ACCESS PROGRAM, \$2,000,000.00.**

5 **(B)** ~~(a)~~—Higher education database modernization and
 6 conversion, \$105,000.00.

7 **(C)** ~~(b)~~—Midwestern higher education compact, \$95,000.00.

8 **(5)** ~~(6)~~—The amount appropriated for the Martin Luther King,
 9 Jr. - Cesar Chavez - Rosa Parks program is \$2,691,500.00,
 10 appropriated from general fund/general purpose money and allocated
 11 as follows:

12 (a) Select student support services, \$1,956,100.00.

13 (b) Michigan college/university partnership program,
 14 \$586,800.00.

15 (c) Morris Hood, Jr. educator development program,
 16 \$148,600.00.

17 **(6)** ~~(7)~~—Subject to subsection ~~(8)~~, **(7)**, the amount
 18 appropriated for grants and financial aid is ~~\$98,226,400.00,~~
 19 **\$101,626,400.00**, allocated as follows:

20 (a) State competitive scholarships, \$18,361,700.00.

21 (b) Tuition grants, \$31,664,700.00.

22 (c) Tuition incentive program, ~~\$43,800,000.00.~~ **\$47,000,000.00.**

23 (d) Children of veterans and officer's survivor tuition grant
 24 programs, ~~\$1,200,000.00.~~ **\$1,400,000.00.**

25 (e) Project GEAR-UP, \$3,200,000.00.

26 **(7)** ~~(8)~~—The money appropriated in subsection ~~(7)~~ **(6)** for
 27 grants and financial aid is appropriated from the following:



1 (a) Federal revenues under the United States department of
 2 education, office of elementary and secondary education, GEAR-UP
 3 program, \$3,200,000.00.

4 (b) Federal revenues under the social security act, temporary
 5 assistance for needy families, \$93,826,400.00.

6 (c) Contributions to children of veterans tuition grant
 7 program, \$100,000.00.

8 (d) State general fund/general purpose money,
 9 ~~\$1,100,000.00.~~ **\$4,500,000.00.**

10 Sec. 236a. It is the intent of the legislature to provide
 11 appropriations for the fiscal year ending on September 30, ~~2014~~
 12 **2015** for the items listed in section 236. The fiscal year ~~2013-2014~~
 13 **2014-2015** appropriations are anticipated to be the same as those
 14 for fiscal year ~~2012-2013,~~ **2013-2014**, except that the amounts will
 15 be adjusted for changes in caseload and related costs, federal fund
 16 match rates, economic factors, and available revenue. These
 17 adjustments will be determined after the January ~~2013-2014~~
 18 consensus revenue estimating conference.

19 Sec. 236b. In addition to the funds appropriated in section
 20 236, there is appropriated for grants and financial aid in fiscal
 21 year ~~2012-2013-~~ **2013-2014** an amount not to exceed \$6,000,000.00 for
 22 federal contingency funds. These funds are not available for
 23 expenditure until they have been transferred under section 393(2)
 24 of the management and budget act, 1984 PA 431, MCL 18.1393, for
 25 another purpose under this article.

26 **SEC. 236C. IN ADDITION TO THE FUNDS APPROPRIATED FOR FISCAL**
 27 **YEAR 2013-2014 IN SECTION 236, APPROPRIATIONS TO THE DEPARTMENT OF**



1 TECHNOLOGY, MANAGEMENT, AND BUDGET FOR STATE BUILDING AUTHORITY
 2 RENT, TOTALING AN ESTIMATED \$125,370,600.00, PROVIDE FUNDING FOR
 3 THE STATE SHARE OF COSTS FOR PREVIOUSLY CONSTRUCTED CAPITAL
 4 PROJECTS FOR STATE UNIVERSITIES. THESE APPROPRIATIONS FOR STATE
 5 BUILDING AUTHORITY RENT REPRESENT ADDITIONAL STATE GENERAL FUND
 6 SUPPORT PROVIDED TO PUBLIC UNIVERSITIES, AND THE FOLLOWING IS AN
 7 ESTIMATE OF THE AMOUNT OF THAT SUPPORT TO EACH UNIVERSITY:

8 (A) CENTRAL MICHIGAN UNIVERSITY, \$9,155,600.00.

9 (B) EASTERN MICHIGAN UNIVERSITY, \$5,234,800.00.

10 (C) FERRIS STATE UNIVERSITY, \$6,360,600.00.

11 (D) GRAND VALLEY STATE UNIVERSITY, \$4,277,000.00.

12 (E) LAKE SUPERIOR STATE UNIVERSITY, \$915,600.00.

13 (F) MICHIGAN STATE UNIVERSITY, \$16,194,400.00.

14 (G) MICHIGAN TECHNOLOGICAL UNIVERSITY, \$7,692,200.00.

15 (H) NORTHERN MICHIGAN UNIVERSITY, \$8,062,600.00.

16 (I) OAKLAND UNIVERSITY, \$10,791,500.00.

17 (J) SAGINAW VALLEY STATE UNIVERSITY, \$9,833,700.00.

18 (K) UNIVERSITY OF MICHIGAN - ANN ARBOR, \$9,212,000.00.

19 (L) UNIVERSITY OF MICHIGAN - DEARBORN, \$6,332,400.00.

20 (M) UNIVERSITY OF MICHIGAN - FLINT, \$2,871,400.00.

21 (N) WAYNE STATE UNIVERSITY, \$13,079,500.00.

22 (O) WESTERN MICHIGAN UNIVERSITY, \$15,357,300.00.

23 Sec. 241. (1) Subject to ~~section~~ **SECTIONS 265a AND 265B**, the
 24 funds appropriated in section 236 to public universities shall be
 25 paid out of the state treasury and distributed by the state
 26 treasurer to the respective institutions in 11 equal monthly
 27 installments on the sixteenth of each month, or the next succeeding



1 business day, beginning with October 16, ~~2012.~~**2013**. Except for
2 Wayne State University, each institution shall accrue its July and
3 August ~~2013-2014~~ payments to its institutional fiscal year ending
4 June 30, ~~2013-2014~~.

5 (2) All public universities shall submit higher education
6 institutional data inventory (HEIDI) data and associated financial
7 and program information requested by and in a manner prescribed by
8 the state budget director. For public universities with fiscal
9 years ending June 30, ~~2012,~~**2013**, these data shall be submitted to
10 the state budget director by October 15, ~~2012.~~**2013**. Public
11 universities with a fiscal year ending September 30, ~~2012-2013~~
12 shall submit preliminary HEIDI data by November 15, ~~2012-2013~~ and
13 final data by December 15, ~~2012.~~**2013**. If a public university fails
14 to submit HEIDI data and associated financial aid program
15 information in accordance with this reporting schedule, the state
16 treasurer ~~shall~~**MAY** withhold the monthly installments under
17 subsection (1) to the public university until those data are
18 submitted.

19 Sec. 242. Funds received by the state from the federal
20 government or private sources for the use of a college or
21 university are appropriated for the purposes for which they are
22 provided. ~~The acceptance and use of federal or private funds do not~~
23 ~~place an obligation on the legislature to continue the purposes for~~
24 ~~which the funds are made available.~~

25 Sec. 244. A public university receiving funds in section 236
26 shall cooperate with all measures taken by the state to develop,
27 operate, and maintain the statewide P-20 ~~education-longitudinal~~



1 data system described in section 94a. If the state budget director
2 finds that a university has not complied with this section, the
3 state budget director is authorized to withhold the monthly
4 installments provided to that university under section 236 until he
5 or she finds the university has complied with this section.

6 Sec. 245. (1) Within 30 days after the board of a public
7 university adopts its annual operating budget for the following
8 school fiscal year, or after the board adopts a subsequent revision
9 to that budget, the public university shall make all of the
10 following available through a link on its website homepage: ~~in a~~
11 ~~form and manner prescribed by the department of technology,~~
12 ~~management, and budget:~~

13 (a) The annual operating budget and subsequent budget
14 revisions.

15 (b) A summary of current expenditures for the most recent
16 fiscal year for which they are available, expressed as pie charts
17 in the following 2 categories:

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

20 (A) Earnings and wages.

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

24 (C) Retirement benefit costs.

25 (D) All other personnel costs.

26 (ii) A chart of all current expenditures the public university
27 reported as part of its higher education institutional data



1 inventory data under section 241(2), broken into the same
2 subcategories in which it reported those data.

3 (c) Links to all of the following for the public university:

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

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

11 (iii) Audits and financial reports for the most recent fiscal
12 year for which they are available.

13 (iv) Campus security policies and crime statistics pursuant to
14 the student right-to-know and campus security act, Public Law 101-
15 542, 104 Stat. 2381. Information shall include all material
16 prepared pursuant to the public information reporting requirements
17 under the crime awareness and campus security act of 1990, title II
18 of the student right-to-know and campus security act, Public Law
19 101-542, 104 Stat. 2381.

20 (d) A list of all positions funded partially or wholly through
21 institutional general fund revenue that includes the position
22 title, name, and annual salary or wage amount for each position.

23 **(E) GENERAL FUND REVENUE AND EXPENDITURE PROJECTIONS FOR**
24 **FISCAL YEAR 2013-2014 AND FISCAL YEAR 2014-2015.**

25 **(F) A LISTING OF ALL DEBT SERVICE OBLIGATIONS, DETAILED BY**
26 **PROJECT, ANTICIPATED FISCAL YEAR 2013-2014 PAYMENT FOR EACH**
27 **PROJECT, AND TOTAL OUTSTANDING DEBT.**



1 (2) A public university shall provide a dashboard or report
2 card demonstrating the university's performance in several "best
3 practice" measures. The dashboard or report card shall include at
4 least all of the following for the 3 most recent school years for
5 which the data are available:

6 (a) Enrollment.

7 (b) Student retention rate.

8 (c) Six-year graduation rates.

9 (d) Number of Pell grant recipients **AND GRADUATING PELL GRANT**
10 **RECIPIENTS.**

11 (e) Geographic origination of students, categorized as in-
12 state, out-of-state, and international.

13 (f) Faculty to student ratios and total university employee to
14 student ratios.

15 (g) Teaching load by faculty classification.

16 (h) Graduation outcome rates, including employment and
17 continuing education.

18 (3) For statewide consistency and public visibility, public
19 universities must use the icon badge provided by the department of
20 technology, management, and budget consistent with the icon badge
21 developed by the department of education for K-12 school districts.
22 It must appear on the front of each public university's homepage.
23 The size of the icon may be reduced to 150 x 150 pixels. The font
24 size and style for this reporting must be consistent with other
25 documents on each university's website. ~~To be in compliance with~~
26 ~~this section, all data elements defined in this section must be~~
27 ~~available on the university's homepage, in a form and manner~~



1 ~~prescribed by the department of technology, management, and budget,~~
2 ~~by December 31, 2012.~~

3 (4) The state budget director shall determine whether a public
4 university has complied with this section. The state budget
5 director may withhold a public university's monthly installments
6 described in section 241 until the public university complies with
7 this section.

8 Sec. 246. (1) The funds appropriated in section 236(4) for
9 Michigan public school employees' retirement system reimbursement
10 shall be allocated to each participating public university under
11 this section based on each participating public university's total
12 retiree health care premiums paid for Michigan public school
13 employees' retirement system retirants in proportion to the total
14 retiree health care premiums paid for Michigan public school
15 employees' retirement system retirants for all participating public
16 universities for the immediately preceding state fiscal year.
17 Payments shall be made in a form and manner determined by the
18 office of retirement services. A public university that receives
19 money under this section shall use that money solely for the
20 purpose of offsetting a portion of the retirement contributions
21 owed by the university. ~~for the fiscal year ending September 30,~~
22 ~~2013.~~

23 (2) As used in this section, "participating public university"
24 means a public university that is a reporting unit of the Michigan
25 public school employees' retirement system under the public school
26 employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to
27 38.1408, and that pays retiree health care premiums to the Michigan



1 public school employees' retirement system for the state fiscal
2 year.

3 Sec. 252. (1) The amounts appropriated in section 236 for the
4 state tuition grant program shall be distributed pursuant to 1966
5 PA 313, MCL 390.991 to 390.997a.

6 (2) Tuition grant awards shall be made to all eligible
7 Michigan residents enrolled in undergraduate degree programs who
8 apply before July 1, ~~2012~~**2013** and who are qualified.

9 (3) Pursuant to section 5 of 1966 PA 313, MCL 390.995, and
10 subject to subsection (7), the department of treasury shall
11 determine an actual maximum tuition grant award per student, which
12 shall be no less than \$1,512.00, that ensures that the aggregate
13 payments for the tuition grant program do not exceed the
14 appropriation contained in section 236 for the state tuition grant
15 program. If the department determines that insufficient funds are
16 available to establish a maximum award amount equal to at least
17 \$1,512.00, the department shall immediately report to the house and
18 senate appropriations subcommittees on higher education, the house
19 and senate fiscal agencies, and the state budget director regarding
20 the estimated amount of additional funds necessary to establish a
21 \$1,512.00 maximum award amount. If the department determines that
22 sufficient funds are available to establish a maximum award amount
23 equal to at least \$1,512.00, the department shall immediately
24 report to the house and senate appropriations subcommittees on
25 higher education, the house and senate fiscal agencies, and the
26 state budget director regarding the maximum award amount
27 established and the projected amount of any projected year-end



1 appropriation balance based on that maximum award amount. By
2 December 15 ~~, 2012,~~ and again by February 18 ~~, 2013~~ **OF EACH FISCAL**
3 **YEAR,** the department shall analyze the status of award commitments,
4 shall make any necessary adjustments, and shall confirm that those
5 award commitments will not exceed the appropriation contained in
6 section 236 for the tuition grant program. The determination and
7 actions shall be reported to the state budget director and the
8 house and senate fiscal agencies no later than the final day of
9 February of each year. If award adjustments are necessary, the
10 students shall be notified of the adjustment by March 4 of each
11 year.

12 (4) Any unexpended and unencumbered funds remaining on
13 September 30, ~~2012-2014~~ from the amounts appropriated in section
14 236 for the tuition grant program shall not lapse on September 30,
15 ~~2012, 2014,~~ but shall continue to be available for expenditure for
16 tuition grants provided in the ~~2012-2013-2014-2015~~ fiscal year
17 under a work project account. The use of these unexpended fiscal
18 year ~~2011-2012-2013-2014~~ funds shall terminate at the end of the
19 ~~2012-2013-2014-2015~~ fiscal year.

20 (5) The department of treasury shall continue a proportional
21 tuition grant maximum award level for recipients enrolled less than
22 full-time in a given semester or term.

23 (6) If the department of treasury increases the maximum award
24 per eligible student from that provided in the previous fiscal
25 year, it shall not have the effect of reducing the number of
26 eligible students receiving awards in relation to the total number
27 of eligible applicants. Any increase in the maximum grant shall be



1 proportional for all eligible students receiving awards for **THAT**
2 fiscal year. ~~2012-2013.~~

3 (7) The department of treasury shall not award more than
4 \$3,000,000.00 in tuition grants to eligible students enrolled in
5 the same independent nonprofit college or university in this state.
6 Any decrease in the maximum grant shall be proportional for all
7 eligible students enrolled in that college or university, as
8 determined by the department.

9 Sec. 256. (1) The funds appropriated in section 236 for the
10 tuition incentive program shall be distributed as provided in this
11 section and pursuant to the administrative procedures for the
12 tuition incentive program of the department of treasury.

13 (2) As used in this section:

14 (a) "Phase I" means the first part of the tuition incentive
15 assistance program defined as the academic period of 80 semester or
16 120 term credits, or less, leading to an associate degree or
17 certificate.

18 (b) "Phase II" means the second part of the tuition incentive
19 assistance program which provides assistance in the third and
20 fourth year of 4-year degree programs.

21 (c) "Department" means the department of treasury.

22 (3) An individual shall meet the following basic criteria and
23 financial thresholds to be eligible for tuition incentive benefits:

24 (a) To be eligible for phase I, an individual shall meet all
25 of the following criteria:

26 (i) Apply for certification to the department before graduating
27 from high school or completing the general education development



1 (GED) certificate.

2 (ii) Be less than 20 years of age at the time he or she
3 graduates from high school with a diploma or certificate of
4 completion or completes his or her GED.

5 (iii) Be a United States citizen and a resident of Michigan
6 according to institutional criteria.

7 (iv) Be at least a half-time student, earning less than 80
8 semester or 120 term credits at a participating educational
9 institution within 4 years of high school graduation or GED
10 certificate completion.

11 (v) Request information on filing a FAFSA.

12 (b) To be eligible for phase II, an individual shall meet
13 either of the following criteria in addition to the criteria in
14 subdivision (a):

15 (i) Complete at least 56 transferable semester or 84
16 transferable term credits.

17 (ii) Obtain an associate degree or certificate at a
18 participating institution.

19 (c) To be eligible for phase I or phase II, an individual must
20 not be incarcerated and must be financially eligible as determined
21 by the department. An individual is financially eligible for the
22 tuition incentive program if he or she was eligible for Medicaid
23 from the state of Michigan for 24 months within the 36 months
24 before application. The department shall accept certification of
25 Medicaid eligibility only from the department of human services for
26 the purposes of verifying if a person is Medicaid eligible for 24
27 months within the 36 months before application. Certification of



1 eligibility may begin in the sixth grade. As used in this
2 subdivision, "incarcerated" does not include detention of a
3 juvenile in a state-operated or privately operated juvenile
4 detention facility.

5 (4) For phase I, the department shall provide payment on
6 behalf of a person eligible under subsection (3). The department
7 shall reject billings that are excessive or outside the guidelines
8 for the type of educational institution.

9 (5) For phase I, all of the following apply:

10 (a) Payments for associate degree or certificate programs
11 shall not be made for more than 80 semester or 120 term credits for
12 any individual student at any participating institution.

13 (b) For persons enrolled at a Michigan community college, the
14 department shall pay the current in-district tuition and mandatory
15 fees. For persons residing in an area that is not included in any
16 community college district, the out-of-district tuition rate may be
17 authorized.

18 (c) For persons enrolled at a Michigan public university, the
19 department shall pay lower division resident tuition and mandatory
20 fees for the current year. **IT IS THE INTENT OF THE LEGISLATURE**
21 **THAT, BEGINNING WITH THE 2014-2015 FISCAL YEAR, FOR INDIVIDUALS**
22 **ENROLLED AT A MICHIGAN PUBLIC UNIVERSITY, THE DEPARTMENT SHALL PAY**
23 **MANDATORY FEES AND A PER-CREDIT PAYMENT THAT DOES NOT EXCEED 300%**
24 **OF THE AVERAGE COMMUNITY COLLEGE IN-DISTRICT PER-CREDIT TUITION**
25 **RATE AS REPORTED ON AUGUST 1 FOR THE IMMEDIATELY PRECEDING ACADEMIC**
26 **YEAR.**

27 (d) For persons enrolled at a Michigan independent, nonprofit



1 degree-granting college or university, or a Michigan federal
2 tribally controlled community college, or Focus: HOPE, the
3 department shall pay mandatory fees for the current year and a per-
4 credit payment that does not exceed the average community college
5 in-district per-credit tuition rate as reported on August 1, for
6 the immediately preceding academic year.

7 (6) A person participating in phase II may be eligible for
8 additional funds not to exceed \$500.00 per semester or \$400.00 per
9 term up to a maximum of \$2,000.00 subject to the following
10 conditions:

11 (a) Credits are earned in a 4-year program at a Michigan
12 degree-granting 4-year college or university.

13 (b) The tuition reimbursement is for coursework completed
14 within 30 months of completion of the phase I requirements.

15 (7) The department shall work closely with participating
16 institutions to develop an application and eligibility
17 determination process that will provide the highest level of
18 participation and ensure that all requirements of the program are
19 met.

20 (8) Applications for the tuition incentive program may be
21 approved at any time after the student begins the sixth grade. If a
22 determination of financial eligibility is made, that determination
23 is valid as long as the student meets all other program
24 requirements and conditions.

25 (9) Each institution shall ensure that all known available
26 restricted grants for tuition and fees are used prior to billing
27 the tuition incentive program for any portion of a student's



1 tuition and fees.

2 (10) The department shall ensure that the tuition incentive
3 program is well publicized and that eligible Medicaid clients are
4 provided information on the program. The department shall provide
5 the necessary funding and staff to fully operate the program.

6 Sec. 258. By February 15 of each year, the department of
7 treasury shall ~~submit~~ **POST TO ITS PUBLICLY AVAILABLE WEBSITE** a
8 report ~~to the state budget director, the house and senate~~
9 ~~appropriations subcommittees on higher education, and the house and~~
10 ~~senate fiscal agencies~~ for the preceding fiscal year on all student
11 financial aid programs for which funds are appropriated in section
12 236. For each student financial aid program, the report shall
13 include, but is not limited to, the total number of awards paid in
14 the preceding fiscal year, the total dollar amount of those awards,
15 and the number of students receiving awards and the total amount of
16 those awards at each eligible postsecondary institution. To the
17 extent information is available, the report shall also include
18 information on household income and other demographic
19 characteristics of students receiving awards under each program and
20 historical information on the number of awards and total award
21 amounts for each program.

22 **SEC. 259. THE FUNDS APPROPRIATED IN SECTION 236 FOR THE**
23 **COLLEGE ACCESS PROGRAM SHALL BE USED FOR EFFORTS TO SUPPORT COLLEGE**
24 **ACCESS. THE DEPARTMENT OF TREASURY SHALL ADMINISTER THESE FUNDS.**
25 **ALLOWABLE USES INCLUDE THE FOLLOWING:**

26 **(A) MICHIGAN COLLEGE ACCESS NETWORK OPERATIONS, PROGRAMMING,**
27 **AND SERVICES TO LOCAL COLLEGE ACCESS NETWORKS.**



1 (B) LOCAL COLLEGE ACCESS NETWORKS, WHICH ARE COMMUNITY-BASED
2 COLLEGE ACCESS/SUCCESS PARTNERSHIPS COMMITTED TO INCREASING THE
3 COLLEGE PARTICIPATION AND COMPLETION RATES WITHIN GEOGRAPHICALLY
4 DEFINED COMMUNITIES THROUGH A COORDINATED STRATEGY.

5 (C) MICHIGAN COLLEGE ACCESS PORTAL, AN ONLINE 1-STOP PORTAL TO
6 HELP STUDENTS AND FAMILIES PLAN AND APPLY FOR COLLEGE.

7 (D) PUBLIC AWARENESS AND OUTREACH CAMPAIGNS TO ENCOURAGE LOW-
8 INCOME AND FIRST-GENERATION STUDENTS TO TAKE NECESSARY STEPS TOWARD
9 COLLEGE AND TO ASSIST STUDENTS AND FAMILIES IN COMPLETING A TIMELY
10 AND ACCURATE FREE APPLICATION FOR FEDERAL STUDENT AID.

11 (E) SUBGRANTS TO POSTSECONDARY INSTITUTIONS TO RECRUIT, HIRE,
12 AND TRAIN COLLEGE STUDENT MENTORS AND COLLEGE ADVISORS TO ASSIST
13 HIGH SCHOOL STUDENTS IN NAVIGATING THE POSTSECONDARY PLANNING AND
14 ENROLLMENT PROCESS.

15 Sec. 263. (1) Included in the appropriation in section 236 for
16 MSU AgBioResearch **IS \$2,982,900.00** and **INCLUDED IN THE**
17 **APPROPRIATION IN SECTION 236 FOR** MSU extension ~~activities~~ is
18 ~~\$5,628,100.00~~ **\$2,645,200.00** for project GREEN. Project GREEN is
19 intended to address critical regulatory, food safety, economic, and
20 environmental problems faced by this state's plant-based
21 agriculture, forestry, and processing industries. "GREEN" is an
22 acronym for generating research and extension to meet environmental
23 and economic needs.

24 (2) The department of agriculture and rural development and
25 Michigan State University, in consultation with agricultural
26 commodity groups and other interested parties, shall develop
27 project GREEN and its program priorities.



1 Sec. 263a. ~~(1) By January 1, 2013, the Michigan State~~
 2 ~~University college of agriculture and natural resources, MSU~~
 3 ~~extension, and MSU AgBioResearch, in partnership with the~~
 4 ~~department of agriculture and rural development and other~~
 5 ~~stakeholders, shall establish a strategic growth initiative for the~~
 6 ~~Michigan food and agriculture industry. This initiative shall~~
 7 ~~address the following goals as established at the 2011 governor's~~
 8 ~~summit for production agriculture:~~

9 ~~—— (a) Increasing the sector's total economic impact from today's~~
 10 ~~\$71,000,000,000.00 to \$100,000,000,000.00.~~

11 ~~—— (b) Doubling Michigan's agricultural exports from~~
 12 ~~\$1,750,000,000.00 to \$3,500,000,000.00.~~

13 ~~—— (c) Increasing jobs in the food and agriculture sector by 10%.~~

14 ~~—— (d) Improving access by Michigan consumers to healthy foods by~~
 15 ~~20%.~~

16 ~~—— (2) The initiative described in subsection (1) shall be~~
 17 ~~patterned after Project GREEN, shall emphasize priorities as set~~
 18 ~~by the Michigan food and agricultural industry, and shall include a~~
 19 ~~commitment to continuous communication, input, and interaction~~
 20 ~~among stakeholders in government and industry and at Michigan State~~
 21 ~~University. Similar to Project GREEN, the initiative shall also~~
 22 ~~include a commitment to communicating results and impacts to~~
 23 ~~stakeholders and the legislature based on a mutually established~~
 24 ~~set of metrics designed to assure MSU extension and AgBioResearch~~
 25 ~~programs are contributing to the goals described in subsection~~
 26 ~~(1) (a) to (d).~~

27 **(1) (3) Not later than September 30, 2013, OF EACH YEAR,**



1 Michigan State University shall submit a report **ON MSU**
 2 **AGBIORESEARCH AND MSU EXTENSION** to the house and senate
 3 appropriations subcommittees on agriculture and on higher
 4 education, the house and senate standing committees on agriculture,
 5 the house and senate fiscal agencies, and the state budget director
 6 for the preceding school fiscal year. ~~detailing, but not limited~~
 7 ~~to:~~

8 **(2) THE REPORT REQUIRED UNDER SUBSECTION (1) SHALL INCLUDE ALL**
 9 **OF THE FOLLOWING:**

10 (a) Total funds expended by MSU AgBioResearch and by MSU
 11 extension service identified by state, local, private, federal, and
 12 university fund sources.

13 (b) The metric goals that were used to evaluate the impacts of
 14 programs operated by MSU extension and MSU AgBioResearch. It is the
 15 intent of the legislature that the following metric goals will be
 16 used to evaluate the impacts of those programs:

17 (i) Increasing the number of agriculture and food-related firms
 18 collaborating with and using services of research and extension
 19 faculty and staff by 3% per year.

20 (ii) Increasing the number of individuals utilizing MSU
 21 extension's educational services by 5% per year.

22 (iii) Increasing external funds generated in support of research
 23 and extension, beyond state appropriations, by 10% over the amounts
 24 generated in the past 3 state fiscal years.

25 **(iv) INCREASING THE SECTOR'S TOTAL ECONOMIC IMPACT FROM TODAY'S**
 26 **\$71,000,000,000.00 TO \$100,000,000,000.00.**

27 **(v) DOUBLING MICHIGAN'S AGRICULTURAL EXPORTS FROM**



1 \$1,750,000,000.00 TO \$3,500,000,000.00.

2 (vi) INCREASING JOBS IN THE FOOD AND AGRICULTURE SECTOR BY 10%.

3 (vii) IMPROVING ACCESS BY MICHIGAN CONSUMERS TO HEALTHY FOODS
4 BY 20%.

5 (c) A review of major programs within both MSU AgBioResearch
6 and MSU extension with specific reference to accomplishments,
7 impacts, and the metrics described in subdivision (b), including a
8 specific accounting of Project GREEN expenditures and the impact
9 of those expenditures.

10 Sec. 264. Included in the appropriation in section 236 **FOR**
11 **FISCAL YEAR 2013-2014** for Michigan State University is \$80,000.00
12 for the Michigan future farmers of America association. This
13 \$80,000.00 allocation shall not supplant any existing support that
14 Michigan State University provides to the Michigan future farmers
15 of America association.

16 Sec. 265. (1) Payments ~~from the amount appropriated in~~ **UNDER**
17 section ~~236(3)~~ **265A** for ~~public university tuition restraint~~
18 ~~incentives~~ **PERFORMANCE FUNDING** shall only be made to a public
19 university that certifies to the state budget director by August
20 31, ~~2012-2013~~ that its board did not adopt an increase in tuition
21 and fee rates for resident undergraduate students after September
22 1, ~~2011-2012~~ for the ~~2011-2012-2012-2013~~ academic year and that its
23 board will not adopt an increase in tuition and fee rates for
24 resident undergraduate students for the ~~2012-2013-2013-2014~~
25 academic year that is greater than ~~4.0%-3.0%~~. As used in this
26 subsection: ~~and subsection (2):~~

27 (a) Subject to subdivision (c), "fee" means any board-



1 authorized fee that will be paid by more than 1/2 of all resident
2 undergraduate students at least once during their enrollment at a
3 public university. A university increasing a fee that applies to a
4 specific subset of students or courses shall provide sufficient
5 information to prove that the increase applied to that subset will
6 not cause the increase in the average amount of board-authorized
7 total tuition and fees paid by resident undergraduate students in
8 the ~~2012-2013~~**2013-2014** academic year to exceed the limit
9 established in this subsection.

10 (b) "Tuition and fee rate" means the average of full-time
11 rates for all undergraduate classes, based on an average of the
12 rates authorized by the university board and actually charged to
13 students, deducting any uniformly-rebated or refunded amounts, for
14 the 2 semesters with the highest levels of full-time equated
15 resident undergraduate enrollment during the academic year.

16 (c) For purposes of subdivision (a), for a public university
17 that compels resident undergraduate students to be covered by
18 health insurance as a condition to enroll at the university, "fee"
19 includes the annual amount a student is charged for coverage by the
20 university-affiliated group health insurance policy if he or she
21 does not provide proof that he or she is otherwise covered by
22 health insurance. This subdivision does not apply to limited
23 subsets of resident undergraduate students to be covered by health
24 insurance for specific reasons other than general enrollment at the
25 university.

26 ~~—— (2) For purposes of section 236(3), each public university's~~
27 ~~allocation for tuition restraint incentive shall be determined as~~



1 follows:

2 ~~—— (a) Calculate an adjustment for each university by subtracting~~
 3 ~~each university's reported percent change in tuition and fee rates~~
 4 ~~for academic year 2012-2013 from 4.1%. If the result of the~~
 5 ~~calculation in this subdivision is less than 0.1%, the university~~
 6 ~~is not qualified to receive an allocation under this section. All~~
 7 ~~calculations under this subdivision shall be rounded to the first~~
 8 ~~decimal place.~~

9 ~~—— (b) For each qualified university, divide the university's~~
 10 ~~adjustment as calculated under subdivision (a) by the sum of all~~
 11 ~~adjustments for qualifying universities under subdivision (a) and~~
 12 ~~then multiply the resulting calculation for each university by the~~
 13 ~~total amount available for tuition restraint incentive funding,~~
 14 ~~rounded to the nearest hundred dollars.~~

15 (2) ~~(3)~~—The state budget director shall implement uniform
 16 reporting requirements to ensure that a public university receiving
 17 ~~an appropriation under section 236(3)~~ **A PAYMENT UNDER SECTION 265A**
 18 **FOR PERFORMANCE FUNDING** has satisfied the tuition restraint
 19 requirements of this section. The state budget director shall have
 20 the sole authority to determine if a public university has met the
 21 requirements of this section. Information reported by a public
 22 university to the state budget director under this subsection shall
 23 also be reported to the house and senate appropriations
 24 subcommittees on higher education and the house and senate fiscal
 25 agencies.

26 ~~—— (4) In conjunction with the uniform reporting requirements~~
 27 ~~established under subsection (3), each public university shall also~~



1 ~~report the following information to the house and senate~~
 2 ~~appropriations subcommittees on higher education, the house and~~
 3 ~~senate fiscal agencies, and the state budget director by August 31,~~
 4 ~~2012:~~

5 ~~—— (a) Actual or estimated fiscal year 2011-2012 and budgeted~~
 6 ~~fiscal year 2012-2013 total general fund tuition and fee revenue.~~

7 ~~—— (b) Actual or estimated fiscal year 2011-2012 and budgeted~~
 8 ~~fiscal year 2012-2013 total general fund revenue.~~

9 ~~—— (c) Actual or estimated fiscal year 2011-2012 and budgeted~~
 10 ~~fiscal year 2012-2013 general fund expenditures for student~~
 11 ~~financial aid.~~

12 ~~—— (d) Actual or estimated fiscal year 2011-2012 and budgeted~~
 13 ~~fiscal year 2012-2013 total general fund expenditures.~~

14 ~~—— (e) Actual or estimated fiscal year 2011-2012 and budgeted~~
 15 ~~fiscal year 2012-2013 total fiscal year equated student enrollment.~~

16 Sec. 265a. (1) Appropriations to public universities in
 17 section 236 for performance funding shall be paid only to a public
 18 university that **COMPLIES WITH SECTION 265 AND CERTIFIES TO THE**
 19 **STATE BUDGET DIRECTOR, THE HOUSE AND SENATE APPROPRIATIONS**
 20 **SUBCOMMITTEES ON HIGHER EDUCATION, AND THE HOUSE AND SENATE FISCAL**
 21 **AGENCIES BY AUGUST 31, 2013 THAT IT** complies with all of the
 22 following requirements:

23 (a) The university ~~certifies to the state budget director, the~~
 24 ~~house and senate appropriations subcommittees on higher education,~~
 25 ~~and the house and senate fiscal agencies by August 31, 2012, that,~~
 26 ~~by January 3, 2013, it will be participating~~ **PARTICIPATES** in
 27 reverse transfer agreements described in section 286 with at least



1 3 Michigan community colleges or ~~have~~ **HAS** made a good-faith effort
2 to enter into reverse transfer agreements.

3 (b) ~~The university certifies to the state budget director, the~~
4 ~~house and senate appropriations subcommittees on higher education,~~
5 ~~and the house and senate fiscal agencies by August 31, 2012, that,~~
6 ~~by January 3, 2013, it~~ **DOES NOT AND** will not consider whether dual
7 enrollment credits earned by an incoming student were utilized
8 towards his or her high school graduation requirements when making
9 a determination as to whether those credits may be used by the
10 student toward completion of a university degree or certificate
11 program.

12 (c) ~~The university certifies to the state budget director, the~~
13 ~~house and senate appropriations subcommittees on higher education,~~
14 ~~and the house and senate fiscal agencies by August 31, 2012 that~~
15 ~~the university participates in the Michigan transfer network~~
16 created as part of the Michigan association of collegiate
17 registrars and admissions officers transfer agreement.

18 (2) Any performance funding amounts under section 236 that are
19 not paid to a public university because it did not comply with 1 or
20 more requirements under subsection (1) are unappropriated and
21 reappropriated for ~~tuition restraint funding described in section~~
22 **265. THE PURPOSES DESCRIBED IN SECTION 265C.**

23 ~~— (3) The state budget director shall report to the house and~~
24 ~~senate appropriations subcommittees on higher education and the~~
25 ~~house and senate fiscal agencies by September 17, 2012, regarding~~
26 ~~any performance funding amounts not paid to a public university~~
27 ~~because it did not comply with 1 or more requirements under~~



1 ~~subsection (1) and any reappropriation of funds under subsection~~
 2 ~~(2).~~

3 ~~—— (4) A university that has not implemented the policies~~
 4 ~~required under subsection (1)(a) and (b) by August 31, 2012, but~~
 5 ~~certifies that it will implement those policies by January 3, 2013,~~
 6 ~~shall recertify to the state budget director, the house and senate~~
 7 ~~appropriations subcommittees on higher education, and the house and~~
 8 ~~senate fiscal agencies by January 3, 2013, that the policies have~~
 9 ~~been fully implemented. For a university that does not recertify~~
 10 ~~that the policies have been fully implemented, the performance~~
 11 ~~funding appropriated to that university in section 236 shall be~~
 12 ~~retroactively withheld and unappropriated and reappropriated under~~
 13 ~~subsection (2).~~

14 **(3) PERFORMANCE FUNDING AMOUNTS DESCRIBED IN SECTION 236 ARE**
 15 **DISTRIBUTED BASED ON THE FOLLOWING FORMULA:**

16 **(A) BASED ON WEIGHTED UNDERGRADUATE COMPLETIONS IN CRITICAL**
 17 **SKILLS AREAS, 22.2%.**

18 **(B) BASED ON RESEARCH AND DEVELOPMENT EXPENDITURES, FOR**
 19 **UNIVERSITIES CLASSIFIED IN CARNEGIE CLASSIFICATIONS AS**
 20 **DOCTORAL/RESEARCH UNIVERSITIES, RESEARCH UNIVERSITIES (HIGH**
 21 **RESEARCH ACTIVITY), OR RESEARCH UNIVERSITIES (VERY HIGH RESEARCH**
 22 **ACTIVITY) ONLY, 11.1%.**

23 **(C) BASED ON 6-YEAR GRADUATION RATE, TOTAL DEGREE COMPLETIONS,**
 24 **AND INSTITUTIONAL SUPPORT AS A PERCENTAGE OF CORE EXPENDITURES,**
 25 **SCORED AGAINST NATIONAL CARNEGIE CLASSIFICATION PEERS AND WEIGHTED**
 26 **BY RESIDENT UNDERGRADUATE FISCAL YEAR EQUATED STUDENTS, 66.7%.**

27 **(4) FOR PURPOSES OF THIS SECTION, "CARNEGIE CLASSIFICATION"**



1 SHALL MEAN THE BASIC CLASSIFICATION OF THE UNIVERSITY ACCORDING TO
2 THE MOST RECENT VERSION OF THE CARNEGIE CLASSIFICATION OF
3 INSTITUTIONS OF HIGHER EDUCATION, PUBLISHED BY THE CARNEGIE
4 FOUNDATION FOR THE ADVANCEMENT OF TEACHING.

5 SEC. 265B. (1) APPROPRIATIONS TO PUBLIC UNIVERSITIES IN
6 SECTION 236 FOR FIDUCIARY RESPONSIBILITY IN EMPLOYEE CONTRACTING
7 FUNDING SHALL BE PAID ONLY TO A PUBLIC UNIVERSITY THAT MEETS ALL OF
8 THE FOLLOWING:

9 (A) IT DOES NOT EXTEND OR RENEW A LABOR CONTRACT AFTER
10 DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013, THAT WOULD NOT EXPIRE,
11 BUT FOR THE EXTENSION OR RENEWAL OF THE CONTRACT, UNTIL AFTER
12 SEPTEMBER 30, 2013, UNLESS 1 OF THE FOLLOWING IS MET:

13 (i) THE EXTENSION OR RENEWAL WILL RESULT IN ANNUAL SAVINGS OF
14 GREATER THAN 10% OVER THE TERM OF THE EXISTING CONTRACT, AS
15 DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED PUBLIC
16 ACCOUNTANT.

17 (ii) THE EXTENSION OR RENEWAL WILL RESULT IN ANNUAL SAVINGS OF
18 GREATER THAN 10% OVER THE EXPECTED NEXT CONTRACT, AS DETERMINED AND
19 CERTIFIED BY AN INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT.

20 (B) IT DOES NOT EXTEND, RENEW, OR ENTER INTO A LABOR CONTRACT
21 AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013 FOR WHICH THE
22 TERM OF THE EXTENSION, RENEWAL, OR NEW CONTRACT EXCEEDS THE LENGTH
23 OF THE EXTENDED, RENEWED, OR PREVIOUS CONTRACT THAT IT REPLACES,
24 UNLESS 1 OF THE FOLLOWING IS MET:

25 (i) THE EXTENSION, RENEWAL, OR NEW CONTRACT WILL RESULT IN
26 ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXISTING OR PREVIOUS
27 CONTRACT, AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED



1 PUBLIC ACCOUNTANT.

2 (ii) THE EXTENSION, RENEWAL, OR NEW CONTRACT WILL RESULT IN
3 ANNUAL SAVINGS OF GREATER THAN 10% OVER THE EXPECTED NEXT CONTRACT,
4 AS DETERMINED AND CERTIFIED BY AN INDEPENDENT CERTIFIED PUBLIC
5 ACCOUNTANT FIRM.

6 (C) AFTER DECEMBER 10, 2012 AND BEFORE MARCH 28, 2013, IT DOES
7 NOT ENTER INTO A LABOR CONTRACT THAT CONTAINS ONLY TERMS THAT
8 CONSTITUTE A UNION SECURITY AGREEMENT, CLOSED-SHOP PROVISION, OR
9 ANY OTHER AGREEMENT THAT REQUIRES ANY EMPLOYEE, AS A CONDITION OF
10 OBTAINING OR CONTINUING EMPLOYMENT, TO DO ANY OF THE FOLLOWING:

11 (i) REFRAIN OR RESIGN FROM MEMBERSHIP IN, VOLUNTARY AFFILIATION
12 WITH, OR VOLUNTARY FINANCIAL SUPPORT OF A LABOR ORGANIZATION OR
13 BARGAINING REPRESENTATIVE.

14 (ii) BECOME OR REMAIN A MEMBER OF A LABOR ORGANIZATION OR
15 BARGAINING REPRESENTATIVE.

16 (iii) PAY ANY DUES, FEES, ASSESSMENTS, OR OTHER CHARGES OR
17 EXPENSES OF ANY KIND OR AMOUNT, OR PROVIDE ANYTHING OF VALUE, TO A
18 LABOR ORGANIZATION OR BARGAINING REPRESENTATIVE.

19 (iv) PAY TO ANY CHARITABLE ORGANIZATION OR THIRD PARTY ANY
20 AMOUNT THAT IS IN LIEU OF, EQUIVALENT TO, OR ANY PORTION OF, DUES,
21 FEES, ASSESSMENTS, OR OTHER CHARGES OR EXPENSES REQUIRED OF MEMBERS
22 OF OR PUBLIC EMPLOYEES REPRESENTED BY A LABOR ORGANIZATION OR
23 BARGAINING REPRESENTATIVE.

24 (2) ANY FIDUCIARY RESPONSIBILITY IN EMPLOYEE CONTRACTING
25 FUNDING AMOUNTS UNDER SECTION 236 THAT ARE NOT PAID TO A PUBLIC
26 UNIVERSITY BECAUSE IT DID NOT COMPLY WITH 1 OR MORE REQUIREMENTS
27 UNDER SUBSECTION (1) ARE UNAPPROPRIATED AND REAPPROPRIATED FOR THE



1 PURPOSES DESCRIBED IN SECTION 265C.

2 (3) AS USED IN THIS SECTION, "SAVINGS" INCLUDES EMPLOYEE OR
3 UNION CONCESSIONS IN WAGES, HEALTH CARE BENEFITS, PENSION
4 CONTRIBUTIONS, OR OTHER EMPLOYMENT ISSUES IF THOSE OTHER ISSUES
5 HAVE QUANTIFIABLE COST SAVINGS.

6 SEC. 265C. (1) ANY AMOUNTS UNAPPROPRIATED UNDER SECTION
7 265A(2) OR SECTION 265B(2) ARE REAPPROPRIATED FOR THE FOLLOWING
8 PURPOSES:

9 (A) UP TO \$2,168,200.00 FOR MSU AGBIORESEARCH AND MSU
10 EXTENSION, ALLOCATED BETWEEN THE 2 PROGRAMS IN THE SAME PROPORTION
11 AS THE APPROPRIATIONS CONTAINED IN SECTION 236(2)(F).

12 (B) OF ANY REMAINING AMOUNTS AVAILABLE, UP TO \$7,000,000.00 TO
13 BE DISTRIBUTED TO UNIVERSITIES RECEIVING FUNDS UNDER SECTION 246,
14 ALLOCATED IN PROPORTION TO TOTAL PAYMENTS MADE TO THE MICHIGAN
15 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM, FOR BOTH PENSION- AND
16 HEALTH CARE-RELATED COSTS, FOR THE IMMEDIATELY PRECEDING FISCAL
17 YEAR UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980
18 PA 300, MCL 38.1301 TO 38.1408.

19 (C) FOR ANY REMAINING AMOUNTS AVAILABLE, TO PUBLIC
20 UNIVERSITIES RECEIVING FUNDS UNDER SECTION 236(2), ALLOCATED IN
21 PROPORTION TO PERFORMANCE FUNDING AMOUNTS, EXCLUDING AMOUNTS
22 UNAPPROPRIATED UNDER SECTION 265A(2).

23 (2) THE STATE BUDGET DIRECTOR SHALL REPORT TO THE HOUSE AND
24 SENATE APPROPRIATIONS SUBCOMMITTEES ON HIGHER EDUCATION AND THE
25 HOUSE AND SENATE FISCAL AGENCIES BY SEPTEMBER 17, 2013, REGARDING
26 ANY AMOUNTS REAPPROPRIATED UNDER THIS SECTION.

27 Sec. 267. All public universities shall submit the amount of



1 tuition and fees actually charged to a full-time resident
 2 undergraduate student for academic year ~~2012-2013~~ **2013-2014** as part
 3 of their higher education institutional data inventory (HEIDI) data
 4 by August 31 of each year. A public university shall report any
 5 revisions for any semester of the reported academic year ~~2012-2013~~
 6 **2013-2014** tuition and fee charges to HEIDI within 15 days of being
 7 adopted.

8 Sec. 268. For the fiscal year ending September 30, ~~2013,~~ **2014**,
 9 it is the intent of the legislature that funds be allocated for
 10 unfunded North American Indian tuition waiver costs incurred by
 11 public universities under 1976 PA 174, MCL 390.1251 to 390.1253,
 12 from the general fund.

13 Sec. 269. For fiscal year ~~2012-2013,~~ **2013-2014**, from the
 14 amount appropriated in section 236 to Central Michigan University
 15 for operations, \$29,700.00 shall be paid to Saginaw Chippewa Tribal
 16 College for the costs of waiving tuition for North American Indians
 17 under 1976 PA 174, MCL 390.1251 to 390.1253.

18 Sec. 270. For fiscal year ~~2012-2013,~~ **2013-2014** from the amount
 19 appropriated in section 236 to Lake Superior State University for
 20 operations, \$100,000.00 shall be paid to Bay Mills Community
 21 College for the costs of waiving tuition for North American Indians
 22 under 1976 PA 174, MCL 390.1251 to 390.1253.

23 **SEC. 272A. BY FEBRUARY 15, 2014, EACH PUBLIC UNIVERSITY**
 24 **RECEIVING FUNDS UNDER SECTION 236 SHALL SUBMIT A REPORT TO THE**
 25 **HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON HIGHER EDUCATION,**
 26 **THE HOUSE AND SENATE FISCAL AGENCIES, AND THE STATE BUDGET DIRECTOR**
 27 **REGARDING THE REJECTION OF TRANSFER CREDITS BY THE UNIVERSITY IN**



1 THE PRIOR YEAR. THE REPORT SHALL INCLUDE INFORMATION ON THE NUMBER
2 OF CREDITS EARNED BY INCOMING STUDENTS AT OTHER POSTSECONDARY
3 INSTITUTIONS, WITH THE EQUIVALENT OF A LETTER GRADE OF C OR HIGHER,
4 THAT WERE REJECTED BY THE UNIVERSITY FOR TRANSFER, REPORTED BY BOTH
5 ACADEMIC PROGRAM AREA AND PRIOR INSTITUTION, ALONG WITH EXPLANATORY
6 INFORMATION REGARDING THE RATIONALE FOR THE REJECTION OF THE
7 CREDITS. DATA MAY BE REPORTED ON EITHER AN ACADEMIC OR CALENDAR
8 YEAR BASIS.

9 Sec. 273. It is the intent of the legislature that each public
10 university shall submit a report to the house and senate
11 appropriations committees, the house and senate fiscal agencies,
12 and the state budget director by October 15, ~~2012~~, **2013**, on the
13 university's efforts to accommodate the sincerely held religious
14 beliefs of students enrolled in accredited counseling degree
15 programs at the university.

16 Sec. 274. It is the intent of the legislature that public and
17 private organizations that conduct human embryonic stem cell
18 derivation subject to section 27 of article I of the state
19 constitution of 1963 will provide information to the director of
20 the department of community health by December 1, ~~2012~~, **2013** that
21 includes all of the following:

22 (a) Documentation that the organization conducting human
23 embryonic stem cell derivation is conducting its activities in
24 compliance with the requirements of section 27 of article I of the
25 state constitution of 1963 and all relevant national institutes of
26 health guidelines pertaining to embryonic stem cell derivation.

27 (b) A list of all human embryonic stem cell lines submitted by



1 the organization to the national institutes of health for inclusion
2 in the human embryonic stem cell registry before and during fiscal
3 year ~~2011-2012~~, **2012-2013**, and the status of each submission as
4 approved, pending approval, or review completed but not yet
5 accepted.

6 (c) Number of human embryonic stem cell lines derived and not
7 submitted for inclusion in the human embryonic stem cell registry,
8 before and during fiscal year ~~2011-2012~~.**2012-2013**.

9 Sec. 274a. (1) It is the intent of the legislature that a
10 public university that receives funds in section 236 not provide
11 health insurance or other fringe benefits for any adult coresident
12 of an employee of the university who is not married to or a
13 dependent of that employee or for any dependent of such an adult
14 coresident.

15 (2) It is the intent of the legislature that each public
16 university receiving funds in section 236 submit a report by
17 December 1, ~~2012-2013~~ to the house and senate appropriations
18 subcommittees on higher education, the house and senate fiscal
19 agencies, and the state budget director containing the number of
20 individuals described in subsection (1) who received health
21 insurance or other fringe benefits provided by the university in
22 fiscal year ~~2011-2012~~.**2012-2013** and the cost to the university of
23 providing those benefits.

24 Sec. 276. (1) Included in the appropriation for fiscal year
25 ~~2012-2013~~.**2013-2014** for each public university in section 236 is
26 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
27 future faculty program that is intended to increase the pool of



1 academically or economically disadvantaged candidates pursuing
2 faculty teaching careers in postsecondary education. Preference may
3 not be given to applicants on the basis of race, color, ethnicity,
4 gender, or national origin. Institutions should encourage
5 applications from applicants who would otherwise not adequately be
6 represented in the graduate student and faculty populations. Each
7 public university shall apply the percentage change applicable to
8 every public university in the calculation of appropriations in
9 section 236 to the amount of funds allocated to the future faculty
10 program.

11 (2) The program shall be administered by each public
12 university in a manner prescribed by the workforce development
13 agency. The workforce development agency shall use a good faith
14 effort standard to evaluate whether a fellowship is in default.

15 Sec. 277. (1) Included in the appropriation for fiscal year
16 ~~2012-2013-2013-2014~~ for each public university in section 236 is
17 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
18 college day program that is intended to introduce academically or
19 economically disadvantaged schoolchildren to the potential of a
20 college education. Preference may not be given to participants on
21 the basis of race, color, ethnicity, gender, or national origin.
22 Public universities should encourage participation from those who
23 would otherwise not adequately be represented in the student
24 population.

25 (2) Individual program plans of each public university shall
26 include a budget of equal contributions from this program, the
27 participating public university, the participating school district,



1 and the participating independent degree-granting college. College
2 day funds shall not be expended to cover indirect costs. Not more
3 than 20% of the university match shall be attributable to indirect
4 costs. Each public university shall apply the percentage change
5 applicable to every public university in the calculation of
6 appropriations in section 236 to the amount of funds allocated to
7 the college day program.

8 (3) The program described in this section shall be
9 administered by each public university in a manner prescribed by
10 the workforce development agency.

11 Sec. 278. (1) Included in section 236 for fiscal year ~~2012-~~
12 ~~2013-2013-2014~~ is funding for the Martin Luther King, Jr. - Cesar
13 Chavez - Rosa Parks select student support services program for
14 developing academically or economically disadvantaged student
15 retention programs for 4-year public and independent educational
16 institutions in this state. Preference may not be given to
17 participants on the basis of race, color, ethnicity, gender, or
18 national origin. Institutions should encourage participation from
19 those who would otherwise not adequately be represented in the
20 student population.

21 (2) An award made under this program to any 1 institution
22 shall not be greater than \$150,000.00, and the amount awarded shall
23 be matched on a 70% state, 30% college or university basis.

24 (3) The program described in this section shall be
25 administered by the workforce development agency.

26 Sec. 279. (1) Included in section 236 for fiscal year ~~2012-~~
27 ~~2013-2013-2014~~ is funding for the Martin Luther King, Jr. - Cesar



1 Chavez - Rosa Parks college/university partnership program between
2 4-year public and independent colleges and universities and public
3 community colleges, which is intended to increase the number of
4 academically or economically disadvantaged students who transfer
5 from community colleges into baccalaureate programs. Preference may
6 not be given to participants on the basis of race, color,
7 ethnicity, gender, or national origin. Institutions should
8 encourage participation from those who would otherwise not
9 adequately be represented in the transfer student population.

10 (2) The grants shall be made under the program described in
11 this section to Michigan public and independent colleges and
12 universities. An award to any 1 institution shall not be greater
13 than \$150,000.00, and the amount awarded shall be matched on a 70%
14 state, 30% college or university basis.

15 (3) The program described in this section shall be
16 administered by the workforce development agency.

17 Sec. 280. (1) Included in the appropriation for fiscal year
18 ~~2012-2013~~**2013-2014** for each public university in section 236 is
19 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
20 visiting professors program which is intended to increase the
21 number of instructors in the classroom to provide role models for
22 academically or economically disadvantaged students. Preference may
23 not be given to participants on the basis of race, color,
24 ethnicity, gender, or national origin. Public universities should
25 encourage participation from those who would otherwise not
26 adequately be represented in the student population.

27 (2) The program described in this section shall be



1 administered by the workforce development agency.

2 Sec. 281. (1) Included in the appropriation for fiscal year
3 ~~2012-2013-2013-2014~~ in section 236 is funding under the Martin
4 Luther King, Jr. - Cesar Chavez - Rosa Parks initiative for the
5 Morris Hood, Jr. educator development program which is intended to
6 increase the number of academically or economically disadvantaged
7 students who enroll in and complete K-12 teacher education programs
8 at the baccalaureate level. Preference may not be given to
9 participants on the basis of race, color, ethnicity, gender, or
10 national origin. Institutions should encourage participation from
11 those who would otherwise not adequately be represented in the
12 teacher education student population.

13 (2) The program described in this section shall be
14 administered by each state-approved teacher education institution
15 in a manner prescribed by the workforce development agency.

16 (3) Approved teacher education institutions may and are
17 encouraged to use student support services funding in coordination
18 with the Morris Hood, Jr. funding to achieve the goals of the
19 program described in this section.

20 Sec. 282. Each institution receiving funds under section 278,
21 279, or 281 shall notify the workforce development agency by April
22 15, ~~2013-2014~~ as to whether it will expend by the end of its fiscal
23 year the funds received under section 278, 279, or 281.
24 Notwithstanding the award limitations in sections 278 and 279, the
25 amount of funding reported as not being expended will be
26 reallocated to the institutions that intend to expend all funding
27 received under section 278, 279, or 281.



1 Sec. 289. (1) The auditor general shall ~~review~~**PERIODICALLY**
2 **AUDIT** higher education institutional data inventory (HEIDI)
3 ~~enrollment~~ data submitted by all public universities under section
4 241 and may perform audits of selected public universities if
5 determined necessary. The ~~review and~~ audits shall be based upon the
6 definitions, requirements, and uniform reporting categories
7 established by the state budget director in consultation with the
8 HEIDI advisory committee. The auditor general shall submit a report
9 of findings to the house and senate appropriations committees and
10 the state budget director no later than July 1 of each year **AN**
11 **AUDIT TAKES PLACE.**

12 (2) Student credit hours reports shall not include the
13 following:

14 (a) Student credit hours generated through instructional
15 activity by faculty or staff in classrooms located outside
16 Michigan, with the exception of instructional activity related to
17 study-abroad programs or field programs.

18 (b) Student credit hours generated through distance learning
19 instruction for students not eligible for the public university's
20 in-state main campus resident tuition rate. However, in instances
21 where a student is enrolled in distance education and non-distance
22 education credit hours in a given term and the student's non-
23 distance education enrollment is at a campus or site located within
24 Michigan, student credit hours per the student's eligibility for
25 in-state or out-of-state tuition rates may be reported.

26 (c) Student credit hours generated through credit by
27 examination.



1 (d) Student credit hours generated through inmate prison
2 programs regardless of teaching location.

3 (e) Student credit hours generated in new degree programs
4 after January 1, 1975, that have not been specifically authorized
5 for funding by the legislature, except spin-off programs converted
6 from existing core programs that do all of the following:

7 (i) Represent new options, fields, or concentrations within
8 existing programs.

9 (ii) Are consistent with the current institutional role and
10 mission.

11 (iii) Are accommodated within the continuing funding base of the
12 public university.

13 (iv) Do not require a new degree level beyond that which the
14 public university is currently authorized to grant within that
15 discipline or field.

16 (v) Do not require funding from the state other than that
17 provided by the student credit hours generated within the program,
18 either before program initiation or within the first 3 years of
19 program operation.

20 ~~—— (3) The auditor general shall periodically audit higher~~
21 ~~education institutional data inventory (HEIDI) data as submitted by~~
22 ~~the public universities under section 241 for compliance with the~~
23 ~~definitions established by the state budget director in~~
24 ~~consultation with the HEIDI advisory committee for the HEIDI~~
25 ~~database.~~

26 (3) ~~(4)~~ "Distance learning instruction" as used in subsection
27 (2) means instruction that occurs solely in other than a



1 traditional classroom setting where the student and instructor are
 2 in the same physical location and for which a student receives
 3 course credits and is charged tuition and fees. Examples of
 4 distance learning instruction are instruction delivered solely
 5 through the internet, cable television, teleconference, or mail.

6 Sec. 290. (1) For the purposes of section 289(2)(e), the
 7 legislature authorizes the public universities to establish the
 8 following new degree programs:

9 (a) Bachelor's degree programs:

- 10 ~~Central Michigan University, Computer Engineering, B.S.~~
 11 ~~Eastern Michigan University, Interdisciplinary Environmental~~
 12 ~~Science and Society Program, B.S.~~
 13 ~~Ferris State University, Graphic Media Management, B.S.~~
 14 ~~Ferris State University, Health Care Marketing, B.S.~~
 15 ~~Ferris State University, Insurance and Risk Management, B.S.~~
 16 ~~Grand Valley State University, Religious Studies, B.A./B.S.~~
 17 ~~Michigan Technological University, Engineering Management,~~
 18 ~~B.S.~~
 19 ~~Oakland University, Biomedical Sciences, B.S.~~
 20 ~~Oakland University, Liberal Arts Major in Creative Writing,~~
 21 ~~B.A.~~
 22 ~~University of Michigan - Ann Arbor, Environmental Engineering,~~
 23 ~~B.S.E.~~
 24 ~~University of Michigan - Dearborn, Digital Forensics, B.S.~~
 25 ~~University of Michigan - Dearborn, Reading - Elementary~~
 26 ~~Certification, B.A.~~
 27 ~~Wayne State University, Instructional Technology, B.A./B.S.~~



1 ~~Western Michigan University, Japanese, B.A.~~

2 ~~Western Michigan University, e-Business Marketing, B.B.A.~~

3 ~~Western Michigan University, Health Informatics and~~

4 ~~Information Management, B.S./B.B.A.~~

5 **CENTRAL MICHIGAN UNIVERSITY, ENGINEERING SCIENCE, B.S.E.S.**

6 **EASTERN MICHIGAN UNIVERSITY, ENTERTAINMENT DESIGN &**

7 **TECHNOLOGY, B.A.**

8 **MICHIGAN STATE UNIVERSITY, EXPERIENCE ARCHITECTURE, B.S.**

9 **OAKLAND UNIVERSITY, CRIMINAL JUSTICE, B.A.**

10 **OAKLAND UNIVERSITY, GRAPHIC DESIGN, B.A.**

11 **SAGINAW VALLEY STATE UNIVERSITY, INTEGRATED SCIENCE -**

12 **SECONDARY MAJOR, B.S.**

13 **UNIVERSITY OF MICHIGAN-ANN ARBOR, INFORMATION, B.A./B.S.**

14 **UNIVERSITY OF MICHIGAN-ANN ARBOR, PHILOSOPHY, POLITICS, AND**

15 **ECONOMICS, B.A./B.S.**

16 **UNIVERSITY OF MICHIGAN-FLINT, INTEGRATED SCIENCE TEACHERS**

17 **CERTIFICATE PROGRAM, B.S.**

18 **WAYNE STATE UNIVERSITY, BACHELORS PROGRAM WITH A MAJOR IN**

19 **PUBLIC HEALTH, B.S.**

20 **WAYNE STATE UNIVERSITY, GENDER, SEXUALITY, AND WOMEN'S**

21 **STUDIES, B.A.**

22 (b) Master's degree programs:

23 ~~Ferris State University, Information Security and~~

24 ~~Intelligence, M.S.~~

25 ~~Michigan Technological University, Integrated Geospatial~~

26 ~~Technology, M.S.~~

27 ~~Michigan Technological University, Medical Informatics, M.S.~~



1 ~~Oakland University, Psychology, M.S.~~
2 ~~University of Michigan - Ann Arbor, Entrepreneurship, Master's~~
3 ~~University of Michigan - Ann Arbor, Joint Master's Degree and~~
4 ~~Graduate Certificate Program in Health Informatics, Master's~~
5 ~~University of Michigan - Ann Arbor, Master's of Engineering in~~
6 ~~Applied Climate, Master's~~
7 ~~University of Michigan - Ann Arbor, Master's of Medical~~
8 ~~Science, M.M.S.~~
9 ~~University of Michigan - Dearborn, Business Analytics with a~~
10 ~~Major in Business Analytics, M.S.~~
11 ~~University of Michigan - Dearborn, Supply Chain Management~~
12 ~~with Minor in Supply Chain Management, M.S.~~
13 ~~University of Michigan - Flint, Accounting, M.S.~~
14 ~~University of Michigan - Flint, Master of Arts with~~
15 ~~Certification Program, M.A.~~
16 ~~University of Michigan - Flint, Mathematics, M.A.~~
17 **EASTERN MICHIGAN UNIVERSITY, PHYSICIAN ASSISTANT STUDIES, M.S.**
18 **GRAND VALLEY STATE UNIVERSITY, SPEECH-LANGUAGE PATHOLOGY, M.S.**
19 **MICHIGAN STATE UNIVERSITY, BIostatISTICS, M.S.**
20 **MICHIGAN STATE UNIVERSITY, FAMILY COMMUNITY SERVICES, M.A.**
21 **MICHIGAN STATE UNIVERSITY, MANAGEMENT, STRATEGY, AND**
22 **LEADERSHIP, M.S.**
23 **OAKLAND UNIVERSITY, HIGHER EDUCATION LEADERSHIP, MASTER'S IN**
24 **EDUCATION**
25 **UNIVERSITY OF MICHIGAN-DEARBORN, EDUCATIONAL TECHNOLOGY, M.A.**
26 **WAYNE STATE UNIVERSITY, MASTER OF LAWS IN UNITED STATES LAW,**
27 **MASTER OF LAW**



1 **WAYNE STATE UNIVERSITY, JOINT DEGREE PROGRAM IN LAW AND**
 2 **CRIMINAL JUSTICE, J.D./M.S.**

3 (c) Doctoral degree programs:

4 ~~Michigan State University, Doctor of Nursing Practice, D.N.P.~~

5 ~~Michigan State University, Educational Leadership, Ed.D.~~

6 ~~Michigan Technological University, Biochemistry and Molecular~~
 7 ~~Biology, Ph.D.~~

8 ~~Northern Michigan University, Doctor of Nursing Practice,~~
 9 ~~D.N.P.~~

10 ~~Oakland University, Early Education and Intervention, Ed.S.~~

11 ~~Oakland University, Psychology, Ph.D.~~

12 ~~Saginaw Valley State University, Doctor of Nursing Practice,~~
 13 ~~D.N.P.~~

14 ~~University of Michigan - Ann Arbor, Nutritional Sciences,~~
 15 ~~Ph.D.~~

16 **UNIVERSITY OF MICHIGAN-FLINT, DPT/DOCTOR OF PHILOSOPHY IN**
 17 **PHYSICAL THERAPY JOINT PROGRAM, PH.D.**

18 **UNIVERSITY OF MICHIGAN-FLINT, EDUCATIONAL LEADERSHIP, ED.D.**

19 (2) The listing of degree programs in subsection (1) does not
 20 constitute legislative intent to provide additional dollars for
 21 those programs.

22 (3) When submitting the listing of new degree programs for
 23 purposes of section 289(2)(e), the presidents council of state
 24 universities shall also provide a listing of degree programs that
 25 institutions of higher education will no longer offer in subsequent
 26 academic years.

27 Enacting section 1. (1) In accordance with section 30 of



1 article I of the state constitution of 1963, total state spending
2 on school aid under article I as amended by this amendatory act
3 from state sources for fiscal year 2013-2014 is estimated at
4 \$11,470,813,500.00 and state appropriations for school aid to be
5 paid to local units of government for fiscal year 2013-2014 are
6 estimated at \$11,318,931,100.00.

7 (2) In accordance with section 30 of article IX of the state
8 constitution of 1963, total state spending from state sources for
9 community colleges for fiscal year 2013-2014 under article II is
10 estimated at \$334,877,600.00 and the amount of that state spending
11 from state sources to be paid to local units of government for
12 fiscal year 2013-2014 is estimated at \$334,877,600.00.

13 (3) In accordance with section 30 of article IX of the state
14 constitution of 1963, total state spending from state sources for
15 higher education for fiscal year 2013-2014 under article III is
16 estimated at \$1,333,547,100.00 and the amount of that state
17 spending from state sources to be paid to local units of government
18 for fiscal year 2013-2014 is estimated at \$0.00.

19 Enacting section 2. Sections 11q, 11t, 11u, 22g, 22h, 25, 25d,
20 32g, 32l, 93, 101a, 210a, 261, 273a, 275a, 293, and 293a of the
21 state school aid act of 1979, 1979 PA 94, MCL 388.1611q, 388.1611t,
22 388.1611u, 388.1622g, 388.1622h, 388.1625, 388.1625d, 388.1632g,
23 388.1632l, 388.1693, 388.1701a, 388.1810a, 388.1861, 388.1873a,
24 388.1875a, 388.1893, and 388.1893a, are repealed effective October
25 1, 2013.

26 Enacting section 3. (1) Except as otherwise provided in
27 subsection (2), this amendatory act takes effect October 1, 2013.



1 (2) Sections 252, 265, 265a, and 267 of the state school aid
2 act of 1979, 1979 PA 94, MCL 388.1852, 388.1865, 388.1865a, and
3 388.1867, as amended by this amendatory act, and sections 265b and
4 265c of the state school aid act of 1979, 1979 PA 94, as added by
5 this amendatory act, take effect upon enactment of this amendatory
6 act.

