

**SUBSTITUTE FOR
HOUSE BILL NO. 5314**

(as amended May 8, 2014)

[A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 8b, 11, 11a, 11g, 11j, 11k, 11m, 12, 15,
17a, 18, 19, 20, 20d, 20f, 20g, 21f, 22a, 22b, 22d, 22f, 22g, 22i,
22j, 24, 24a, 24c, 25e, 26a, 26b, 26c, 31a, 31b, 31d, 31f, 32d,
32p, 39, 39a, 41, 51a, 51c, 51d, 53a, 54, 56, 61a, 62, 74, 81, 94,
94a, 98, 99, 99h, 101, 104, 104b, 107, 147, 147b, 147c, 152a, 161,
163, 168, 201, 201a, 202a, 206, 207, 209, 210, 213, 222, 224, 225,
229, 229a, 230, 236, 236a, 236b, 236c, 241, 245, 252, 256, 263,
263a, 264, 265, 265a, 267, 268, 269, 270, 272a, 273, 274, 274a, 275,
276, 277, 278, 279, 280, 281, 282, 283, and 284 (MCL 388.1606,
388.1608b, 388.1611, 388.1611a, 388.1611g, 388.1611j, 388.1611k,
388.1611m, 388.1612, 388.1615, 388.1617a, 388.1618, 388.1619,

House Bill No. 5314 (H-2) as amended May 8, 2014
 388.1620, 388.1620d, 388.1620f, 388.1620g, 388.1621f, 388.1622a,
 388.1622b, 388.1622d, 388.1622f, 388.1622g, 388.1622i, 388.1622j,
 388.1624, 388.1624a, 388.1624c, 388.1625e, 388.1626a, 388.1626b,
 388.1626c, 388.1631a, 388.1631b, 388.1631d, 388.1631f, 388.1632d,
 388.1632p, 388.1639, 388.1639a, 388.1641, 388.1651a, 388.1651c,
 388.1651d, 388.1653a, 388.1654, 388.1656, 388.1661a, 388.1662,
 388.1674, 388.1681, 388.1694, 388.1694a, 388.1698, 388.1699,
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 388.1747b, 388.1747c, 388.1752a, 388.1761, 388.1763, 388.1768,
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 388.1829a, 388.1830, 388.1836, 388.1836a, 388.1836b, 388.1836c,
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 388.1864, 388.1865, 388.1865a, 388.1867, 388.1868, 388.1869,
 388.1870, 388.1872a, 388.1873, 388.1874, 388.1874a, 388.1875, 388.1876,
 388.1877, 388.1878, 388.1879, 388.1880, 388.1881, 388.1882,
 388.1883, and 388.1884), sections 6, 20, 24c, 25e, 26a, 74, 104b,
 and 107 as amended by 2013 PA 130, section 8b as amended by 2007 PA
 92, sections 11, 11m, 20g, 21f, 22a, 22b, 22g, 51a, 51c, 99h, 101,
 and 147c as amended and sections 31b and 94 as added by 2014 PA
 116, sections 11a, 11j, 11k, 12, 15, 18, 19, 20d, 22d, 22f, 22i,
 22j, 24, 24a, 26b, 26c, 31a, 31d, 31f, 32d, 32p, 39, 39a, 41, 51d,
 53a, 54, 56, 61a, 62, 81, 94a, 98, 99, 104, 147, 147b, 152a, 201,
 201a, 206, 209, 210, 224, 225, 229, 229a, 230, 236, 236a, 236b,
 241, 245, 252, 263, 263a, 264, 265, 265a, 267, 268, 269, 270, 273,
 274, 274a, 275, 276, 277, 278, 279, 280, 281, and 282 as amended and
 sections 20f, 236c, and 272a as added by 2013 PA 60, sections 11g

House Bill No. 5314 (H-2) as amended May 8, 2014
 and 17a as amended by 2013 PA 97, section 161 as amended by 1990 PA
 207, section 163 as amended by 2007 PA 137, section 168 as added by
 1993 PA 175, and section 202a as added and sections 207, 213, 222,
 256, 283, and 284 as amended by 2012 PA 201, and by adding sections
 11r, 20h, 31g, 64b, 95a, 97, 102b, 104c, 207a, and 207b; and to
 repeal acts and parts of acts.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

20 (2) "District and high school graduation rate" means the

1 annual completion and pupil dropout rate that is calculated by the
2 center pursuant to nationally recognized standards.

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

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

1 is in compliance with section 553a of the revised school code, MCL
2 380.553a, a pupil's participation in the cyber school's educational
3 program is considered regular daily attendance; for the education
4 achievement system, a pupil's participation in an online
5 educational program of the education achievement system or of an
6 achievement school is considered regular daily attendance; and for
7 a district a pupil's participation in an online course as defined
8 in section 21f is considered regular daily attendance. The amount
9 of the foundation allowance for a pupil in membership is determined
10 under section 20. In making the calculation of membership, all of
11 the following, as applicable, apply to determining the membership
12 of a district, a public school academy, the education achievement
13 system, or an intermediate district:

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

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

1 district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (iii) If a child does not meet the minimum age requirement to be
27 eligible to attend school for that school year under section 1147

1 of the revised school code, MCL 380.1147, but will be 5 years of
2 age not later than December 1 of that school year, the district may
3 count the child in membership for that school year if the parent or
4 legal guardian has notified the district in writing that he or she
5 intends to enroll the child in kindergarten for that school year.

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

16 (n) If a pupil counted in membership in a public school
17 academy or the education achievement system is also educated by a
18 district or intermediate district as part of a cooperative
19 education program, the pupil shall be counted in membership only in
20 the public school academy or the education achievement system
21 unless a written agreement signed by all parties designates the
22 party or parties in which the pupil shall be counted in membership,
23 and the instructional time scheduled for the pupil in the district
24 or intermediate district shall be included in the full-time equated
25 membership determination under subdivision (q). However, for pupils
26 receiving instruction in both a public school academy or the
27 education achievement system and in a district or intermediate

1 district but not as a part of a cooperative education program, the
2 following apply:

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

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

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

1 also adult education participants being educated in the same
2 program or classroom.

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

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

13 (r) Beginning in 2012-2013, full-time equated memberships for
14 pupils in kindergarten shall be determined by dividing the number
15 of instructional hours scheduled and provided per year per
16 kindergarten pupil by the same number used for determining full-
17 time equated memberships for pupils in grades 1 to 12. However, to
18 the extent allowable under federal law, for a district or public
19 school academy that provides evidence satisfactory to the
20 department that it used federal title I money in the 2 immediately
21 preceding school fiscal years to fund full-time kindergarten, full-
22 time equated memberships for pupils in kindergarten shall be
23 determined by dividing the number of class hours scheduled and
24 provided per year per kindergarten pupil by a number equal to 1/2
25 the number used for determining full-time equated memberships for
26 pupils in grades 1 to 12. The change in the counting of full-time
27 equated memberships for pupils in kindergarten that took effect for

1 2012-2013 is not a mandate.

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

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

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

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

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

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

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

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

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

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

1 academy otherwise ceases to operate, and if the pupil enrolls in a
2 district or the education achievement system within 45 days after
3 the pupil membership count day, the department shall adjust the
4 district's or the education achievement system's pupil count for
5 the pupil membership count day to include the pupil in the count.

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

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

1 number of pupils per square mile for each of the districts for the
2 purposes of this subdivision. The membership figure calculated
3 under this subdivision is the greater of the following:

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

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

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

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

1 kindergarten but are receiving early childhood special education
2 services under R 340.1755 or 340.1862 of the Michigan
3 administrative code shall be determined by dividing the number of
4 hours of service scheduled and provided per year per pupil by 180.

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

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

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

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

educating district or the education achievement system.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (o) A pupil who enrolls in a district other than the pupil's

1 district of residence as a result of the pupil's school not making
2 adequate yearly progress under the no child left behind act of
3 2001, Public Law 107-110.

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

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

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

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

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

23 (i) Fourth Wednesday in July.

24 (ii) First Wednesday in October.

25 (iii) Second Wednesday in February.

26 (iv) Fourth Wednesday in April.

27 (8) "Pupils in grades K to 12 actually enrolled and in regular

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

1 the pupil attended. For purposes of this subsection, "class" means
2 a period of time in 1 day when pupils and a certificated teacher or
3 legally qualified substitute teacher are together and instruction
4 is taking place.

5 (9) "Rule" means a rule promulgated pursuant to the
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
7 24.328.

8 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
9 380.1852.

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

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

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

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

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

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

26 Tuition pupil does not include a pupil who is a special education
27 pupil, a pupil described in subsection (6)(c) to (p), or a pupil

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

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

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

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

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

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

House Bill No. 5314 (H-2) as amended May 8, 2014

department by the authorizing body of a public school academy.

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

Sec. 11. (1) For the fiscal year ending September 30, ~~2014,~~
2015, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of ~~\$11,115,232,300.00~~**[\$11,775,067,600.00]** from the state school aid fund, the sum of ~~\$156,000,000.00~~**\$18,000,000.00** from the MPSERS retirement obligation reform reserve fund created under section 147b, and the sum of ~~\$234,900,000.00~~**\$180,000,000.00** from the general fund. In addition, all other available federal funds are appropriated for the fiscal year ending September 30, ~~2014-2015~~.

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

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

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

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

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

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

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

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

27 (4) The state treasurer shall direct the investment of the

1 school aid stabilization fund. The state treasurer shall credit to
2 the school aid stabilization fund interest and earnings from fund
3 investments.

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

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

21 (7) For ~~2013-2014, 2014-2015~~, in addition to the
22 appropriations in section 11, there is appropriated from the school
23 aid stabilization fund to the state school aid fund the amount
24 necessary to fully fund the allocations under this article.

25 Sec. 11g. (1) From the appropriation in section 11, there is
26 allocated for this section an amount not to exceed \$39,500,000.00
27 for the fiscal year ending ~~September 30, 2014 and for the fiscal~~

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

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

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

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

27 (b) If the district or intermediate district borrows money and

1 issues bonds under section 11i, an amount in each fiscal year
2 calculated by the department of treasury that is equal to the debt
3 service amount in that fiscal year on the bonds issued by that
4 district or intermediate district under section 11i and that will
5 result in the total payments made to all districts and intermediate
6 districts in each fiscal year under this section being no more than
7 the amount appropriated under this section in each fiscal year.

8 (4) The entire amount of each payment under this section each
9 fiscal year shall be paid on May 15 of the applicable fiscal year
10 or on the next business day following that date. If a district or
11 intermediate district borrows money and issues bonds under section
12 11i, the district or intermediate district shall use funds received
13 under this section to pay debt service on bonds issued under
14 section 11i. If a district or intermediate district does not borrow
15 money and issue bonds under section 11i, the district or
16 intermediate district shall use funds received under this section
17 only for the following purposes, in the following order of
18 priority:

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

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

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

26 (5) To the extent payments under this section are used by a
27 district or intermediate district to pay debt service on debt

1 payable from millage revenues, and to the extent permitted by law,
2 the district or intermediate district may make a corresponding
3 reduction in the number of mills levied for debt service.

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

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

18 Sec. 11j. From the appropriation in section 11, there is
19 allocated an amount not to exceed ~~\$131,660,000.00 for 2013-2014~~
20 **\$142,600,000.00 FOR 2014-2015** for payments to the school loan bond
21 redemption fund in the department of treasury on behalf of
22 districts and intermediate districts. Notwithstanding section 296
23 or any other provision of this act, funds allocated under this
24 section are not subject to proration and shall be paid in full.

25 Sec. 11k. For ~~2013-2014~~, **2014-2015**, there is appropriated from
26 the general fund to the school loan revolving fund an amount equal
27 to the amount of school bond loans assigned to the Michigan finance

1 authority, not to exceed the total amount of school bond loans held
 2 in reserve as long-term assets. As used in this section, "school
 3 loan revolving fund" means that fund created in section 16c of the
 4 shared credit rating act, 1985 PA 227, MCL 141.1066c.

5 Sec. 11m. From the appropriations in section 11, there is
 6 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
 7 ~~\$2,500,000.00~~ **\$4,000,000.00** for fiscal year cash-flow borrowing
 8 costs solely related to the state school aid fund established by
 9 section 11 of article IX of the state constitution of 1963.

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

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

21 **(3) SUBJECT TO SUBSECTION (4), A DISTRICT IS ELIGIBLE TO**
 22 **RECEIVE A GRANT FROM THE DISTRESSED DISTRICTS EMERGENCY GRANT FUND**
 23 **IF EITHER OF THE FOLLOWING APPLIES:**

24 **(A) THE DISTRICT HAS ADOPTED A RESOLUTION AUTHORIZING THE**
 25 **VOLUNTARY DISSOLUTION OF THE DISTRICT APPROVED BY THE STATE**
 26 **TREASURER UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,**
 27 **BUT THE DISSOLUTION HAS NOT YET TAKEN EFFECT UNDER THAT SECTION.**

1 (B) THE DISTRICT IS A RECEIVING DISTRICT UNDER SECTION 12 OF
2 THE REVISED SCHOOL CODE, MCL 380.12, AND THE DISTRICT ENROLLS
3 PUPILS WHO WERE PREVIOUSLY ENROLLED IN A DISTRICT THAT WAS
4 DISSOLVED UNDER SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12,
5 IN THE IMMEDIATELY PRECEDING SCHOOL YEAR.

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

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

21 (6) BEFORE DISBURSING FUNDS UNDER THIS SECTION, THE STATE
22 TREASURER SHALL NOTIFY THE HOUSE AND SENATE APPROPRIATIONS
23 SUBCOMMITTEES ON SCHOOL AID AND THE HOUSE AND SENATE FISCAL
24 AGENCIES. THE NOTIFICATION SHALL INCLUDE, BUT NOT BE LIMITED TO,
25 THE DISTRICT RECEIVING FUNDS UNDER THIS SECTION, THE AMOUNT OF THE
26 FUNDS AWARDED UNDER THIS SECTION, AN EXPLANATION OF THE DISTRICT
27 CONDITIONS THAT NECESSITATE FUNDING UNDER THIS SECTION, AND THE

1 INTENDED USE OF FUNDS DISBURSED UNDER THIS SECTION.

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

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

15 Sec. 15. (1) If a district or intermediate district fails to
16 receive its proper apportionment, the department, upon satisfactory
17 proof that the district or intermediate district was entitled
18 justly, shall apportion the deficiency in the next apportionment.
19 Subject to subsections (2) and (3), if a district or intermediate
20 district has received more than its proper apportionment, the
21 department, upon satisfactory proof, shall deduct the excess in the
22 next apportionment. Notwithstanding any other provision in this
23 article, state aid overpayments to a district, other than
24 overpayments in payments for special education or special education
25 transportation, may be recovered from any payment made under this
26 article other than a special education or special education
27 transportation payment, from the proceeds of a loan to the district

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

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

26 (3) If, **BASED ON AN AUDIT BY THE DEPARTMENT OR THE**
27 **DEPARTMENT'S DESIGNEE OR** because of ~~the receipt of~~ new or updated

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

19 (4) **THE DEPARTMENT MAY CONDUCT AUDITS, OR MAY DIRECT AUDITS BY**
 20 **DESIGNEE OF THE DEPARTMENT, FOR THE CURRENT FISCAL YEAR AND THE**
 21 **IMMEDIATELY PRECEDING 3 FISCAL YEARS OF ALL RECORDS RELATED TO A**
 22 **PROGRAM FOR WHICH A DISTRICT OR INTERMEDIATE DISTRICT HAS RECEIVED**
 23 **FUNDS UNDER THIS ARTICLE.**

24 (5) ~~(4)~~—Expenditures made by the department under this article
 25 that are caused by the write-off of prior year accruals may be
 26 funded by revenue from the write-off of prior year accruals.

27 (6) ~~(5)~~—In addition to funds appropriated in section 11 for

1 all programs and services, there is appropriated for ~~2013-2014~~
2 **2014-2015** for obligations in excess of applicable appropriations an
3 amount equal to the collection of overpayments, but not to exceed
4 amounts available from overpayments.

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

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

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

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

1 interest on the obligation. The statutory lien and trust applies to
2 the state school aid received or to be received by the Michigan
3 finance authority, or trustee designated by the Michigan finance
4 authority, on behalf of the district or intermediate district,
5 immediately upon the later of the effective date of this subsection
6 or the time when the state school aid is allocated to the district
7 or intermediate district, but is subject to any subsequent
8 reduction of the state school aid allocation by operation of law or
9 executive order. The lien and trust imposed by this section with
10 respect to state school aid has a priority as established in the
11 agreement, except that the agreement shall not impair any existing
12 lien and trust previously created pursuant to this section,
13 including any lien and trust applicable to a multi-year repayment
14 agreement under section 1225 of the revised school code, MCL
15 380.1225. Except as otherwise provided in this subsection, the lien
16 and trust created under this subsection for the benefit of holders
17 of the obligation issued pursuant to this section is valid and
18 binding against a party having a claim of any kind in tort,
19 contract, or otherwise against the district or intermediate
20 district that has issued the obligation secured by a pledge of
21 state school aid pursuant to this section, regardless of whether
22 that party has notice of the pledge. A pledge made pursuant to this
23 section for the benefit of the holders of obligations or others is
24 perfected without delivery, recording, or notice. The state school
25 aid paid or to be paid on behalf of a district or intermediate
26 district to the Michigan finance authority, or trustee designated
27 by the Michigan finance authority, shall be held in trust for the

1 sole benefit of the holders of the obligation issued pursuant to
2 this section or section 1225 of the revised school code, MCL
3 380.1225, and is exempt from being levied upon, taken, sequestered,
4 or applied toward paying the debts or liabilities of the district
5 or intermediate district other than for payment of the obligation
6 to which the lien applies. However, nothing in this subsection
7 alters the ability of the state treasurer to withhold state school
8 aid from a district or intermediate district as provided by law.

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

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

24 (7) As used in this section, "trustee of a pooled arrangement"
25 means the trustee of a trust approved by the state treasurer and,
26 subject to the conditions and requirements of that approval,
27 established for the purpose of offering for sale, as part of a

1 pooled arrangement, certificates representing undivided interests
2 in notes issued by districts or intermediate districts under
3 section 1225 of the revised school code, MCL 380.1225.

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

8 Sec. 18. (1) Except as provided in another section of this
9 article, each district or other entity shall apply the money
10 received by the district or entity under this article to salaries
11 and other compensation of teachers and other employees, tuition,
12 transportation, lighting, heating, ventilation, water service, the
13 purchase of textbooks, other supplies, and any other school
14 operating expenditures defined in section 7. However, not more than
15 20% of the total amount received by a district **UNDER SECTIONS 22A**
16 **AND 22B** or **RECEIVED BY AN** intermediate district under ~~this article~~
17 **SECTION 81** may be transferred by the board to either the capital
18 projects fund or to the debt retirement fund for debt service. The
19 money shall not be applied or taken for a purpose other than as
20 provided in this section. The department shall determine the
21 reasonableness of expenditures and may withhold from a recipient of
22 funds under this article the apportionment otherwise due upon a
23 violation by the recipient.

24 (2) Within ~~30~~**15** days after a board adopts its annual
25 operating budget for the following school fiscal year, or after a
26 board adopts a subsequent revision to that budget, the district
27 shall make all of the following available through a link on its

1 website home page, or may make the information available through a
2 link on its intermediate district's website home page, in a form
3 and manner prescribed by the department:

4 (a) The annual operating budget and subsequent budget
5 revisions.

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

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

12 (A) Salaries and wages.

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

16 (C) Retirement benefit costs.

17 (D) All other personnel costs.

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

20 (A) Instruction.

21 (B) Support services.

22 (C) Business and administration.

23 (D) Operations and maintenance.

24 (c) Links to all of the following:

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

27 (ii) Each health care benefits plan, including, but not limited

1 to, medical, dental, vision, disability, long-term care, or any
2 other type of benefits that would constitute health care services,
3 offered to any bargaining unit or employee in the district.

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

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

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

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

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

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

19 (3) For the information required under subsection (2)(a),
20 (2)(b)(i), and (2)(c), an intermediate district shall provide the
21 same information in the same manner as required for a district
22 under subsection (2).

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

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

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

25 (c) A district's or intermediate district's annual financial
26 audit shall include an analysis of the financial and pupil
27 accounting data used as the basis for distribution of state school

1 aid.

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

6 (e) All of the following shall be done not later than November
7 ~~15-1~~ each year:

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

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

12 (iii) The intermediate district shall enter the pupil membership
13 audit reports for its constituent districts and for the
14 intermediate district, for the pupil membership count day and
15 supplemental count day, in the Michigan student data system.

16 (f) The annual financial audit reports and pupil accounting
17 procedures reports shall be available to the public in compliance
18 with the freedom of information act, 1976 PA 442, MCL 15.231 to
19 15.246.

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

27 (5) By November ~~15-1~~ of each year, each district and

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

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

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

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

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

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

17 (11) Not later than September 1, ~~2014~~, **2015**, if a district or
18 intermediate district offers online learning, the district or
19 intermediate district shall submit to the department a report that
20 details the per-pupil costs of operating the online learning. The
21 report shall include at least all of the following information
22 concerning the operation of online learning for the school fiscal
23 year ending June 30, ~~2014~~**2015**:

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

26 (b) The total number of students enrolled in the online
27 learning and the total number of membership pupils enrolled in the

1 online learning.

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

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

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

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

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

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

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

27 (2) Each district shall furnish to the center not later than 5

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

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

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

23 (5) If a district or intermediate district fails to meet the
24 requirements of this section, the department shall withhold 5% of
25 the total funds for which the district or intermediate district
26 qualifies under this article until the district or intermediate
27 district complies with all of those subsections. If the district or

1 intermediate district does not comply with all of those subsections
2 by the end of the fiscal year, the department shall place the
3 amount withheld in an escrow account until the district or
4 intermediate district complies with all of those subsections.

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

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

22 Sec. 20. (1) For ~~2013-2014~~, **2014-2015**, **BOTH OF THE FOLLOWING**
23 **APPLY:**

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

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

27 (2) The amount of each district's foundation allowance shall

1 be calculated as provided in this section, using a basic foundation
2 allowance in the amount specified in subsection (1).

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

7 (a) For a district that had a foundation allowance for the
8 immediately preceding state fiscal year that was ~~at least equal to~~
9 ~~the sum of \$7,108.00 plus the total dollar amount of all~~

10 ~~adjustments made from 2006-2007 to the immediately preceding state~~
11 ~~fiscal year in the lowest foundation allowance among all districts,~~

12 **MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE**

13 **FISCAL YEAR,** but less than the basic foundation allowance for the
14 immediately preceding state fiscal year, the district shall receive
15 a foundation allowance in an amount equal to the sum of ~~the greater~~
16 ~~of \$6,966.00 or the district's foundation allowance for the~~

17 immediately preceding state fiscal year plus the difference between
18 twice the dollar amount of the adjustment from the immediately
19 preceding state fiscal year to the current state fiscal year made
20 in the basic foundation allowance and [(the dollar amount of the

21 ~~adjustment from~~ **DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE**

22 **FOR THE CURRENT STATE FISCAL YEAR AND BASIC FOUNDATION ALLOWANCE**

23 **FOR** the immediately preceding state fiscal year ~~to the current~~
24 ~~state fiscal year made in the basic foundation allowance minus~~

25 ~~\$10.00)~~ **\$20.00)** times (the difference between the district's
26 foundation allowance for the immediately preceding state fiscal

27 year and the ~~sum of \$7,108.00 plus the total dollar amount of all~~

~~adjustments made from 2006-2007 to the immediately preceding state~~
~~fiscal year in the lowest foundation allowance among all districts)~~
MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE
FISCAL YEAR) divided by the difference between the basic foundation
allowance for the current state fiscal year and the ~~sum of~~
~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
~~2006-2007 to the immediately preceding state fiscal year in the~~
~~lowest foundation allowance among all districts]. For 2011-2012,~~
~~for a district that had a foundation allowance for the immediately~~
~~preceding state fiscal year that was at least equal to the sum of~~
~~\$7,108.00 plus the total dollar amount of all adjustments made from~~
~~2006-2007 to the immediately preceding state fiscal year in the~~
~~lowest foundation allowance among all districts, but less than the~~
~~basic foundation allowance for the immediately preceding state~~
~~fiscal year, the district shall receive a foundation allowance in~~
~~an amount equal to the district's foundation allowance for 2010-~~
~~2011, minus \$470.00. MINIMUM FOUNDATION ALLOWANCE FOR THE~~
IMMEDIATELY PRECEDING STATE FISCAL YEAR]. However, the foundation
allowance for a district that had less than the basic foundation
allowance for the immediately preceding state fiscal year shall not
exceed the basic foundation allowance for the current state fiscal
year. **FOR THE PURPOSES OF THIS SUBDIVISION, FOR 2014-2015, THE**
MINIMUM FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE
FISCAL YEAR SHALL BE CONSIDERED TO BE \$7,076.00.

(b) Except as otherwise provided in this subsection, for a
district that in the immediately preceding state fiscal year had a
foundation allowance in an amount ~~at least equal~~ to the amount of

1 the basic foundation allowance for the immediately preceding state
 2 fiscal year, the district shall receive a foundation allowance for
 3 ~~2011-2012-2014-2015~~ in an amount equal to the district's ~~BASIC~~
 4 foundation allowance for ~~2010-2011, minus \$470.00-2014-2015.~~

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

26 ~~—— (d) For a district that in the 1994-95 state fiscal year had a~~
 27 ~~foundation allowance greater than \$6,500.00 and that had a~~

~~foundation allowance for the 2009-2010 state fiscal year, as otherwise calculated under this section, that was less than the basic foundation allowance, the district's foundation allowance for 2011-2012 and each succeeding fiscal year shall be considered to be an amount equal to the basic foundation allowance.~~

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

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

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

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

1 ~~to \$6,966.00.~~

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

~~increment financing acts~~ **LOCAL PORTION OF THE DISTRICT'S FOUNDATION**

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

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

1 residence.

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

26 (7) Except as otherwise provided in this subsection, for
27 pupils attending an achievement school and in membership in the

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

25 (8) Subject to subsection (4), for a district that is formed
26 or reconfigured after June 1, 2002 by consolidation of 2 or more
27 districts or by annexation, the resulting district's foundation

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

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

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

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

24 (a) The pupil membership factor shall be computed by dividing
25 the estimated membership in the school year ending in the current
26 state fiscal year, excluding intermediate district membership, by
27 the estimated membership for the school year ending in the

1 subsequent state fiscal year, excluding intermediate district
2 membership. If a consensus membership factor is not determined at
3 the revenue estimating conference, the principals of the revenue
4 estimating conference shall report their estimates to the house and
5 senate subcommittees responsible for school aid appropriations not
6 later than 7 days after the conclusion of the revenue conference.

7 (b) The revenue adjustment factor shall be computed by
8 dividing the sum of the estimated total state school aid fund
9 revenue for the subsequent state fiscal year plus the estimated
10 total state school aid fund revenue for the current state fiscal
11 year, adjusted for any change in the rate or base of a tax the
12 proceeds of which are deposited in that fund and excluding money
13 transferred into that fund from the countercyclical budget and
14 economic stabilization fund under the management and budget act,
15 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
16 total school aid fund revenue for the current state fiscal year
17 plus the estimated total state school aid fund revenue for the
18 immediately preceding state fiscal year, adjusted for any change in
19 the rate or base of a tax the proceeds of which are deposited in
20 that fund. If a consensus revenue factor is not determined at the
21 revenue estimating conference, the principals of the revenue
22 estimating conference shall report their estimates to the house and
23 senate subcommittees responsible for school aid appropriations not
24 later than 7 days after the conclusion of the revenue conference.

25 (c) The index shall be calculated by multiplying the pupil
26 membership factor by the revenue adjustment factor. If a consensus
27 index is not determined at the revenue estimating conference, the

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principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

[(12) FOR A DISTRICT IN WHICH 7.75 MILLS LEVIED IN 1992 FOR SCHOOL OPERATING PURPOSES IN THE 1992-93 SCHOOL YEAR WERE NOT RENEWED IN 1993 FOR SCHOOL OPERATING PURPOSES IN THE 1993-94 SCHOOL YEAR, THE DISTRICT'S COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL SHALL BE RECALCULATED AS IF THAT MILLAGE REDUCTION DID NOT OCCUR AND THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE CALCULATED AS IF ITS 1994-95 FOUNDATION ALLOWANCE HAD BEEN CALCULATED USING THAT RECALCULATED 1993-94 COMBINED STATE AND LOCAL REVENUE PER MEMBERSHIP PUPIL AS A BASE. A DISTRICT IS NOT ENTITLED TO ANY RETROACTIVE PAYMENTS FOR FISCAL YEARS BEFORE 2000-2001 DUE TO THIS SUBSECTION. A DISTRICT RECEIVING AN ADJUSTMENT UNDER THIS SUBSECTION SHALL NOT RECEIVE MORE THAN \$100.00 FOR A FISCAL YEAR AS A RESULT OF THIS ADJUSTMENT.]

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

~~(a) Except as otherwise provided in this subdivision, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes allowable under former section 32e as in effect for 2001-2002. For an individual school or schools operated by a district qualifying for a foundation allowance adjustment under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are~~

1 ~~attributable to the pupils in the school or schools. The~~
2 ~~application shall identify the affected school or schools and the~~
3 ~~affected funds and shall contain a plan for using the funds for~~
4 ~~specific purposes identified by the district that are designed to~~
5 ~~reduce class size, but that may be different from the purposes~~
6 ~~otherwise allowable under this subdivision. The department shall~~
7 ~~approve the application if the department determines that the~~
8 ~~purposes identified in the plan are reasonably designed to reduce~~
9 ~~class size. If the department does not act to approve or disapprove~~
10 ~~an application within 30 days after it is submitted to the~~
11 ~~department, the application is considered to be approved. If an~~
12 ~~application for flexibility in using the funds is approved, the~~
13 ~~district may use the funds identified in the application for any~~
14 ~~purpose identified in the plan.~~

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

19 ~~—— (c) Notwithstanding subsection (8), for a district that is~~
20 ~~formed or reconfigured by consolidation of 2 or more districts, 1~~
21 ~~of which received an adjustment under this subsection for 2012-~~
22 ~~2013, the resulting district's foundation allowance for 2013-2014~~
23 ~~and each succeeding fiscal year shall be adjusted to be an amount~~
24 ~~equal to the sum of the resulting district's foundation allowance~~
25 ~~as calculated under subsection (8) excluding any adjustment~~
26 ~~calculated under this subsection plus [(the original district's~~
27 ~~adjustment under this subsection in 2012-2013 times the number of~~

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~~pupils in the original district's membership for 2012-2013) divided
by the number of pupils in the resulting district's membership for
2013-2014].~~

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

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

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

[(15)] As used in this section:

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

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

(c) "Combined state and local revenue per membership pupil"

1 means the district's combined state and local revenue divided by
2 the district's membership excluding special education pupils.

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

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

9 (f) "Immediately preceding state fiscal year" means the state
10 fiscal year immediately preceding the current state fiscal year.

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

22 (H) ~~(g)~~ "Local school operating revenue" means school
23 operating taxes levied under section 1211 of the revised school
24 code, MCL 380.1211. For a receiving district, if school operating
25 taxes are to be levied on behalf of a dissolved district that has
26 been attached in whole or in part to the receiving district to
27 satisfy debt obligations of the dissolved district under section 12

1 of the revised school code, MCL 380.12, local school operating
 2 revenue does not include school operating taxes levied within the
 3 geographic area of the dissolved district.

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

7 (J) ~~(i)~~—"Maximum public school academy allocation", except as
 8 otherwise provided in this subdivision, means the maximum per-pupil
 9 allocation as calculated by adding the highest per-pupil allocation
 10 among all public school academies for the immediately preceding
 11 state fiscal year plus the difference between twice the ~~dollar~~
 12 ~~amount of the adjustment from~~ **AMOUNT OF THE DIFFERENCE BETWEEN THE**
 13 **BASIC FOUNDATION ALLOWANCE FOR THE CURRENT STATE FISCAL YEAR AND**
 14 **THE BASIC FOUNDATION FOR** the immediately preceding state fiscal
 15 ~~year to the current state fiscal year made in the basic foundation~~
 16 ~~allowance and [(the dollar amount of the adjustment from~~ **AMOUNT OF**
 17 **THE DIFFERENCE BETWEEN THE BASIC FOUNDATION ALLOWANCE FOR THE**
 18 **CURRENT STATE FISCAL YEAR AND THE BASIC FOUNDATION FOR** the
 19 immediately preceding state fiscal year ~~to the current state fiscal~~
 20 ~~year made in the basic foundation allowance minus \$10.00) \$20.00)~~
 21 times (the difference between the highest per-pupil allocation
 22 among all public school academies for the immediately preceding
 23 state fiscal year and the ~~sum of \$7,108.00 plus the total dollar~~
 24 ~~amount of all adjustments made from 2006-2007 to the immediately~~
 25 ~~preceding state fiscal year in the lowest per pupil allocation~~
 26 ~~among all public school academies) MINIMUM FOUNDATION ALLOWANCE FOR~~
 27 **THE IMMEDIATELY PRECEDING STATE FISCAL YEAR)** divided by the

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

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

13 (I) ~~(k)~~ "Nonexempt property" means property that is not a
 14 principal residence, qualified agricultural property, qualified
 15 forest property, supportive housing property, industrial personal
 16 property, or commercial personal property.

17 (M) ~~(l)~~ "Principal residence", "qualified agricultural
 18 property", "qualified forest property", "supportive housing
 19 property", "industrial personal property", and "commercial personal
 20 property" mean those terms as defined in section 1211 of the
 21 revised school code, MCL 380.1211.

22 (N) ~~(m)~~ "Receiving district" means a district to which all or
 23 part of the territory of a dissolved district is attached under
 24 section 12 of the revised school code, MCL 380.12.

25 (O) ~~(n)~~ "School operating purposes" means the purposes
 26 included in the operation costs of the district as prescribed in
 27 sections 7 and 18 and purposes authorized under section 1211 of the

1 revised school code, MCL 380.1211.

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

5 (Q) ~~(p)~~ "Tax increment financing acts" means 1975 PA 197, MCL
6 125.1651 to 125.1681, the tax increment finance authority act, 1980
7 PA 450, MCL 125.1801 to 125.1830, the local development financing
8 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
9 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
10 or the corridor improvement authority act, 2005 PA 280, MCL
11 125.2871 to 125.2899.

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

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

23 (a) For a district that had combined state and local revenue
24 per membership pupil in the 1994-95 state fiscal year of \$6,500.00
25 or more and served as a fiscal agent for a state board designated
26 area vocational education center in the 1993-94 school year, total
27 state school aid received by or paid on behalf of the district

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

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

1 program.

2 Sec. 20f. (1) From the funds appropriated in section 11, there
 3 is allocated an amount not to exceed \$6,000,000.00 for ~~2013-2014~~
 4 **2014-2015** for payments to eligible districts under this section. A
 5 district is eligible for funding under this section **IF THE DISTRICT**
 6 **RECEIVED A PAYMENT UNDER THIS SECTION AS IT WAS IN EFFECT FOR 2013-**
 7 **2014. A DISTRICT WAS ELIGIBLE FOR FUNDING IN 2013-2014** if the sum
 8 of the following ~~is~~ **WAS** less than \$5.00:

9 (a) The increase in the district's foundation allowance or per
 10 pupil payment as calculated under section 20 from 2012-2013 to
 11 2013-2014.

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

14 (c) The quotient of the district's allocation under section
 15 147a for 2012-2013 divided by the district's membership pupils for
 16 2012-2013 minus the quotient of the district's allocation under
 17 section 147a for 2013-2014 divided by the district's membership
 18 pupils for 2013-2014.

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

23 ~~—— (a) The increase in the district's foundation allowance or per~~
 24 ~~pupil payment as calculated under section 20 from 2012-2013 to~~
 25 ~~2013-2014.~~

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

~~1 (c) The quotient of the district's allocation under section
2 147a for 2012-2013 divided by the district's membership pupils for
3 2012-2013 minus the quotient of the district's allocation under
4 section 147a for 2013-2014 divided by the district's membership
5 pupils for 2013-2014.~~

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

10 Sec. 20g. (1) From the money appropriated under section 11,
11 ~~the following amounts are allocated for 2013-2014.~~

12 ~~(a) From the general fund money,~~ **THERE IS ALLOCATED** an amount
13 not to exceed \$2,200,000.00 for ~~2013-2014-2014-2015~~ for grants to
14 eligible districts **THAT FIRST RECEIVED PAYMENTS UNDER THIS SECTION**
15 **IN 2013-2014** for transition costs related to the enrollment of
16 pupils who were previously enrolled in a district that was
17 dissolved under section 12 of the revised school code, MCL 380.12,
18 allocated as provided under subsection (3). ~~It is the intent of the~~
19 ~~legislature to continue this transition funding~~ **PAYMENTS UNDER THIS**
20 **SECTION SHALL CONTINUE** for a total of 4 fiscal years following the
21 dissolution of a district, **AFTER WHICH THE PAYMENTS SHALL CEASE.**

22 ~~(b) From the state school aid fund money, an amount not to~~
23 ~~exceed \$5,000,000.00 for reimbursements to eligible districts for~~
24 ~~costs incurred by the eligible district associated with the~~
25 ~~transfer of property from a dissolved school district to the~~
26 ~~eligible district, allocated as provided under subsection (4).~~

27 (2) A receiving school district, as that term is defined in

1 section 12 of the revised school code, MCL 380.12, is an eligible
2 district under this section.

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

12 ~~—— (4) To allocate funds under subsection (1)(b), the department~~
13 ~~shall develop a reimbursement application process and a~~
14 ~~reimbursement distribution process. Reimbursable costs shall~~
15 ~~include, but are not limited to, the costs of maintenance,~~
16 ~~utilities, security, or insurance associated with, or the~~
17 ~~demolition of, buildings transferred from a dissolved school~~
18 ~~district to the eligible district. However, the reimbursement made~~
19 ~~to eligible districts for all of the property transferred from a~~
20 ~~single dissolved school district shall not exceed the total~~
21 ~~cumulative sum of \$2,500,000.00 for all of the eligible districts~~
22 ~~to which property was transferred from that dissolved school~~
23 ~~district.~~

24 ~~—— (5) The funds allocated under subsection (1)(b) are considered~~
25 ~~work project appropriations and any unexpended funds for 2013-2014~~
26 ~~are carried forward into 2014-2015. The purpose of the work project~~
27 ~~is as described in subsection (1)(b). The total estimated cost of~~

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~~the work project is \$5,000,000.00. The tentative estimated
completion date for the work project is September 30, 2015.~~

(4) ~~(6)~~ As used in this section, "dissolved school district"
means a school district that has been declared dissolved under
section 12 of the revised school code, 1976 PA 451, MCL 380.12.

**[SEC. 20H. FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS
ALLOCATED THE AMOUNT OF \$25,000,000.00 FOR 2014-2015 ONLY FOR PAYMENTS TO
DISTRICTS. PAYMENTS TO DISTRICTS UNDER THIS SECTION SHALL BE DISTRIBUTED
TO DISTRICTS ON AN EQUAL PER PUPIL BASIS.]**

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

(2) With the consent of the pupil's parent or legal guardian,
a district shall enroll an eligible pupil in up to 2 online courses
as requested by the pupil during an academic term, semester, or
trimester. ~~It is the intent of the legislature to consider
increasing the limit on the number of online courses that a pupil
may enroll in beginning in 2014-2015 for pupils who have
demonstrated previous success with online courses.~~ **UNLESS THE PUPIL
IS NEWLY ENROLLED IN THE DISTRICT, THE REQUEST FOR ONLINE COURSE
ENROLLMENT MUST BE MADE IN THE ACADEMIC TERM, SEMESTER, OR
TRIMESTER IMMEDIATELY PRECEDING THE ENROLLMENT. A DISTRICT MAY NOT
ESTABLISH ADDITIONAL REQUIREMENTS THAT WOULD PROHIBIT A PUPIL FROM
TAKING AN ONLINE COURSE. IF A PUPIL HAS DEMONSTRATED PREVIOUS
SUCCESS WITH ONLINE COURSES AND THE SCHOOL LEADERSHIP AND THE
PUPIL'S PARENT OR LEGAL GUARDIAN DETERMINE THAT IT IS IN THE BEST
INTEREST OF THE PUPIL, A PUPIL MAY BE ENROLLED IN MORE THAN 2
ONLINE COURSES IN A SPECIFIC ACADEMIC TERM, SEMESTER, OR TRIMESTER.**
Consent of the pupil's parent or legal guardian is not required if

1 the pupil is at least age 18 or is an emancipated minor.

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

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

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

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

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

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

27 (d) The pupil does not possess the prerequisite knowledge and

1 skills to be successful in the online course or has demonstrated
2 failure in previous online coursework in the same subject.

3 (e) The online course is of insufficient quality or rigor. A
4 district that denies a pupil enrollment for this reason shall make
5 a reasonable effort to assist the pupil to find an alternative
6 course in the same or a similar subject that is of acceptable rigor
7 and quality.

8 (F) THE COST OF THE ONLINE COURSE EXCEEDS THE AMOUNT
9 IDENTIFIED IN SUBSECTION (8).

10 (G) THE ONLINE COURSE ENROLLMENT REQUEST DOES NOT OCCUR WITHIN
11 THE SAME TIMELINES ESTABLISHED BY THE DISTRICT FOR ENROLLMENT AND
12 SCHEDULE CHANGES FOR REGULAR COURSES.

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

25 (7) To offer or provide an online course **UNDER THIS SECTION**, a
26 district or intermediate district shall do all of the following:

27 (a) Provide the Michigan virtual university with the course

1 syllabus in a form and method prescribed by the Michigan virtual
2 university for inclusion in a statewide online course catalog. The
3 district or intermediate district shall also provide on its
4 publicly accessible website a link to the course syllabi for all of
5 the online courses offered by the district or intermediate district
6 and a link to the statewide catalog of online courses maintained by
7 the Michigan virtual university.

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

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

17 (8) For a pupil enrolled in 1 or more online courses published
18 in the pupil's educating district's catalog of online courses under
19 subsection (7) or in the statewide catalog of online courses
20 maintained by the Michigan virtual university, the district shall
21 use foundation allowance or per pupil funds calculated under
22 section 20 to pay for the expenses associated with the online
23 course or courses. The district shall pay 80% of the cost of the
24 online course upon enrollment and 20% upon completion as determined
25 by the district. A district is not required to pay toward the cost
26 of an online course an amount that exceeds ~~1/12~~ 6.25% of the
27 ~~district's~~ MINIMUM foundation allowance or per pupil payment FOR

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1 ~~THE CURRENT FISCAL YEAR~~ as calculated under section 20. ~~per~~
 2 ~~semester or an amount that exceeds 1/18 of the district's~~
 3 ~~foundation allowance or per pupil payment as calculated under~~
 4 ~~section 20 per trimester.~~

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

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

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

19 (12) **[THE PORTION OF THE FULL-TIME EQUATED PUPIL MEMBERSHIP FOR**
 20 **WHICH A PUPIL IS]** ENROLLED IN 1 OR MORE ONLINE COURSES UNDER THIS
 21 SECTION SHALL NOT BE **[TRANSFERRED]** UNDER THE PUPIL TRANSFER PROCESS UNDER
 22 SECTION 25E.

22 (13) ~~(12)~~ As used in this section:

23 (a) "Online course" means a course of study that is capable of
 24 generating a credit or a grade, that is provided in an interactive
 25 internet-connected learning environment, in which pupils are
 26 separated from their teachers by time or location, or both, and in
 27 which a teacher who holds a valid Michigan teaching certificate is

1 responsible for determining appropriate instructional methods for
2 each pupil, diagnosing learning needs, assessing pupil learning,
3 prescribing intervention strategies, reporting outcomes, and
4 evaluating the effects of instruction and support strategies.

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

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

8 (ii) The online course content outline.

9 (iii) The online course required assessments.

10 (iv) The online course prerequisites.

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

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

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

15 (viii) The name of the institution or organization providing the
16 online content.

17 (ix) The name of the institution or organization providing the
18 online instructor.

19 (x) The course titles assigned by the district or intermediate
20 district and the course titles and course codes from the national
21 center for education statistics (NCES) school codes for the
22 exchange of data (SCED).

23 (xi) The number of eligible nonresident pupils that will be
24 accepted by the district or intermediate district in the online
25 course.

26 (xii) The results of the online course quality review using the
27 guidelines and model review process published by the Michigan

1 virtual university.

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

4 (D) "PRIMARY DISTRICT" MEANS THE DISTRICT THAT ENROLLS THE
5 PUPIL AND REPORTS THE PUPIL AS A FULL-TIME EQUATED PUPIL FOR PUPIL
6 MEMBERSHIP PURPOSES.

7 Sec. 22a. (1) From the appropriation in section 11, there is
8 allocated an amount not to exceed ~~\$5,526,000,000.00~~
9 \$5,403,000,000.00 for ~~2013-2014-2014-2015~~ for payments to districts
10 and qualifying public school academies to guarantee each district
11 and qualifying public school academy an amount equal to its 1994-95
12 total state and local per pupil revenue for school operating
13 purposes under section 11 of article IX of the state constitution
14 of 1963. Pursuant to section 11 of article IX of the state
15 constitution of 1963, this guarantee does not apply to a district
16 in a year in which the district levies a millage rate for school
17 district operating purposes less than it levied in 1994. However,
18 subsection (2) applies to calculating the payments under this
19 section. Funds allocated under this section that are not expended
20 in the state fiscal year for which they were allocated, as
21 determined by the department, may be used to supplement the
22 allocations under sections 22b and 51c in order to fully fund those
23 calculated allocations for the same fiscal year.

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

1 amount calculated as follows:

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

1 financing acts does not include ad valorem property tax revenue
2 captured within the geographic boundaries of the dissolved district
3 under tax increment financing acts; and certified mills do not
4 include the certified mills of the dissolved district.

5 (b) For a district that had a 1994-95 foundation allowance
6 greater than \$6,500.00, the state payment under this subsection
7 shall be the sum of the amount calculated under subdivision (a)
8 plus the amount calculated under this subdivision. The amount
9 calculated under this subdivision shall be equal to the difference
10 between the district's 1994-95 foundation allowance minus \$6,500.00
11 and the current year hold harmless school operating taxes per
12 pupil. If the result of the calculation under subdivision (a) is
13 negative, the negative amount shall be an offset against any state
14 payment calculated under this subdivision. If the result of a
15 calculation under this subdivision is negative, there shall not be
16 a state payment or a deduction under this subdivision. The taxable
17 values per membership pupil used in the calculations under this
18 subdivision are as adjusted by ad valorem property tax revenue
19 captured under tax increment financing acts divided by the
20 district's membership. For a receiving district, if school
21 operating taxes are to be levied on behalf of a dissolved district
22 that has been attached in whole or in part to the receiving
23 district to satisfy debt obligations of the dissolved district
24 under section 12 of the revised school code, MCL 380.12, ad valorem
25 property tax revenue captured under tax increment financing acts do
26 not include ad valorem property tax revenue captured within the
27 geographic boundaries of the dissolved district under tax increment

1 financing acts.

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

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

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

1 does not apply to a receiving district unless there is a subsequent
2 consolidation or annexation that affects the district.

3 (6) As used in this section:

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

8 (b) "Certified mills" means the lesser of 18 mills or the
9 number of mills of school operating taxes levied by the district in
10 1993-94.

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

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

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

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

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

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

26 (i) "Nonexempt property" means property that is not a
27 principal residence, qualified agricultural property, qualified

1 forest property, supportive housing property, industrial personal
2 property, or commercial personal property.

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

6 (k) "Receiving district" means a district to which all or part
7 of the territory of a dissolved district is attached under section
8 12 of the revised school code, MCL 380.12.

9 (l) "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 as defined in
12 section 20.

13 (m) "Tax increment financing acts" means 1975 PA 197, MCL
14 125.1651 to 125.1681, the tax increment finance authority act, 1980
15 PA 450, MCL 125.1801 to 125.1830, the local development financing
16 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
17 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
18 or the corridor improvement authority act, 2005 PA 280, MCL
19 125.2871 to 125.2899.

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

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

1 qualified agricultural property, qualified forest property,
 2 supportive housing property, industrial personal property, and
 3 commercial personal property for the calendar year ending in the
 4 current state fiscal year. For a receiving district, if school
 5 operating taxes are to be levied on behalf of a dissolved district
 6 that has been attached in whole or in part to the receiving
 7 district to satisfy debt obligations of the dissolved district
 8 under section 12 of the revised school code, MCL 380.12, mills do
 9 not include mills within the geographic area of the dissolved
 10 district.

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

22 Sec. 22b. (1) From the appropriation in section 11, there is
 23 allocated an amount not to exceed ~~\$3,335,000,000.00~~
 24 **\$3,569,000,000.00** for ~~2013-2014~~ **2014-2015** for discretionary
 25 nonmandated payments to districts under this section. Funds
 26 allocated under this section that are not expended in the state
 27 fiscal year for which they were allocated, as determined by the

1 department, may be used to supplement the allocations under
2 sections 22a and 51c in order to fully fund those calculated
3 allocations for the same fiscal year.

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

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

11 (a) Comply with section 1280b of the revised school code, MCL
12 380.1280b.

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

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

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

20 (e) Comply with section 21f.

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

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

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

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

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

27 (8) If the local claims review board or a court of competent

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

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

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

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

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

[(12) IF IT IS DETERMINED BY MAY 1, 2015 THAT FUNDS ALLOCATED UNDER THIS SECTION WILL EXCEED ACTUAL EXPENDITURES BECAUSE PUPIL MEMBERSHIP ESTIMATES FOR 2014-2015, AS DETERMINED AT THE MAY 2014 CONSENSUS REVENUE ESTIMATING CONFERENCE, EXCEED ACTUAL 2014-2015 PUPIL MEMBERSHIPS, AN AMOUNT EQUAL TO THE SAVINGS FROM REVISED PUPIL MEMBERSHIPS, NOT TO EXCEED \$35,000,000.00, IS ALLOCATED FOR THE PURPOSES OF THIS SUBSECTION AND SHALL BE DISTRIBUTED ACCORDING TO THE FOLLOWING:

(A) THE AMOUNT ALLOCATED UNDER THIS SUBSECTION SHALL BE DISTRIBUTED TO ELIGIBLE DISTRICTS ON AN EQUAL PER PUPIL BASIS.

(B) A DISTRICT IS AN ELIGIBLE DISTRICT FOR A PAYMENT UNDER THIS SUBSECTION IF THE DISTRICT MEETS ALL THE FOLLOWING:

(i) THE DISTRICT'S PUPIL MEMBERSHIP FOR THE CURRENT FISCAL YEAR IS AT LEAST 1.2% LOWER THAN THE DISTRICT'S PUPIL MEMBERSHIP FOR THE IMMEDIATELY PRECEDING FISCAL YEAR.

(ii) THE DISTRICT IS NOT ELIGIBLE FOR A MEMBERSHIP ADJUSTMENT UNDER SECTION 6(4)(X) OR TO RECEIVE FUNDING UNDER SECTION 22D(2).

(iii) THE DISTRICT HAS NOT HAD 3 CONSECUTIVE OPERATING DEFICITS FOR THE 3 IMMEDIATELY PRECEDING FISCAL YEARS.

(iv) IS NOT A PUBLIC SCHOOL ACADEMY OR AN ACHIEVEMENT SCHOOL.

(C) NOTWITHSTANDING SECTION 17B, PAYMENTS TO ELIGIBLE DISTRICTS UNDER THIS SUBSECTION SHALL BE PAID ON A SCHEDULE PRESCRIBED BY THE DEPARTMENT.]

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

(2) From the allocation under subsection (1), there is allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed ~~\$957,300.00~~ **\$750,000.00** for payments under this subsection to districts that meet all of the following:

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

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

(i) Is located in the Upper Peninsula at least 30 miles from

1 any other public school building.

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

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

20 (4) Subject to subsection (6), from the allocation in
21 subsection (1), there is allocated for ~~2013-2014~~**2014-2015** an
22 amount not to exceed ~~\$1,627,300.00~~**\$1,275,000.00** for payments under
23 this subsection to districts that meet all of the following:

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

26 (b) The district has a total square mileage greater than 200.0
27 or is 1 of 2 districts that have consolidated transportation

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1 services and have a combined total square mileage greater than
2 200.0.

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

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

7 Sec. 22f. (1) From the appropriation in section 11, there is
8 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
9 ~~\$80,000,000.00~~ **\$78,700,000.00** to provide incentive payments to
10 districts that meet best practices under this section. Payments
11 received under this section may be used for any purpose for which
12 payments under sections 22a and 22b may be used.

13 (2) The amount of the incentive payment under this section is
14 an amount equal to \$52.00 per pupil. A district shall receive an
15 incentive payment under this section if the district satisfies at
16 least **[6]**~~7~~ of the following requirements not later than June 1, ~~2014-~~
17 **2015:**

18 (a) If a district provides medical, pharmacy, dental, vision,
19 disability, long-term care, or any other type of benefit that would
20 constitute a health care services benefit, to employees and their
21 dependents, the district is the policyholder for each of its
22 insurance policies that covers 1 or more of these benefits. A
23 district that does not directly employ its staff or a district with
24 a voluntary employee beneficiary association that pays no more than
25 the maximum per employee contribution amount and that contributes
26 no more than the maximum employer contribution percentage of total
27 annual costs for the medical benefit plans as described in sections

1 3 and 4 of the publicly funded health insurance contribution act,
2 2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied
3 this requirement.

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

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

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

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

25 ~~—— (i) Supports attendance of district pupils under the~~
26 ~~postsecondary enrollment options act, MCL 388.511 to 388.524, or~~
27 ~~under the career and technical preparation act, MCL 388.1901 to~~

~~388.1913, consistent with provisions under section 21b.~~

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

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

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

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

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

~~—— (i) "Blended learning" means a hybrid instructional delivery model where pupils are provided content, instruction, and assessment in part at a supervised educational facility away from home where the pupil and a teacher with a valid Michigan teaching certificate are in the same physical location and in part through~~

~~internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.~~

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

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

(i) Graduation and dropout rates.

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

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

(iv) Elementary and middle school MEAP scores.

(v) Teacher, principal, and superintendent salary information

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including at least minimum, average, and maximum pay levels.

(vi) General fund balance.

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

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

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

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

~~[(h) The district provides physical education or provides health education.]~~

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

(4) If the department determines that funds allocated under this section will remain unexpended after the initial allocation of \$52.00 per pupil to eligible districts under subsection (2), the

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remaining unexpended amount is allocated on an equal per pupil basis to districts that meet the requirements of subsection (2) and that have a foundation allowance, as calculated under section 20, in an amount that is less than the basic foundation allowance under that section.

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

(2) Funds received under this section may be used for reimbursement of transition costs associated with the consolidation of operations or services between 2 or more districts, intermediate districts, or other local units of government **[, THE CONSOLIDATION OR SHARING OF TECHNOLOGY AND DATA OPERATIONS OR SERVICES BETWEEN 50 OR MORE DISTRICTS OR 5 OR MORE INTERMEDIATE DISTRICTS,]** or the consolidation of districts or intermediate districts. Grant funding shall be available for consolidations that occur on or after June 1, ~~2013-~~ **2014**. The department shall develop an application process and method of grant distribution. **[THE DEPARTMENT SHALL GIVE PRIORITY TO APPLICANTS THAT PROPOSE INCLUDING AT LEAST 1 OF THE FOLLOWING STATEWIDE ACTIVITIES:**

(A) A COMPREHENSIVE, RESEARCH-BASED ACADEMIC EARLY WARNING INDICATOR AND DROPOUT PREVENTION SOLUTION.

(B) A DATA-DRIVEN SYSTEM FOR IDENTIFYING EARLY READING CHALLENGES AND ESTABLISHING INDIVIDUAL READING DEVELOPMENT PLANS FOR EVERY STUDENT BY THE END OF GRADE 3.]

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

1 (2) The department shall develop a competitive application
2 process and method of grant distribution to eligible districts and
3 intermediate districts that demonstrate need for grants under
4 subsection (1). The department may consult with the department of
5 technology, management, and budget during the grant process and
6 grant distribution. Grants to districts shall not exceed
7 \$2,000,000.00 per district. A grant to an intermediate district on
8 behalf of its constituent districts shall not exceed \$2,000,000.00
9 per constituent district. To receive a grant under subsection (1),
10 an intermediate district shall demonstrate that a grant awarded to
11 the intermediate district on behalf of its constituent districts
12 would provide savings compared to providing grants to individual
13 districts.

14 ~~—— (3) From the general fund money appropriated in section 11,~~
15 ~~there is allocated an amount not to exceed \$5,000,000.00 for 2013-~~
16 ~~2014 to be awarded through a competitive bid process to a single~~
17 ~~provider of whole school technology as described in this~~
18 ~~subsection. The department shall issue a single request for~~
19 ~~proposal with application rules written and administered by the~~
20 ~~department, and with a focus on economic and geographic diversity.~~
21 ~~To be eligible to receive the grant under this section, a provider~~
22 ~~shall meet all of the following:~~

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

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

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

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

- 1 ~~—— (iii) On and off campus filtering.~~
- 2 ~~—— (iv) Wireless networks and peripherals.~~
- 3 ~~—— (v) Wireless audio equipment.~~
- 4 ~~—— (vi) Operating software.~~
- 5 ~~—— (vii) Instructional software.~~
- 6 ~~—— (viii) Repairs and replacements.~~
- 7 ~~—— (ix) Professional development.~~
- 8 ~~—— (x) Ongoing support.~~

9 (3) FROM THE AMOUNT ALLOCATED IN SUBSECTION (1), THERE IS
10 ALLOCATED FOR 2014-2015 AN AMOUNT NOT TO EXCEED \$3,500,000.00 FOR
11 COMPETITIVE GRANTS TO CONSORTIA CONSISTING OF 2 OR MORE
12 INTERMEDIATE DISTRICTS OR A COMBINATION OF 2 OR MORE INTERMEDIATE
13 DISTRICTS AND DISTRICTS. FUNDS RECEIVED UNDER THIS SUBSECTION MAY
14 BE USED FOR COSTS ASSOCIATED WITH THE DEPLOYMENT OF SHARED
15 TECHNOLOGY AND DATA SERVICE CENTERS SERVING LARGE NUMBERS OF
16 INTERMEDIATE DISTRICTS AND DISTRICTS. THE DEPARTMENT SHALL DEVELOP
17 A COMPETITIVE APPLICATION PROCESS AND GRANT DISTRIBUTION METHOD
18 BASED ON THE DESIGN OF TECHNOLOGY AND DATA SERVICE CENTERS FUNDED
19 UNDER THIS SECTION AS IT WAS IN EFFECT FOR 2013-2014. THE AMOUNT OF
20 A GRANT TO A CONSORTIUM SHALL NOT EXCEED \$1,000,000.00. AN APPLYING
21 CONSORTIUM SHALL INCLUDE SPECIFICATIONS ON PROVIDING A SINGLE
22 STUDENT DATA SYSTEM FOR USE BY THE ENTIRE CONSORTIUM NOT LATER THAN
23 JUNE 30, 2016. THE DEPARTMENT SHALL PRIORITIZE FUNDING TO THOSE
24 APPLICATIONS DEMONSTRATING HIGH LEVELS OF PARTICIPATION BY
25 INTERMEDIATE DISTRICTS AND DISTRICTS AND BY THE NUMBER OF PUPILS
26 THAT WOULD BE INCLUDED IN A SINGLE STUDENT DATA SYSTEM.

27 (4) THE FUNDS ALLOCATED UNDER SUBSECTION (3) ARE A WORK

1 PROJECT APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2014-2015 ARE
2 CARRIED FORWARD INTO 2015-2016. THE PURPOSE OF THE WORK PROJECT IS
3 TO CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION
4 (3). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER
5 30, 2016.

6 Sec. 22j. (1) From the appropriation in section 11, there is
7 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
8 ~~\$46,400,000.00~~ **\$51,100,000.00** to provide separate incentive
9 payments to districts that meet student academic performance
10 funding goals under subsections (2) to (5). Payments received under
11 this section may be used for any purpose for which payments under
12 sections 22a and 22b may be used.

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

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

27 (a) Using a model determined by the department that

1 incorporates the most recent cut scores adopted for the Michigan
2 educational assessment program for each pupil in grades 3 to 8 in
3 the ~~2011-2012~~**2012-2013** school year, the department shall calculate
4 a point score using a metric that assigns points to each of those
5 pupils as follows:

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

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

12 (iii) For each pupil who began the school year not performing
13 proficiently in mathematics and who maintains his or her level of
14 proficiency, as determined by the department, over the school year,
15 1 point.

16 (iv) For each pupil who began the school year performing
17 proficiently in mathematics and who maintains his or her level of
18 proficiency, as determined by the department, over the school year,
19 2 points.

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

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

26 (b) The department shall then calculate a district average for
27 this metric for the ~~2011-2012~~**2012-2013** school year by totaling the

1 number of points for all pupils in grades 3 to 8 under subdivision
2 (a) and dividing that total by the number of those pupils.

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

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

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

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

27 (ii) For each pupil who began the school year performing

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

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

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

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

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

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

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

26 (5) An amount not to exceed 40% of the maximum per pupil
27 amount allocated under subsection (2) shall be used to make

1 performance incentive payments to qualifying districts under this
2 subsection for high school improvement using a metric based on the
3 positive trend over a 4-year period in the percentage of high
4 school pupils in the district testing as proficient in all tested
5 subject areas on the state assessments of high school pupils. The
6 amount of a payment under this subsection is an amount equal to
7 \$40.00 per pupil for all pupils in membership in the district. The
8 department shall determine the qualifying districts under this
9 subsection as follows:

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

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

23 (c) A district is a qualifying district for the payment under
24 this subsection if the district's linear regression over the 4-year
25 period ending with the ~~2011-2012-2012-2013~~ school year under
26 subdivision (a) is at least equal to the statewide average linear
27 regression over the 4-year period ending with the base year under

1 subdivision (b), and the district's linear regression over the 4-
2 year period ending with the ~~2011-2012~~ **2012-2013** school year under
3 subdivision (a) is positive, and the district tested 95% of high
4 school pupils in each tested subject on state assessments, and the
5 district had at least 20 full academic year pupils take all tested
6 subjects on state assessments of high school pupils over each of
7 the most recent 4 years.

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

12 Sec. 24. (1) From the appropriation in section 11, there is
13 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed
14 \$8,000,000.00 for payments to the educating district or
15 intermediate district for educating pupils assigned by a court or
16 the department of human services to reside in or to attend a
17 juvenile detention facility or child caring institution licensed by
18 the department of human services and approved by the department to
19 provide an on-grounds education program. The amount of the payment
20 under this section to a district or intermediate district shall be
21 calculated as prescribed under subsection (2).

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

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

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

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

1 longer than 181 days but not longer than 233 days and that was
2 operated by a district or intermediate district.

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

5 Sec. 24a. From the appropriation in section 11, there is
6 allocated an amount not to exceed ~~\$2,167,500.00~~ **\$2,195,500.00** for
7 ~~2013-2014-2014-2015~~ for payments to intermediate districts for
8 pupils who are placed in juvenile justice service facilities
9 operated by the department of human services. Each intermediate
10 district shall receive an amount equal to the state share of those
11 costs that are clearly and directly attributable to the educational
12 programs for pupils placed in facilities described in this section
13 that are located within the intermediate district's boundaries. The
14 intermediate districts receiving payments under this section shall
15 cooperate with the department of human services to ensure that all
16 funding allocated under this section is utilized by the
17 intermediate district and department of human services for
18 educational programs for pupils described in this section. Pupils
19 described in this section are not eligible to be funded under
20 section 24. However, a program responsibility or other fiscal
21 responsibility associated with these pupils shall not be
22 transferred from the department of human services to a district or
23 intermediate district unless the district or intermediate district
24 consents to the transfer.

25 Sec. 24c. From the appropriation in section 11, there is
26 allocated an amount not to exceed \$1,500,000.00 for ~~2013-2014-2014-~~
27 **2015** for payments to districts for pupils who are enrolled in a

1 nationally administered community-based education and youth
2 mentoring program, known as the youth challenge program, that is
3 administered by the department of military and veterans affairs.
4 Both of the following apply to a district receiving payments under
5 this section:

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

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

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

20 (2) If a pupil counted in membership for the pupil membership
21 count day transfers from a district or intermediate district to
22 enroll in another district or intermediate district after the pupil
23 membership count day and before the supplemental count day and, due
24 to the pupil's enrollment and attendance status as of the pupil
25 membership count day, the pupil was not counted in membership in
26 the educating district or intermediate district, the educating
27 district or intermediate district may report the enrollment and

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1 attendance information to the center through the pupil transfer
2 process within 30 days after the transfer or within 30 days after
3 the ~~sixth Wednesday after the pupil membership count day,~~
4 **[CERTIFICATION] DATE**, whichever is later. Pupil transfers may be
5 submitted no earlier than the first day after the certification
6 deadline for the pupil membership count day and before the
7 supplemental count day. Upon receipt of the transfer information
8 under this subsection indicating that a pupil has enrolled and is
9 in attendance in an educating district or intermediate district as
10 described in this subsection, the pupil transfer process shall do
11 the following:

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

14 (b) Notify both the pupil auditing staff of the intermediate
15 district in which the educating district is located and the pupil
16 auditing staff of the intermediate district in which the district
17 that previously enrolled the pupil is located. The pupil auditing
18 staff shall ~~approve or~~ **INVESTIGATE A REPRESENTATIVE SAMPLE BASED ON**
19 **REQUIRED AUDIT SAMPLE SIZES IN THE PUPIL AUDITING MANUAL AND MAY**
20 deny the pupil membership transfer.

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

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

24 (a) Adjust the membership calculation for each district or
25 intermediate district in which the pupil was previously counted in
26 membership or that previously received an adjustment in its
27 membership calculation under this section due to a change in the

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

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

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1 intermediate district multiplied by the foundation allowance or per
2 pupil payment as calculated under section 20 for the educating
3 district or intermediate district. The foundation allowance or per
4 pupil payment shall be adjusted by the pupil's full-time equated
5 status as affected by the membership definition 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) NOT LATER THAN DECEMBER 1, 2014, THE CENTER IN CONJUNCTION
22 WITH THE DEPARTMENT SHALL REPORT TO THE LEGISLATURE DATA RELATED TO
23 THE IMPLEMENTATION OF THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
24 THE NUMBER OF TRANSFER TRANSACTIONS AND THE NET CHANGE IN PUPIL
25 MEMBERSHIPS IN 2013-2014 BY DISTRICT AND INTERMEDIATE DISTRICT.

26 (7) [THE PORTION OF THE FULL-TIME EQUATED PUPIL MEMBERSHIP FOR
WHICH A PUPIL IS] ENROLLED IN 1 OR MORE ONLINE COURSES UNDER SECTION
27 21F SHALL NOT BE COUNTED OR TRANSFERRED UNDER THE PUPIL TRANSFER

1 **PROCESS UNDER THIS SECTION.**

2 (8) ~~(6)~~ As used in this section: ~~,"educating~~

3 (A) **EDUCATING** district or intermediate district" means the
4 district or intermediate district in which a pupil enrolls after
5 the pupil membership count day or after an adjustment was made in
6 another district's or intermediate district's membership
7 calculation under this section due to the pupil's enrollment and
8 attendance.

9 (B) **"PUPIL" MEANS THAT TERM AS DEFINED UNDER SECTION 6 AND**
10 **ALSO CHILDREN RECEIVING EARLY CHILDHOOD SPECIAL EDUCATION PROGRAMS**
11 **AND SERVICES.**

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

22 ~~—— (2) In addition to the allocation under subsection (1), from~~
23 ~~the general fund money appropriated under section 11, there is~~
24 ~~allocated an amount not to exceed \$3,200,000.00 for 2013-2014 to~~
25 ~~reimburse public libraries pursuant to section 12 of the Michigan~~
26 ~~renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied~~
27 ~~in 2013. The allocations shall be made not later than 60 days after~~

1 ~~the department of treasury certifies to the department and to the~~
2 ~~state budget director that the department of treasury has received~~
3 ~~all necessary information to properly determine the amounts due to~~
4 ~~each eligible recipient.~~

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

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

17 Sec. 26c. (1) From the appropriation in section 11, there is
18 allocated an amount not to exceed ~~\$209,400.00 for 2012-2013 and an~~
19 ~~amount not to exceed \$266,200.00 for 2013-2014~~ **\$293,100.00 FOR**
20 **2014-2015** to the promise zone fund created in subsection (3).

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

26 (3) The promise zone fund is created as a separate account
27 within the state school aid fund to be used solely for the purposes

1 of the Michigan promise zone authority act, 2008 PA 549, MCL
2 390.1661 to 390.1679. All of the following apply to the promise
3 zone fund:

4 (a) The state treasurer shall direct the investment of the
5 promise zone fund. The state treasurer shall credit to the promise
6 zone fund interest and earnings from fund investments.

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

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

16 Sec. 31a. (1) From the state school aid fund money
17 appropriated in section 11, there is allocated for ~~2013-2014-2014-~~
18 ~~2015~~ an amount not to exceed \$317,695,500.00 for payments to
19 eligible districts, eligible public school academies, and the
20 education achievement system ~~under this section. Subject to~~
21 ~~subsection (14), the amount of the additional allowance under this~~
22 ~~section, other than funding under subsection (6) or (7), shall be~~
23 ~~based on the number of actual pupils in membership in the district~~
24 ~~or public school academy or the education achievement system who~~
25 ~~met the income eligibility criteria for free breakfast, lunch, or~~
26 ~~milk in the immediately preceding state fiscal year, as determined~~
27 ~~under the Richard B. Russell national school lunch act, 42 USC 1751~~

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

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

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

(a) The sum of the district's or public school academy's or the education achievement system's combined state and local revenue

1 per membership pupil in the current state fiscal year, as
2 calculated under section 20, is less than or equal to the basic
3 foundation allowance under section 20 for the current state fiscal
4 year.

5 (b) The district or public school academy or the education
6 achievement system agrees to use the funding only for purposes
7 allowed under this section and to comply with the program and
8 accountability requirements under this section.

9 (3) Except as otherwise provided in this subsection, an
10 eligible district or eligible public school academy or the
11 education achievement system shall receive under this section for
12 each membership pupil in the district or public school academy or
13 the education achievement system who met the income eligibility
14 criteria for free breakfast, lunch, or milk, as determined under
15 the Richard B. Russell national school lunch act, **42 USC 1751 TO**
16 **1769**, and as reported to the department **IN THE FORM AND MANNER**
17 **PRESCRIBED BY THE DEPARTMENT** not later than the fifth Wednesday
18 after the pupil membership count day of the immediately preceding
19 fiscal year and adjusted not later than December 31 of the
20 immediately preceding fiscal year, an amount per pupil equal to
21 11.5% of the sum of the district's foundation allowance or the
22 public school academy's or the education achievement system's per
23 pupil amount calculated under section 20, not to exceed the basic
24 foundation allowance under section 20 for the current state fiscal
25 year, or of the public school academy's or the education
26 achievement system's per membership pupil amount calculated under
27 section 20 for the current state fiscal year. ~~A-HOWEVER, A~~ public

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

15 (4) Except as otherwise provided in this section, a district
16 or public school academy, or the education achievement system,
17 receiving funding under this section shall use that money only to
18 provide instructional programs and direct noninstructional
19 services, including, but not limited to, medical, **MENTAL HEALTH**, or
20 counseling services, for at-risk pupils; for school health clinics;
21 and for the purposes of subsection (5), (6), ~~or (7)~~, **OR (10)**. In
22 addition, a district that is a school district of the first class
23 or a district or public school academy in which at least 50% of the
24 pupils in membership met the income eligibility criteria for free
25 breakfast, lunch, or milk in the immediately preceding state fiscal
26 year, as determined and reported as described in subsection ~~(1)~~,
27 **(3)**, or the education achievement system if it meets this

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

24 (5) Except as otherwise provided in subsection (12), a
25 district or public school academy that receives funds under this
26 section and that operates a school breakfast program under section
27 1272a of the revised school code, MCL 380.1272a, or the education

1 achievement system if it operates a school breakfast program, shall
2 use from the funds received under this section an amount, not to
3 exceed \$10.00 per pupil for whom the district or public school
4 academy or the education achievement system receives funds under
5 this section, necessary to pay for costs associated with the
6 operation of the school breakfast program.

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

1 minimize any proration that would otherwise be required under
2 subsection (14) for that fiscal year.

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

16 (8) Each district or public school academy receiving funds
17 under this section and the education achievement system shall
18 submit to the department by July 15 of each fiscal year a report,
19 not to exceed 10 pages, on the usage by the district or public
20 school academy or the education achievement system of funds under
21 this section, which report shall include ~~at least a brief~~
22 description of each program conducted **OR SERVICES PERFORMED** by the
23 district or public school academy or the education achievement
24 system using funds under this section, the amount of funds under
25 this section allocated to each of those programs ~~, the number of~~
26 ~~at-risk pupils eligible for free or reduced price school lunch who~~
27 ~~were served by each of those programs, and~~ **OR SERVICES**, the total

number of at-risk pupils served by each of those programs **OR SERVICES, AND THE DATA NECESSARY FOR THE DEPARTMENT AND THE DEPARTMENT OF HUMAN SERVICES TO VERIFY MATCHING FUNDS FOR THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM.** If a district or public school academy or the education achievement system does not comply with this subsection, the department shall withhold an amount equal to the August payment due under this section until the district or public school academy or the education achievement system complies with this subsection. If the district or public school academy or the education achievement system does not comply with this subsection by the end of the state fiscal year, the withheld funds shall be forfeited to the school aid fund.

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

(10) Subject to subsections (5), (6), **AND (7),** ~~(12), and (13),~~ a district may use up to 100% of the funds it receives under this section ~~to reduce the ratio of pupils to teachers in grades K-12, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) exceeds the district's aggregate percentage of those pupils. Subject to subsections (5), (6), (7), (12), and (13), a district may use up to 100% of the funds it receives under this section to reduce the~~

~~ratio of pupils to teachers in grades K-12, or any combination of those grades, in school buildings in which the percentage of pupils described in subsection (1) is at least 60% of the district's aggregate percentage of those pupils and at least 30% of the total number of pupils enrolled in the school building.~~ **TO IMPLEMENT SCHOOLWIDE REFORM IN SCHOOLS WITH 40% OR MORE OF THEIR PUPILS IDENTIFIED AS AT-RISK PUPILS BY PROVIDING SUPPLEMENTAL INSTRUCTIONAL OR NONINSTRUCTIONAL SERVICES CONSISTENT WITH THE SCHOOL IMPROVEMENT PLAN.**

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

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

1 If a district or public school academy or the education achievement
2 system uses funds for alternative purposes allowed under the
3 flexibility provisions under this subsection, the district or
4 public school academy or the education achievement system shall
5 maintain documentation of the amounts used for those alternative
6 purposes and shall make that information available to the
7 department upon request.

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

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

24 ~~—— (b) Provides early intervening strategies using school-wide~~
25 ~~systems of academic and behavioral supports and is scientifically~~
26 ~~research-based. The strategies to be provided shall include at~~
27 ~~least pupil performance indicators based upon response to~~

1 ~~intervention, instructional consultation for teachers, and ongoing~~
2 ~~progress monitoring. A school-wide system of academic and~~
3 ~~behavioral support should be based on a support team available to~~
4 ~~the classroom teachers. The members of this team could include the~~
5 ~~principal, special education staff, reading teachers, and other~~
6 ~~appropriate personnel who would be available to systematically~~
7 ~~study the needs of the individual child and work with the teacher~~
8 ~~to match instruction to the needs of the individual child.~~

9 (13) ~~(14)~~ If necessary, and before any proration required
10 under section 296, the department shall prorate payments under this
11 section by reducing the amount of the per pupil payment under this
12 section by a dollar amount calculated by determining the amount by
13 which the amount necessary to fully fund the requirements of this
14 section exceeds the maximum amount allocated under this section and
15 then dividing that amount by the total statewide number of pupils
16 who met the income eligibility criteria for free breakfast, lunch,
17 or milk in the immediately preceding fiscal year, as described in
18 subsection ~~(1)~~-(3) .

19 (14) ~~(15)~~ If a district is formed by consolidation after June
20 1, 1995, and if 1 or more of the original districts was not
21 eligible before the consolidation for an additional allowance under
22 this section, the amount of the additional allowance under this
23 section for the consolidated district shall be based on the number
24 of pupils described in subsection (1) enrolled in the consolidated
25 district who reside in the territory of an original district that
26 was eligible before the consolidation for an additional allowance
27 under this section. **IN ADDITION, IF A DISTRICT IS DISSOLVED**

1 PURSUANT TO SECTION 12 OF THE REVISED SCHOOL CODE, MCL 380.12, THE
2 INTERMEDIATE DISTRICT TO WHICH THE DISSOLVED SCHOOL DISTRICT WAS
3 CONSTITUENT SHALL DETERMINE THE ESTIMATED NUMBER OF PUPILS THAT
4 MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR
5 MILK, AS DESCRIBED UNDER SUBSECTION (3), ENROLLED IN EACH OF THE
6 OTHER DISTRICTS WITHIN THE INTERMEDIATE DISTRICT AND PROVIDE THAT
7 ESTIMATE TO THE DEPARTMENT FOR THE PURPOSES OF DISTRIBUTING FUNDS
8 UNDER THIS SECTION WITHIN 60 DAYS AFTER THE SCHOOL DISTRICT IS
9 DECLARED DISSOLVED.

10 (15) ~~(16)~~ As used in this section, "at-risk pupil" means a
11 pupil for whom the district has documentation that the pupil meets
12 at least 2 ~~ANY~~ of the following criteria: ~~is a victim of child~~
13 ~~abuse or neglect; is below grade level in English language arts or~~
14 ~~mathematics; is a pregnant teenager or teenage parent; is eligible~~
15 ~~for a federal free or reduced price lunch subsidy; has atypical~~
16 ~~behavior or attendance patterns; or has a family history of school~~
17 ~~failure, incarceration, or substance abuse. At risk pupil also~~
18 ~~includes all pupils in a priority school as defined in the~~
19 ~~elementary and secondary education act of 2001 flexibility request~~
20 ~~approved by the United States department of education. For pupils~~
21 ~~for whom the results of at least the applicable Michigan education~~
22 ~~assessment program (MEAP) test have been received, at risk pupil~~
23 ~~also includes a pupil who does not meet the other criteria under~~
24 ~~this subsection but who did not achieve at least a score of level 2~~
25 ~~on the most recent MEAP English language arts, mathematics, science~~
26 ~~test, or social studies for which results for the pupil have been~~
27 ~~received. For pupils for whom the results of the Michigan merit~~

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

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

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

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

(D) THE PUPIL DID NOT RECEIVE A SATISFACTORY SCORE ON 2 OR MORE LOCALLY ADMINISTERED ASSESSMENTS THAT ARE ALIGNED WITH STATE STANDARDS FOR ENGLISH LANGUAGE ARTS, MATHEMATICS, SCIENCE, OR SOCIAL SCIENCES IN GRADES NOT ASSESSED BY THE STATE.

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

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

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

3 (iii) THE PUPIL IS HOMELESS.

4 (iv) THE PUPIL IS A MIGRANT.

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

6 (vi) THE PUPIL IS AN IMMIGRANT.

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

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

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

24 Sec. 31b. (1) From the appropriations in section 11, there is
25 allocated an amount not to exceed \$2,000,000.00 for ~~2013-2014-2014-~~
26 2015 for grants to at-risk districts for implementing a year-round
27 instructional program for at least 1 of its schools.

1 (2) The department shall select districts for grants under
2 this section from among applicant districts that meet both of the
3 following:

4 (a) The district meets 1 or both of the following:

5 (i) Is eligible in ~~2013-2014~~**2014-2015** for the community
6 eligibility option for free and reduced price lunch under 42 USC
7 1759a.

8 (ii) At least 50% of the pupils in membership in the district
9 met the income eligibility criteria for free breakfast, lunch, or
10 milk in the immediately preceding state fiscal year, as determined
11 under the Richard B. Russell national school lunch act, 42 USC 1751
12 to 1769i.

13 (b) The board of the district has adopted a resolution stating
14 that the district will implement for the first time a year-round
15 instructional calendar that will begin in ~~2014-2015~~**2015-2016** for
16 at least 1 school operated by the district and committing to
17 providing the year-round instructional calendar in each of those
18 schools for at least 3 school years.

19 (3) A district seeking a grant under this section shall apply
20 to the department in the form and manner prescribed by the
21 department not later than ~~May 1, 2014.~~**DECEMBER 1, 2015.** The
22 department shall select districts for grants and make notification
23 not later than ~~June 1, 2014.~~**FEBRUARY 1, 2015.**

24 (4) The department shall award grants under this section on a
25 competitive basis, but shall give priority based solely on
26 consideration of the following criteria:

27 (a) Giving priority to districts with lower general fund

1 balances as a percent of revenues.

2 (b) Giving priority to districts that operate at least 1
3 school that has been identified by the department as either a
4 priority school or a focus school.

5 (c) Ensuring that grant funding includes both rural and urban
6 districts.

7 (5) The amount of a grant under this section to any 1 district
8 shall not exceed \$750,000.00.

9 (6) A grant payment under this section to a district shall be
10 used for necessary modifications to instructional facilities and
11 other nonrecurring costs of preparing for the operation of a year-
12 round instructional program as approved by the department.

13 (7) A district receiving a grant under this section is not
14 required to provide more than the minimum number of days and hours
15 of pupil instruction prescribed under section 101, but shall spread
16 at least those minimum amounts of pupil instruction over the entire
17 year in each of its schools in which a year-round instructional
18 calendar is implemented. The district shall commit to providing the
19 year-round instructional calendar in each of those schools for at
20 least 3 school years.

21 (8) For a district receiving a grant under this section,
22 excessive heat is considered to be a condition not within the
23 control of school authorities for the purpose of days or hours
24 being counted as days or hours of pupil instruction under section
25 101(4).

26 (9) Notwithstanding section 17b, grant payments to districts
27 under this section shall be paid on a schedule determined by the

1 department.

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

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

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

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

25 (5) From the federal funds appropriated in section 11, there
26 is allocated for ~~2013-2014~~ **2014-2015** all available federal funding,
27 estimated at ~~\$460,000,000.00~~ **\$510,000,000.00** for the national

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

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

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

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

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

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

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

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

House Bill No. 5314 (H-2) as amended May 8, 2014

reported in a manner approved by the department for the preceding school year.

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

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

SEC. 31G. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2014-2015 THE AMOUNT OF [\$100.00] FOR A CONTRACT WITH A SINGLE PROVIDER TO PROVIDE AN ONLINE, RESEARCH-BASED, SECURE, PERSONAL USER HEALTH AND NUTRITION EDUCATION SOFTWARE PLATFORM IN A REPRESENTATIVE SAMPLE OF PILOT SCHOOLS IN THIS STATE, TO INCLUDE SCHOOLS OPERATED BY DISTRICTS, PUBLIC SCHOOL ACADEMIES, AND INTERMEDIATE DISTRICTS, FOR 3 SCHOOL YEARS. THE CONTRACT SHALL INCLUDE PLATFORM AND CONTENT DEVELOPMENT AND EVALUATION. THE DEPARTMENT SHALL OVERSEE A COMPETITIVE REQUEST FOR PROPOSALS PROCESS FOR THE CONTRACT, AND THE REQUEST FOR PROPOSALS SHALL INCLUDE, BUT NOT BE LIMITED TO, ALL OF THE FOLLOWING REQUIREMENTS:

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

(B) A SUSTAINABLE, INTERACTIVE HEALTH AND NUTRITION EDUCATION PLATFORM AND PERSONAL RESPONSIBILITY HEALTH BEHAVIOR RECORD THAT IS COST-NEUTRAL TO ALL PARTICIPANTS, INCLUDING PUPILS, PARENTS, GUARDIANS, AND SCHOOLS, AND THAT REQUIRES AN OPT-IN FROM THE PARENT

1 OR LEGAL GUARDIAN OF EACH PUPIL PARTICIPANT.

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

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

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

23 (2) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT
24 OVER 3 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION.
25 ANY UNEXPENDED FUNDS FOR 2014-2015 ARE CARRIED FORWARD INTO 2015-
26 2016. THE PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER
27 SUBSECTION (1). THE TOTAL ESTIMATED COST OF THESE PROJECTS IS

1 \$1,800,000.00. THE TENTATIVE ESTIMATED COMPLETION DATE OF THE WORK
2 PROJECT IS SEPTEMBER 30, 2017.

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

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

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

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

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

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

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

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

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

24 (3) In addition to the allocation under subsection (1), from
25 the general fund money appropriated under section 11, there is
26 allocated an amount not to exceed \$300,000.00 for ~~2013-2014~~ **2014-**
27 **2015** for a competitive grant to continue a longitudinal evaluation

1 of children who have participated in great start readiness
2 programs.

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

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

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

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

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

19 (e) Referral services for families of program participants to
20 community social service agencies, **INCLUDING MENTAL HEALTH**
21 **SERVICES**, 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 **AND MAKE RECOMMENDATIONS REGARDING** the program
 7 components listed in this subsection. ~~and make recommendations for~~
 8 ~~changes to the great start readiness program for which it is an~~
 9 ~~advisory committee.~~ **THE ADVISORY COMMITTEE ALSO SHALL MAKE**
 10 **RECOMMENDATIONS TO THE GREAT START COLLABORATIVE REGARDING OTHER**
 11 **COMMUNITY SERVICES DESIGNED TO IMPROVE ALL CHILDREN'S SCHOOL**
 12 **READINESS.**

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

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

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

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

22 (b) ~~Ensure~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,**
 23 **ENSURE** that at least 90% of the children participating in an
 24 eligible great start readiness program for whom the ~~provider~~
 25 **INTERMEDIATE DISTRICT** is receiving funds under this section are
 26 children who live with families with a household income that is
 27 equal to or less than 250% of the federal poverty level. **FOR**

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

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

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

1 courses per calendar year.

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

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

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

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

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

26 (9) Each grant recipient shall enroll children identified
27 under subsection (5)(b) according to how far the child's household

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

[(10) AN INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS RECEIVING A GRANT UNDER THIS SECTION SHALL ALLOW PARENTS OF ELIGIBLE CHILDREN WHO ARE RESIDENTS OF THE INTERMEDIATE DISTRICT OR WITHIN THE CONSORTIUM TO CHOOSE A PROGRAM OPERATED BY OR CONTRACTED WITH ANOTHER INTERMEDIATE DISTRICT OR CONSORTIUM OF INTERMEDIATE DISTRICTS AND SHALL PAY TO THE EDUCATING INTERMEDIATE DISTRICT OR CONSORTIUM THE PER-CHILD AMOUNT ATTRIBUTABLE TO EACH CHILD ENROLLED PURSUANT TO THIS SENTENCE, AS DETERMINED UNDER SECTION 39.]

14 **(11) ~~(10)~~** 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 30% of its
 19 total slot allocation. **[THE INTERMEDIATE DISTRICT OR CONSORTIUM SHALL**
 20 **REPORT TO THE DEPARTMENT, IN A MANNER PRESCRIBED BY THE DEPARTMENT, A**
 21 **DETAILED LIST OF COMMUNITY-BASED PROVIDERS BY PROVIDER TYPE, INCLUDING**
 22 **PRIVATE FOR-PROFIT, PRIVATE NONPROFIT, COMMUNITY COLLEGE OR UNIVERSITY,**
 23 **HEAD START GRANTEE OR DELEGATE, AND DISTRICT OR INTERMEDIATE DISTRICT,**
 24 **AND THE NUMBER AND PROPORTION OF ITS TOTAL SLOT ALLOCATION ALLOCATED TO**
 25 **EACH PROVIDER AS SUBRECIPIENT.]** If the intermediate district or
 26 consortium is not
 27 able to contract for at least 30% of its total slot allocation, the
 grant recipient shall notify the department and, if the department
 verifies that the intermediate district or consortium attempted to

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

15 [(A) THE INTERMEDIATE DISTRICT OR CONSORTIUM NOTIFIED EACH LICENSED
16 CHILD CARE CENTER LOCATED IN THE SERVICE AREA OF THE INTERMEDIATE
17 DISTRICT OR CONSORTIUM AT LEAST TWICE REGARDING THE CENTER'S ELIGIBILITY
18 TO PARTICIPATE. ONE OF THESE NOTIFICATIONS MAY BE MADE ELECTRONICALLY,
19 BUT AT LEAST 1 OF THESE NOTIFICATIONS SHALL BE MADE VIA HARD COPY THROUGH
20 THE UNITED STATES MAIL. AT LEAST 1 OF THESE NOTIFICATIONS SHALL BE MADE
21 WITHIN 7 DAYS AFTER THE INTERMEDIATE DISTRICT OR CONSORTIUM RECEIVES
22 NOTICE FROM THE DEPARTMENT OF ITS SLOT ALLOCATIONS.

23 (B) THE INTERMEDIATE DISTRICT OR CONSORTIUM PROVIDED TO EACH
24 LICENSED CHILD CARE CENTER LOCATED IN THE SERVICE AREA OF THE
25 INTERMEDIATE DISTRICT OR CONSORTIUM INFORMATION REGARDING GREAT START
26 READINESS PROGRAM REQUIREMENTS AND A DESCRIPTION OF THE APPLICATION AND
27 SELECTION PROCESS FOR COMMUNITY-BASED PROVIDERS.

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

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

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

18 (A) ENSURE THAT A GREAT START RESOURCE CENTER OR THE DEPARTMENT
19 PROVIDES EACH INTERMEDIATE DISTRICT OR CONSORTIUM RECEIVING A GRANT UNDER
20 THIS SECTION WITH THE CONTACT INFORMATION FOR EACH LICENSED CHILD CARE
21 CENTER LOCATED IN THE SERVICE AREA OF THE INTERMEDIATE DISTRICT OR
22 CONSORTIUM BY MARCH 1 OF EACH YEAR.

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

27 (C) ENSURE THAT ALL INTERMEDIATE DISTRICT, DISTRICT, COMMUNITY

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1 COLLEGE OR UNIVERSITY, HEAD START GRANTEE OR DELEGATE, PRIVATE FOR-
 2 PROFIT, AND PRIVATE NONPROFIT PROVIDERS ARE SUBJECT TO A SINGLE LICENSING
 3 AND GREAT START TO QUALITY RATING SYSTEM. THE RATING SYSTEM SHALL ENSURE
 4 THAT REGULATORS PROCESS ALL PROSPECTIVE PROVIDERS AT THE SAME PACE ON A
 5 FIRST-COME, FIRST-SERVED BASIS AND SHALL NOT ALLOW 1 TYPE OF PROVIDER TO
 6 RECEIVE A GREAT START TO QUALITY RATING AHEAD OF ANY OTHER TYPE OF
 7 PROVIDER.

(D) NOT LATER THAN NOVEMBER 1 OF EACH YEAR, COMPILE THE RESULTS OF
 THE INFORMATION REPORTED BY EACH INTERMEDIATE DISTRICT OR CONSORTIUM
 UNDER SUBSECTION (10) AND REPORT TO THE LEGISLATURE A LIST BY
 INTERMEDIATE DISTRICT OR CONSORTIUM WITH THE NUMBER AND PERCENTAGE OF
 EACH INTERMEDIATE DISTRICT'S OR CONSORTIUM'S TOTAL SLOT ALLOCATION
 ALLOCATED TO COMMUNITY-BASED PROVIDERS BY PROVIDER TYPE, INCLUDING
 PRIVATE FOR-PROFIT, PRIVATE NONPROFIT, COMMUNITY COLLEGE OR UNIVERSITY,
 HEAD START GRANTEE OR DELEGATE, AND DISTRICT OR INTERMEDIATE DISTRICT.]

8 [(14)] ~~(11)~~ A recipient of funds under this section shall report
 9 to the department in a form and manner prescribed by the department
 10 the number of children participating in the program who meet the
 11 income eligibility criteria under subsection (5)(b) and the total
 12 number of children participating in the program. For children
 13 participating in the program who meet the income eligibility
 14 criteria specified under subsection (5)(b), a recipient shall also
 15 report whether or not a parent is available to provide care based
 16 on employment status. For the purposes of this subsection,
 17 "employment status" shall be defined by the department of human
 18 services in a manner consistent with maximizing the amount of
 19 spending that may be claimed for temporary assistance for needy
 20 families maintenance of effort purposes.

21 [(15)] ~~(12)~~ As used in this section:

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

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

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1 child contact time per day than a school-day program.

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

7 [(16)] ~~(13)~~ An intermediate district or consortium of
8 intermediate districts receiving funds under this section shall
9 establish a sliding scale of tuition rates based upon household
10 income for children participating in an eligible great start
11 readiness program who live with families with a household income
12 that is more than 250% of the federal poverty level to be used by
13 all of its providers, as approved by the department. A grant
14 recipient shall charge tuition according to that sliding scale of
15 tuition rates on a uniform basis for any child who does not meet
16 the income eligibility requirements under this section.

17 [(17)] ~~(14)~~ The great start readiness reserve fund is created as
18 a separate account within the state school aid fund established by
19 section 11 of article IX of the state constitution of 1963. Money
20 available in the great start readiness reserve fund may not be
21 expended for ~~2013-2014~~ **2014-2015** unless transferred by the
22 legislature not later than January 31, ~~2014-2015~~ to the allocation
23 under subsection (1) for great start readiness programs. Money in
24 the great start readiness reserve fund shall be expended only for
25 purposes for which state school aid fund money may be expended. The
26 state treasurer shall direct the investment of the great start
27 readiness reserve fund. The state treasurer shall credit to the

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

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

26 Sec. 32p. (1) From the school aid fund appropriation in
27 section 11, there is allocated an amount not to exceed

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

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

21 (a) Children born healthy.

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

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

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

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

8 (a) Physical health.

9 (b) Social-emotional health.

10 (c) Family supports and basic needs.

11 (d) Parent education and child advocacy.

12 (e) Early education and care.

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

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

1 unexpended grant funds to the department in the manner prescribed
2 by the department not later than September 30 of the next fiscal
3 year after the fiscal year in which the funds are received.

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

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

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

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

25 (d) The estimated number of children who meet the criteria of
26 section 32d who will remain unserved after the applicant and
27 community early childhood programs have met their funded

1 enrollments. The applicant shall maintain a waiting list of
2 identified unserved eligible children who would be served when
3 openings are available.

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

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

23 (4) The initial allocation for each fiscal year to each
24 eligible applicant under section 32d shall be determined by
25 multiplying the number of children determined by the formula under
26 subsection (3) or the number of children the applicant indicates it
27 will be able to serve under subsection (1)(c), whichever is less,

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

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

1 (1)(c), whichever is less, minus the number of children for which
2 the applicant received funding in subsection (4) by \$3,625.00.

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

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

26 (8) If, taking into account the total amount to be allocated
27 to the applicant as calculated under this section, an applicant

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (3) ~~(4)~~ All federal funds allocated under this section shall
26 be distributed in accordance with federal law and with flexibility
27 provisions outlined in Public Law 107-116, and in the education

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

6 (4) ~~(5)~~—For the purposes of applying for federal grants
7 appropriated under this article, the department shall allow an
8 intermediate district to submit a consortium application on behalf
9 of 2 or more districts with the agreement of those districts as
10 appropriate according to federal rules and guidelines.

11 (5) ~~(6)~~—As used in this section:

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

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

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

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

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

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

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

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

11 Sec. 51a. (1) From the appropriation in section 11, there is
12 allocated an amount not to exceed ~~\$919,846,100.00~~ **\$938,946,100.00**
13 for ~~2013-2014~~ **2014-2015** from state sources and all available
14 federal funding under sections 611 to 619 of part B of the
15 individuals with disabilities education act, 20 USC 1411 to 1419,
16 estimated at \$370,000,000.00 for ~~2013-2014~~ **2014-2015**, plus any
17 carryover federal funds from previous year appropriations. The
18 allocations under this subsection are for the purpose of
19 reimbursing districts and intermediate districts for special
20 education programs, services, and special education personnel as
21 prescribed in article 3 of the revised school code, MCL 380.1701 to
22 380.1766; net tuition payments made by intermediate districts to
23 the Michigan schools for the deaf and blind; and special education
24 programs and services for pupils who are eligible for special
25 education programs and services according to statute or rule. For
26 meeting the costs of special education programs and services not
27 reimbursed under this article, a district or intermediate district

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

16 (2) From the funds allocated under subsection (1), there is
17 allocated the amount necessary, estimated at ~~\$247,000,000.00~~
18 **\$252,000,000.00** for ~~2013-2014, 2014-2015~~, for payments toward
19 reimbursing districts and intermediate districts for 28.6138% of
20 total approved costs of special education, excluding costs
21 reimbursed under section 53a, and 70.4165% of total approved costs
22 of special education transportation. Allocations under this
23 subsection shall be made as follows:

24 (a) The initial amount allocated to a district under this
25 subsection toward fulfilling the specified percentages shall be
26 calculated by multiplying the district's special education pupil
27 membership, excluding pupils described in subsection (11), times

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

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

22 (3) From the funds allocated under subsection (1), there is
23 allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed
24 \$1,000,000.00 to make payments to districts and intermediate
25 districts under this subsection. If the amount allocated to a
26 district or intermediate district for a fiscal year under
27 subsection (2)(b) is less than the sum of the amounts allocated to

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

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

1 as necessary. However, if the amount allocated under subsection
2 (2)(a) in itself exceeds the amount necessary to fulfill the
3 specified percentages in subsection (2), there shall be no
4 deduction under this subsection.

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

13 (6) From the amount allocated in subsection (1), there is
14 allocated an amount not to exceed \$2,200,000.00 for ~~2013-2014-2014-~~
15 ~~2015~~ to reimburse 100% of the net increase in necessary costs
16 incurred by a district or intermediate district in implementing the
17 revisions in the administrative rules for special education that
18 became effective on July 1, 1987. As used in this subsection, "net
19 increase in necessary costs" means the necessary additional costs
20 incurred solely because of new or revised requirements in the
21 administrative rules minus cost savings permitted in implementing
22 the revised rules. Net increase in necessary costs shall be
23 determined in a manner specified by the department.

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

26 (a) "Total approved costs of special education" shall be
27 determined in a manner specified by the department and may include

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

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

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

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

25 (d) Reimbursement for ancillary and other related services, as
26 defined by R 340.1701c of the Michigan administrative code, shall
27 not be provided when those services are covered by and available

1 through private group health insurance carriers or federal
2 reimbursed program sources unless the department and district or
3 intermediate district agree otherwise and that agreement is
4 approved by the state budget director. Expenses, other than the
5 incidental expense of filing, shall not be borne by the parent. In
6 addition, the filing of claims shall not delay the education of a
7 pupil. A district or intermediate district shall be responsible for
8 payment of a deductible amount and for an advance payment required
9 until the time a claim is paid.

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

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

1 but shall be counted in membership in the intermediate district of
2 residence.

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

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

14 (11) From the funds allocated in subsection (1), there is
15 allocated the amount necessary, estimated at ~~\$3,500,000.00~~
16 **\$3,300,000.00** for ~~2013-2014, 2014-2015~~, to pay the foundation
17 allowances for pupils described in this subsection. The allocation
18 to a district under this subsection shall be calculated by
19 multiplying the number of pupils described in this subsection who
20 are counted in membership in the district times the foundation
21 allowance under section 20 of the pupil's district of residence,
22 not to exceed the basic foundation allowance under section 20 for
23 the current fiscal year, or, for a pupil described in this
24 subsection who is counted in membership in a district that is a
25 public school academy, times an amount equal to the amount per
26 membership pupil under section 20(6) or, for a pupil described in
27 this subsection who is counted in membership in the education

1 achievement system, times an amount equal to the amount per
2 membership pupil under section 20(7). The allocation to an
3 intermediate district under this subsection shall be calculated in
4 the same manner as for a district, using the foundation allowance
5 under section 20 of the pupil's district of residence, not to
6 exceed the basic foundation allowance under section 20 for the
7 current fiscal year. This subsection applies to all of the
8 following pupils:

9 (a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

24 Sec. 51c. As required by the court in the consolidated cases
25 known as Durant v State of Michigan, Michigan supreme court docket
26 no. 104458-104492, from the allocation under section 51a(1), there
27 is allocated for ~~2013-2014~~**2014-2015** the amount necessary,

1 estimated at ~~\$613,200,000.00~~, **\$630,500,000.00**, for payments to
2 reimburse districts for 28.6138% of total approved costs of special
3 education excluding costs reimbursed under section 53a, and
4 70.4165% of total approved costs of special education
5 transportation. Funds allocated under this section that are not
6 expended in the state fiscal year for which they were allocated, as
7 determined by the department, may be used to supplement the
8 allocations under sections 22a and 22b in order to fully fund those
9 calculated allocations for the same fiscal year.

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

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

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

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

27 (c) An amount estimated at \$45,000,000.00 for special

1 education programs funded by DED-OSERS, handicapped program,
2 individuals with disabilities act funds.

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

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

18 (2) Reimbursement under subsection (1) is for the following
19 special education pupils:

20 (a) Pupils assigned to a district or intermediate district
21 through the community placement program of the courts or a state
22 agency, if the pupil was a resident of another intermediate
23 district at the time the pupil came under the jurisdiction of the
24 court or a state agency.

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

27 (c) Pupils who are former residents of department of community

1 health institutions for the developmentally disabled who are placed
2 in community settings other than the pupil's home.

3 (d) Pupils enrolled in a department-approved on-grounds
4 educational program longer than 180 days, but not longer than 233
5 days, at a residential child care institution, if the child care
6 institution offered in 1991-92 an on-grounds educational program
7 longer than 180 days but not longer than 233 days.

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

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

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

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

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

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

1 (a) "Membership" means for a particular fiscal year the total
2 membership for the immediately preceding fiscal year of the
3 intermediate district and the districts constituent to the
4 intermediate district.

5 (b) "Millage levied" means the millage levied for special
6 education pursuant to part 30 of the revised school code, MCL
7 380.1711 to 380.1743, including a levy for debt service
8 obligations.

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

15 (2) From the allocation under section 51a(1), there is
16 allocated an amount not to exceed \$37,758,100.00 for ~~2013-2014~~
17 **2014-2015** to reimburse intermediate districts levying millages for
18 special education pursuant to part 30 of the revised school code,
19 MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the
20 reimbursement shall be limited as if the funds were generated by
21 these millages and governed by the intermediate district plan
22 adopted pursuant to article 3 of the revised school code, MCL
23 380.1701 to 380.1766. As a condition of receiving funds under this
24 section, an intermediate district distributing any portion of
25 special education millage funds to its constituent districts shall
26 submit for departmental approval and implement a distribution plan.

27 (3) Reimbursement for those millages levied in ~~2012-2013-2013-~~

1 2014 shall be made in ~~2013-2014~~ 2014-2015 at an amount per ~~2012-~~
2 ~~2013-2013-2014~~ membership pupil computed by subtracting from
3 ~~\$169,900.00~~ \$172,200.00 the ~~2012-2013-~~ 2013-2014 taxable value
4 behind each membership pupil and multiplying the resulting
5 difference by the ~~2012-2013-~~ 2013-2014 millage levied.

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

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

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

1 approval of the department, the board of a district maintaining a
2 secondary career and technical education program may offer the
3 program for the period from the close of the school year until
4 September 1. The program shall use existing facilities and shall be
5 operated as prescribed by rules promulgated by the superintendent.

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

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

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

2 (a) "Membership" means for a particular fiscal year the total
3 membership for the immediately preceding fiscal year of the
4 intermediate district and the districts constituent to the
5 intermediate district or the total membership for the immediately
6 preceding fiscal year of the area vocational-technical program.

7 (b) "Millage levied" means the millage levied for area
8 vocational-technical education pursuant to sections 681 to 690 of
9 the revised school code, MCL 380.681 to 380.690, including a levy
10 for debt service obligations incurred as the result of borrowing
11 for capital outlay projects and in meeting capital projects fund
12 requirements of area vocational-technical education.

13 (c) "Taxable value" means the total taxable value of the
14 districts constituent to an intermediate district or area
15 vocational-technical education program, except that if a district
16 has elected not to come under sections 681 to 690 of the revised
17 school code, MCL 380.681 to 380.690, the membership and taxable
18 value of that district shall not be included in the membership and
19 taxable value of the intermediate district. However, the membership
20 and taxable value of a district that has elected not to come under
21 sections 681 to 690 of the revised school code, MCL 380.681 to
22 380.690, shall be included in the membership and taxable value of
23 the intermediate district if the district meets both of the
24 following:

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

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

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

15 (3) Reimbursement for the millages levied in ~~2012-2013-2013-~~
16 ~~2014~~ shall be made in ~~2013-2014-2014-2015~~ at an amount per ~~2012-~~
17 ~~2013-2013-2014~~ membership pupil computed by subtracting from
18 ~~\$186,500.00-\$188,100.00~~ the ~~2012-2013-2013-2014~~ taxable value
19 behind each membership pupil and multiplying the resulting
20 difference by the ~~2012-2013-2013-2014~~ millage levied.

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

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

House Bill No. 5314 (H-2) as amended May 8, 2014

1 [SEC. 64B. (1) FROM THE APPROPRIATION IN SECTION 11, THERE IS
2 ALLOCATED AN AMOUNT NOT TO EXCEED \$1,750,000.00 FOR 2014-2015 FOR
3 SUPPLEMENTAL PAYMENTS TO DISTRICTS THAT SUPPORT THE ATTENDANCE OF
4 DISTRICT PUPILS IN GRADES 9 TO 12 UNDER THE POSTSECONDARY ENROLLMENT
5 OPTIONS ACT, 1996 PA 160, MCL 388.511 TO 388.524, OR UNDER THE CAREER
6 AND TECHNICAL PREPARATION ACT, 2000 PA 258, MCL 388.1901 TO 388.1913,
7 CONSISTENT WITH SECTION 21B, OR THAT SUPPORT THE ATTENDANCE OF DISTRICT
8 PUPILS IN A CONCURRENT ENROLLMENT PROGRAM IF THE DISTRICT MEETS THE
9 REQUIREMENTS UNDER SUBSECTION (3).

10 (2) TO BE ELIGIBLE FOR PAYMENTS UNDER THIS SECTION FOR SUPPORTING
11 THE ATTENDANCE OF DISTRICT PUPILS UNDER THE POSTSECONDARY ENROLLMENT
12 OPTIONS ACT, 1996 PA 160, MCL 388.511 TO 388.524, OR UNDER THE CAREER AND
13 TECHNICAL PREPARATION ACT, 2000 PA 258, MCL 388.1901 TO 388.1913, A
14 DISTRICT SHALL DO ALL OF THE FOLLOWING:

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

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

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

23 (D) AWARD HIGH SCHOOL CREDIT FOR THE POSTSECONDARY COURSE IF THE
24 PUPIL SUCCESSFULLY COMPLETES THE COURSE.

25 (3) TO BE ELIGIBLE FOR PAYMENTS UNDER THIS SECTION FOR PUPILS
26 ENROLLED IN A CONCURRENT ENROLLMENT PROGRAM, A DISTRICT SHALL DO ALL OF
27 THE FOLLOWING:

House Bill No. 5314 (H-2) as amended May 8, 2014

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

(B) ENTER INTO A WRITTEN AGREEMENT WITH A POSTSECONDARY INSTITUTION ESTABLISHING THE CONCURRENT ENROLLMENT PROGRAM BEFORE THE ENROLLMENT OF DISTRICT PUPILS IN A POSTSECONDARY COURSE THROUGH THE POSTSECONDARY INSTITUTION.

(C) ENSURE THAT THE COURSE IS TAUGHT BY EITHER A HIGH SCHOOL TEACHER OR POSTSECONDARY FACULTY PURSUANT TO STANDARDS ESTABLISHED BY THE POSTSECONDARY INSTITUTION WITH WHICH THE DISTRICT HAS ENTERED INTO A WRITTEN AGREEMENT TO OPERATE THE CONCURRENT ENROLLMENT PROGRAM.

(D) ENSURE THAT THE WRITTEN AGREEMENT PROVIDES THAT THE POSTSECONDARY INSTITUTION AGREES NOT TO CHARGE THE PUPIL FOR ANY COST OF THE PROGRAM.

(E) ENSURE THAT THE COURSE IS TAUGHT IN THE LOCAL DISTRICT OR INTERMEDIATE DISTRICT.

(F) ENSURE THAT THE PUPIL IS AWARDED BOTH HIGH SCHOOL AND COLLEGE CREDIT UPON SUCCESSFUL COMPLETION OF THE COURSE AS OUTLINED IN THE AGREEMENT WITH THE POSTSECONDARY INSTITUTION.

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

(A) A PAYMENT OF \$10.00 PER CREDIT, FOR UP TO 3 CREDITS, FOR A CREDIT-BEARING COURSE IN WHICH A PUPIL ENROLLS DURING THE 2014-2015 SCHOOL YEAR AS DESCRIBED UNDER EITHER SUBSECTION (2) OR (3).

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

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

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

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

(3) From the allocation in subsection (1), there is allocated ~~each fiscal year~~ **FOR 2014-2015** the amount necessary to pay the reasonable costs of nonspecial education auxiliary services

1 transportation provided pursuant to section 1323 of the revised
2 school code, MCL 380.1323. Districts funded under this subsection
3 shall not receive funding under any other section of this article
4 for nonspecial education auxiliary services transportation.

5 (4) From the funds allocated in subsection (1), there is
6 allocated an amount not to exceed ~~\$1,674,000.00 for 2013-2014~~
7 **\$1,691,500.00 FOR 2014-2015** for reimbursement to districts and
8 intermediate districts for costs associated with the inspection of
9 school buses and pupil transportation vehicles by the department of
10 state police as required under section 715a of the Michigan vehicle
11 code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil
12 transportation act, 1990 PA 187, MCL 257.1839. The department of
13 state police shall prepare a statement of costs attributable to
14 each district for which bus inspections are provided and submit it
15 to the department and to an intermediate district serving as
16 fiduciary in a time and manner determined jointly by the department
17 and the department of state police. Upon review and approval of the
18 statement of cost, the department shall forward to the designated
19 intermediate district serving as fiduciary the amount of the
20 reimbursement on behalf of each district and intermediate district
21 for costs detailed on the statement within 45 days after receipt of
22 the statement. The designated intermediate district shall make
23 payment in the amount specified on the statement to the department
24 of state police within 45 days after receipt of the statement. The
25 total reimbursement of costs under this subsection shall not exceed
26 the amount allocated under this subsection. Notwithstanding section
27 17b, payments to eligible entities under this subsection shall be

1 paid on a schedule prescribed by the department.

2 Sec. 81. (1) Except as otherwise provided in this section,
3 from the appropriation in section 11, there is allocated each
4 ~~fiscal year for 2012-2013 and for 2013-2014~~ **FOR 2014-2015** to the
5 intermediate districts the sum necessary, but not to exceed
6 ~~\$64,115,100.00 each fiscal year,~~ **\$62,115,000.00** to provide state
7 aid to intermediate districts under this section.

8 (2) From the allocation in subsection (1), there is allocated
9 **FOR 2014-2015** an amount not to exceed \$62,108,000.00 for
10 allocations to each intermediate district ~~for 2012-2013 in an~~
11 ~~amount equal to 100% of the amount allocated to the intermediate~~
12 ~~district under this subsection for 2011-2012. From the allocation~~
13 ~~in subsection (1), there is allocated an amount not to exceed~~
14 ~~\$62,108,000.00 for allocations to each intermediate district for~~
15 ~~2013-2014 in an amount equal to 100.0% of the amount allocated to~~
16 ~~the intermediate district under this subsection for 2012-2013.~~
17 **SECTION, EXCLUDING THE AMOUNT UNDER SUBSECTION (4), FOR 2013-2014.**
18 Funding provided under this section shall be used to comply with
19 requirements of this article and the revised school code that are
20 applicable to intermediate districts, and for which funding is not
21 provided elsewhere in this article, and to provide technical
22 assistance to districts as authorized by the intermediate school
23 board.

24 (3) Intermediate districts receiving funds under subsection
25 (2) shall collaborate with the department to develop expanded
26 professional development opportunities for teachers to update and
27 expand their knowledge and skills needed to support the Michigan

1 merit curriculum.

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

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

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

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

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

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

4 (e) Comply with section 1230g of the revised school code, MCL
5 380.1230g.

6 (f) Comply with section 761 of the revised school code, MCL
7 380.761.

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

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

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

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

27 ~~—— (b) The intermediate district has obtained competitive bids on~~

~~the provision of 1 or more noninstructional services for the intermediate district or its constituent districts with a value of at least \$50,000.00.~~

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

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

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

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

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

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

~~1 (v) The number and percentage of individualized education
2 programs developed for special education pupils that contain
3 academic goals.~~

~~4 (c) The intermediate district works in a consortium with 1 or
5 more other intermediate districts to develop information management
6 system requirements and bid specifications that can be used as
7 statewide models. At a minimum, these specifications shall include
8 pupil management systems for both general and special education,
9 learning management tools, and business services.~~

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

~~19 (a) The intermediate district enters into an agreement with
20 the department to comply with all of the following:~~

~~21 (i) If the intermediate district developed a service
22 consolidation plan in 2012-2013, implement the service
23 consolidation plan in 2013-2014 and report to the department not
24 later than February 1, 2014 on the intermediate district's progress
25 in implementing the service consolidation plan.~~

~~26 (ii) If the intermediate district did not develop a service
27 consolidation plan in 2012-2013, develop a service consolidation~~

~~plan in 2013-2014 to reduce operating costs that is in compliance with guidelines that were developed by the department for former section 11d as that section was in effect for 2010-2011.~~

~~—— (iii) If the intermediate district developed a service consolidation plan in 2013-2014, implement the service consolidation plan in 2014-2015 and report to the department not later than February 1, 2015 on the intermediate district's progress in implementing the service consolidation plan.~~

~~—— (iv) Make the intermediate district's service consolidation plan publicly available on the intermediate district's website.~~

~~—— (b) The intermediate district has obtained competitive bids on the provision of 1 or more noninstructional services for the intermediate district or its constituent districts with a value of at least \$50,000.00. The unfunded accrued liability costs for retirement and other benefits shall be excluded from the intermediate district's current costs for the purpose of comparing competitive bids to the current costs of providing services.~~

~~—— (c) The intermediate district develops a technology plan in accordance with department policy on behalf of all constituent districts within the intermediate district that integrates technology into the classroom and prepares teachers to use digital technologies as part of the instructional program of each of its constituent districts. An intermediate district that developed a technology plan in 2012-2013 shall begin implementing that technology plan in 2013-2014.~~

~~—— (d) The intermediate district provides to parents and community members a dashboard or report card demonstrating the~~

~~intermediate district's efforts to manage its finances responsibly.
The dashboard or report card shall include revenue and expenditure
projections for the intermediate district for 2013-2014 and 2014-
2015, a listing of all debt service obligations, detailed by
project, including anticipated 2013-2014 payment for each project,
a listing of total outstanding debt, and at least all of the
following for the 3 most recent school years for which the data are
available.~~

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

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

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

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

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

~~—— (e) The intermediate district works in a consortium with 1 or
more other intermediate districts and the center to develop local
information management system requirements and bid specifications
that result in a recommended model information system that supports~~

1 ~~interoperability to ensure linkage and connectivity in a manner~~
2 ~~that facilitates the efficient exchange of data among districts,~~
3 ~~intermediate districts, and the center. At a minimum, these~~
4 ~~specifications shall include pupil management systems for both~~
5 ~~general and special education, learning management tools, and~~
6 ~~business services.~~

7 ~~—— (f) If an intermediate district provides medical, pharmacy,~~
8 ~~dental, vision, disability, long term care, or any other type of~~
9 ~~benefit that would constitute a health care services benefit, to~~
10 ~~employees and their dependents, the intermediate district is the~~
11 ~~policyholder for each of its insurance policies that covers 1 or~~
12 ~~more of these benefits. An intermediate district that does not~~
13 ~~directly employ its staff or an intermediate district with a~~
14 ~~voluntary employee beneficiary association that pays no more than~~
15 ~~the maximum per employee contribution amount and that contributes~~
16 ~~no more than the maximum employer contribution percentage of total~~
17 ~~annual costs for the medical benefit plans as described in sections~~
18 ~~3 and 4 of the publicly funded health insurance contribution act,~~
19 ~~2011 PA 152, MCL 15.563 and 15.564, is considered to have satisfied~~
20 ~~this requirement.~~

21 Sec. 94. (1) From the general fund appropriation in section
22 11, there is allocated to the department for ~~2013-2014~~**2014-2015** an
23 amount not to exceed \$250,000.00 for efforts to increase the number
24 of pupils who participate and succeed in advanced placement and
25 international baccalaureate programs.

26 (2) From the funds allocated under this section, the
27 department shall award funds to cover all or part of the costs of

1 advanced placement test fees or international baccalaureate test
2 fees for low-income pupils who take an advanced placement or an
3 international baccalaureate test. Payments shall not exceed \$20.00
4 per test completed.

5 (3) The department shall only award funds under this section
6 if the department determines that all of the following criteria are
7 met:

8 (a) Each pupil for whom payment is made meets eligibility
9 requirements of the federal advanced placement test fee program
10 under section 1701 of the no child left behind act of 2001, Public
11 Law 107-110.

12 (b) The tests are administered by the college board, the
13 international baccalaureate organization, or another test provider
14 approved by the department.

15 (c) The pupil for whom payment is made pays at least \$5.00
16 toward the cost of each test for which payment is made.

17 (4) The department shall establish procedures for awarding
18 funds under this section.

19 (5) Notwithstanding section 17b, payments under this section
20 shall be made on a schedule determined by the department.

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

25 (a) Coordinate the collection of all data required by state
26 and federal law from districts, intermediate districts, and
27 postsecondary institutions.

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

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

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

12 (i) Data sets that link teachers to student information,
13 allowing districts to assess individual teacher impact on student
14 performance and consider student growth factors in teacher and
15 principal evaluation systems.

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

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

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

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

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

27 (2) Each state department, officer, or agency that collects

1 information from districts, intermediate districts, or
2 postsecondary institutions as required under state or federal law
3 shall make arrangements with the center to ensure that the state
4 department, officer, or agency is in compliance with subsection
5 (1). This subsection does not apply to information collected by the
6 department of treasury under the uniform budgeting and accounting
7 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal
8 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond
9 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to
10 388.1939; or section 1351a of the revised school code, MCL
11 380.1351a.

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

14 (4) The center shall ensure that the P-20 longitudinal data
15 system required under subsection (1)(b) meets all of the following:

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

18 (b) Supports interoperability by using standard data
19 structures, data formats, and data definitions to ensure linkage
20 and connectivity in a manner that facilitates the exchange of data
21 among agencies and institutions within the state and between
22 states.

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

26 (d) Enables the matching of individual teachers with
27 information about their certification and the institutions that

1 prepared and recommended those teachers for state certification.

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

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

7 (g) Provides this state with the ability to meet federal and
8 state reporting requirements.

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

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

14 (ii) Contains student-level enrollment, demographic, and
15 program participation information.

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

19 (iv) Has the capacity to communicate with higher education data
20 systems.

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

23 (i) Contains yearly test records of individual students for
24 assessments approved by DED-OESE for accountability purposes under
25 section 1111(b) of the elementary and secondary education act of
26 1965, 20 USC 6311, including information on individual students not
27 tested, by grade and subject.

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

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

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

5 (i) Contains data that provide information regarding the extent
6 to which individual students transition successfully from secondary
7 school to postsecondary education, including, but not limited to,
8 all of the following:

9 (A) Enrollment in remedial coursework.

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

12 (ii) Contains data that provide other information determined
13 necessary to address alignment and adequate preparation for success
14 in postsecondary education.

15 (5) From the general fund appropriation in section 11, there
16 is allocated an amount not to exceed ~~\$9,535,100.00 for 2013-2014~~
17 **\$12,022,800.00 FOR 2014-2015** to the department of technology,
18 management, and budget to support the operations of the center. In
19 addition, from the federal funds appropriated in section 11 there
20 is allocated for ~~2013-2014~~ **2014-2015** the amount necessary,
21 estimated at \$193,500.00, to support the operations of the center
22 and to establish a P-20 longitudinal data system as provided under
23 this section in compliance with the assurance provided to the
24 United States department of education in order to receive state
25 fiscal stabilization funds. The center shall cooperate with the
26 department to ensure that this state is in compliance with federal
27 law and is maximizing opportunities for increased federal funding

1 to improve education in this state.

2 (6) From the funds allocated in subsection (5), there is
3 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
4 \$850,000.00 for competitive grants to support collaborative efforts
5 on the P-20 longitudinal data system. All of the following apply to
6 grants awarded under this subsection:

7 (a) The center shall award competitive grants to eligible
8 intermediate districts or a consortium of intermediate districts
9 based on criteria established by the center.

10 (b) Activities funded under the grant shall support the P-20
11 longitudinal data system portal and may include portal hosting,
12 hardware and software acquisition, maintenance, enhancements, user
13 support and related materials, and professional learning tools and
14 activities aimed at improving the utility of the P-20 longitudinal
15 data system.

16 (c) An applicant that received a grant under this subsection
17 for the immediately preceding fiscal year shall receive priority
18 for funding under this section. However, after 3 fiscal years of
19 continuous funding, an applicant is required to compete openly with
20 new applicants.

21 ~~—— (7) From the funds allocated in subsection (5), there is~~
22 ~~allocated for 2013-2014 an amount not to exceed \$100,000.00 for the~~
23 ~~center to develop the pupil transfer application as required under~~
24 ~~section 25e.~~

25 (7) ~~(8)~~ Funds allocated under this section that are not
26 expended in the fiscal year in which they were allocated may be
27 carried forward to a subsequent fiscal year and are appropriated

1 for the purposes for which the funds were originally allocated.

2 ~~—— (9) It is the intent of the legislature that, beginning in~~
3 ~~2014-2015, a district shall report to the center by June 30, in a~~
4 ~~manner prescribed by the center, the number of pupils in the~~
5 ~~district who have had 10 or more unexcused absences each school~~
6 ~~year. For pupils in grades 9 to 12, the report shall include both~~
7 ~~the total number of unexcused absences in any single course and the~~
8 ~~total number of unexcused absences in all courses. Each district~~
9 ~~shall define unexcused absence. It is the intent of the legislature~~
10 ~~that a district that reports false information under this~~
11 ~~subsection shall forfeit an amount equal to 5% of its total state~~
12 ~~aid allocation under this act.~~

13 (8) ~~(10)~~ The center may bill departments as necessary in order
14 to fulfill reporting requirements of state and federal law. The
15 center may also enter into agreements to supply custom data,
16 analysis, and reporting to other principal executive departments,
17 state agencies, local units of government, and other individuals
18 and organizations. The center may receive and expend funds in
19 addition to those authorized in subsection (5) to cover the costs
20 associated with salaries, benefits, supplies, materials, and
21 equipment necessary to provide such data, analysis, and reporting
22 services.

23 (9) ~~(11)~~ As used in this section:

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

26 (b) "State education agency" means the department.

27 **SEC. 95A. FROM THE APPROPRIATION IN SECTION 11, THERE IS**

House Bill No. 5314 (H-2) as amended May 8, 2014

1 ALLOCATED FOR 2014-2015 AN AMOUNT NOT TO EXCEED \$100.00 FOR THE
 2 PURPOSE OF IMPLEMENTING EVALUATION SYSTEMS FOR TEACHERS AND SCHOOL
 3 ADMINISTRATORS IF THE 97TH LEGISLATURE ENACTS LEGISLATION REQUIRING
 4 IMPLEMENTATION OF A NEW EDUCATOR EVALUATION SYSTEM.

[SEC. 97. FROM THE MONEY APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2014-2015 THE AMOUNT OF \$100.00 FOR A GRANT TO 1 SCHOOL DISTRICT UNDER THIS SECTION. THE DEPARTMENT SHALL AWARD A GRANT UNDER THIS SECTION TO A SCHOOL DISTRICT FOR THE PURPOSE OF COLLABORATING WITH A POSTSECONDARY INSTITUTION IN THIS STATE THAT PROVIDES A POSTSECONDARY PROGRAM SPECIALIZING IN EDUCATING CHILDREN IN URBAN SCHOOLS. TO QUALIFY FOR THE GRANT, A SCHOOL DISTRICT AND THE POSTSECONDARY PROGRAM MUST MEET ALL OF THE FOLLOWING, AS DETERMINED BY THE DEPARTMENT:

(A) THE PROGRAM'S FOCUS FOR RECRUITING STUDENTS IS PRIMARILY IN THE CITY WHERE THE SCHOOL DISTRICT IS LOCATED.

(B) THE POSTSECONDARY INSTITUTION PROVIDES A MASTER'S LEVEL DEGREE FOR COMPLETION OF THE PROGRAM.

(C) THE PROGRAM PROVIDES TRAINING IN A RANGE OF SOCIAL, EMOTIONAL, AND HEALTH-RELATED ISSUES THAT CAN BE UNIQUE TO AN URBAN SCHOOL DISTRICT.

(D) AT LEAST 90% OF THE SCHOOL DISTRICT'S PUPILS QUALIFY FOR A FEDERAL FREE OR REDUCED-PRICE SCHOOL LUNCH SUBSIDY.

(E) THE SCHOOL DISTRICT AND THE POSTSECONDARY INSTITUTION WORK IN COLLABORATION TO PLACE TEACHERS WHO GRADUATE FROM THE PROGRAM IN TEACHING POSITIONS IN THE SCHOOL DISTRICT WHERE THE POSTSECONDARY INSTITUTION IS LOCATED.]

5 Sec. 98. (1) From the general fund money appropriated in
 6 section 11, there is allocated an amount not to exceed
 7 ~~\$9,387,500.00 for 2013-2014~~ **\$7,387,500.00 FOR 2014-2015** for the
 8 purposes described in this section.

9 (2) The Michigan virtual university shall operate the Michigan
 10 virtual learning research institute. The Michigan virtual learning
 11 research institute shall do all of the following:

12 (a) Support and accelerate innovation in education through the
 13 following activities:

14 (i) Test, evaluate, and recommend as appropriate new
 15 technology-based instructional tools and resources.

16 (ii) Research, design, and recommend digital education delivery
 17 models for use by pupils and teachers that include age-appropriate
 18 multimedia instructional content.

19 ~~—(iii) Research, design, and recommend competency-based online~~
 20 ~~assessments.~~

21 ~~(iii)~~ ~~(iv)~~ Research, develop, and recommend annually to the
 22 department criteria by which cyber schools and online course

23 providers should be monitored and evaluated to ensure a quality
 24 education for their pupils.

25 (iv) ~~(v)~~ Based on pupil completion and performance data
 26 reported to the department or the center for educational
 27 performance and information from cyber schools and other online

1 course providers operating in this state, analyze the effectiveness
2 of online learning delivery models in preparing pupils to be
3 college- and career-ready and publish a report that highlights
4 enrollment totals, completion rates, and the overall impact on
5 pupils. The report shall be submitted to the house and senate
6 appropriations subcommittees on state school aid, the state budget
7 director, the house and senate fiscal agencies, and the department
8 not later than December 1, ~~2014~~-2015.

9 (v) ~~(vi)~~—Before August 31, ~~2014~~, 2015, provide an extensive
10 professional development program to at least 500 educational
11 personnel, including teachers, school administrators, and school
12 board members, that focuses on the effective integration of digital
13 learning into curricula and instruction. Not later than December 1,
14 ~~2014~~, 2015, the Michigan virtual learning research institute shall
15 submit a report to the house and senate appropriations
16 subcommittees on state school aid, the state budget director, the
17 house and senate fiscal agencies, and the department on the number
18 and percentage of teachers, school administrators, and school board
19 members who have received professional development services from
20 the Michigan virtual university. The report shall also identify
21 barriers and other opportunities to encourage the adoption of
22 digital learning in the public education system.

23 (vi) ~~(vii)~~—Identify and share best practices for planning,
24 implementing, and evaluating online and blended education delivery
25 models with intermediate districts, districts, and public school
26 academies to accelerate the adoption of innovative education
27 delivery models statewide.

1 (b) Provide leadership for this state's system of digital
2 learning education by doing the following activities:

3 (i) Develop and report policy recommendations to the governor
4 and the legislature that accelerate the expansion of effective
5 online learning in this state's schools.

6 (ii) Provide a clearinghouse for research reports, academic
7 studies, evaluations, and other information related to online
8 learning.

9 (iii) Promote and distribute the most current instructional
10 design standards and guidelines for online teaching.

11 (iv) In collaboration with the department and interested
12 colleges and universities in this state, ~~recommend to the~~
13 ~~superintendent guidelines and standards for a new teacher~~
14 ~~endorsement credential~~ **SUPPORT IMPLEMENTATION AND IMPROVEMENTS**
15 related to effective digital learning instruction.

16 (v) Pursue public/private partnerships that include districts
17 to study and implement competency-based technology-rich online
18 learning models.

19 (vi) Convene focus groups and conduct annual surveys of
20 teachers, administrators, pupils, parents, and others to identify
21 barriers and opportunities related to online learning.

22 (vii) Produce an annual consumer awareness report for schools
23 and parents about effective online education providers and
24 education delivery models, performance data, cost structures, and
25 research trends.

26 (viii) Research and establish an internet-based platform that
27 educators can use to create student-centric learning tools and

1 resources and facilitate a user network that assists educators in
2 using the platform. As part of this initiative, the Michigan
3 virtual university shall work collaboratively with districts and
4 intermediate districts to establish a plan to make available online
5 resources that align to Michigan's K-12 curriculum standards for
6 use by students, educators, and parents.

7 (ix) Create and maintain a public statewide catalog of online
8 learning courses being offered by all public schools in this state.
9 The Michigan virtual learning research institute shall identify and
10 develop a list of nationally recognized best practices for online
11 learning and use this list to ~~provide~~**SUPPORT** reviews of online
12 course vendors, courses, and instructional practices. The Michigan
13 virtual learning research institute shall also provide a mechanism
14 for intermediate districts to use the identified best practices to
15 review content offered by constituent districts. The Michigan
16 virtual learning research institute shall review the online course
17 offerings of the Michigan virtual university, and make the results
18 from these reviews available to the public as part of the statewide
19 catalog. The Michigan virtual learning research institute shall
20 ensure that the statewide catalog is made available to the public
21 on the Michigan virtual university website and ~~linked~~**SHALL ALLOW**
22 **THE ABILITY TO LINK IT** to each district's website as provided for
23 in section 21f. Beginning in 2014-2015, the statewide catalog shall
24 also contain all of the following:

25 (A) The number of ~~pupils enrolled~~**ENROLLMENTS** in each online
26 course in the ~~2012-2013~~**IMMEDIATELY PRECEDING** school year.

27 (B) The number of ~~pupils who successfully completed~~

1 ENROLLMENTS THAT EARNED 60% OR MORE OF THE TOTAL COURSE POINTS FOR
2 each online course in the ~~2012-2013~~IMMEDIATELY PRECEDING school
3 year.

4 (C) The completion rate for each online course.

5 (x) COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE THE NEED AND
6 PROCESS FOR INCORPORATING REGISTRATION, PAYMENT SERVICES, AND
7 TRANSCRIPT FUNCTIONALITY TO THE STATEWIDE CATALOG.

8 (xi) COLLABORATE WITH KEY STAKEHOLDERS TO EXAMINE DISTRICT
9 LEVEL ACCOUNTABILITY AND TEACHER EFFECTIVENESS ISSUES RELATED TO
10 ONLINE LEARNING UNDER SECTION 21F AND MAKE FINDINGS AND
11 RECOMMENDATIONS PUBLICLY AVAILABLE.

12 (3) In order for the Michigan virtual university to receive
13 any funds allocated under this section, the Michigan virtual school
14 must maintain its accreditation status from recognized national and
15 international accrediting entities.

16 (4) If the course offerings are included in the statewide
17 catalog of online courses under subsection (2)(b)(ix), the Michigan
18 virtual school operated by the Michigan virtual university may
19 offer online course offerings, including, but not limited to, all
20 of the following:

21 (a) Information technology courses.

22 (b) College level equivalent courses, as defined in section
23 1471 of the revised school code, MCL 380.1471.

24 (c) Courses and dual enrollment opportunities.

25 (d) Programs and services for at-risk pupils.

26 (e) General education development test preparation courses for
27 adjudicated youth.

1 (f) Special interest courses.

2 (g) Professional development programs for teachers, school
3 administrators, other school employees, and school board members.

4 (5) If a home-schooled or nonpublic school student is a
5 resident of a district that subscribes to services provided by the
6 Michigan virtual school, the student may use the services provided
7 by the Michigan virtual school to the district without charge to
8 the student beyond what is charged to a district pupil using the
9 same services.

10 (6) Not later than December 1 of each fiscal year, the
11 Michigan virtual university shall provide a report to the house and
12 senate appropriations subcommittees on state school aid, the state
13 budget director, the house and senate fiscal agencies, and the
14 department that includes at least all of the following information
15 related to the Michigan virtual school for the preceding state
16 fiscal year:

17 (a) A list of the districts served by the Michigan virtual
18 school.

19 (b) A list of online course titles available to districts.

20 (c) The total number of online course enrollments and
21 information on registrations and completions by course.

22 (d) The overall course completion rate percentage.

23 (7) The governor may appoint an advisory group for the
24 Michigan virtual learning research institute established under
25 subsection (2). The members of the advisory group shall serve at
26 the pleasure of the governor and shall serve without compensation.
27 The purpose of the advisory group is to make recommendations to the

1 governor, the legislature, and the president and board of the
2 Michigan virtual university that will accelerate innovation in this
3 state's education system in a manner that will prepare elementary
4 and secondary students to be career and college ready and that will
5 promote the goal of increasing the percentage of citizens of this
6 state with high-quality degrees and credentials to at least 60% by
7 2025.

8 (8) Not later than November 1, ~~2013,~~**2014**, the Michigan
9 virtual university shall submit to the house and senate
10 appropriations subcommittees on state school aid, the state budget
11 director, and the house and senate fiscal agencies a detailed
12 budget for the ~~2013-2014~~**2014-2015** fiscal year that includes a
13 breakdown on its projected costs to deliver online educational
14 services to districts and a summary of the anticipated fees to be
15 paid by districts for those services. Beginning in 2013-2014, not
16 later than February 1, the Michigan virtual university shall submit
17 to the house and senate appropriations subcommittees on state
18 school aid, the state budget director, and the house and senate
19 fiscal agencies a breakdown on its actual costs to deliver online
20 educational services to districts and a summary of the actual fees
21 paid by districts for those services based on audited financial
22 statements for the immediately preceding fiscal year.

23 (9) As used in this section:

24 (a) "Blended learning" means a hybrid instructional delivery
25 model where pupils are provided content, instruction, and
26 assessment, in part at a supervised educational facility away from
27 home where the pupil and a teacher with a valid Michigan teaching

1 certificate are in the same physical location and in part through
2 internet-connected learning environments with some degree of pupil
3 control over time, location, and pace of instruction.

4 (b) "Cyber school" means a full-time instructional program of
5 online courses for pupils that may or may not require attendance at
6 a physical school location.

7 (c) "Digital learning" means instruction delivered via a web-
8 based educational delivery system that uses various information
9 technologies to provide a structured learning environment,
10 including online and blended learning instructional methods.

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

20 Sec. 99. (1) From the funds appropriated in section 11, there
21 is allocated for ~~2013-2014~~**2014-2015** an amount not to exceed
22 ~~\$2,850,000.00~~**\$2,750,000.00** from the state school aid fund and an
23 amount not to exceed ~~\$375,000.00~~**\$975,000.00** from the general fund
24 to support the activities and programs of mathematics and science
25 centers and for other purposes as described in this section. In
26 addition, from the federal funds appropriated in section 11, there
27 is allocated for ~~2013-2014~~**2014-2015** an amount estimated at

1 \$5,249,300.00 from DED-OESE, title II, mathematics and science
2 partnership grants.

3 (2) Within a service area designated locally, approved by the
4 department, and consistent with the comprehensive master plan for
5 mathematics and science centers developed by the department and
6 approved by the state board, an established mathematics and science
7 center shall provide 2 or more of the following 6 basic services,
8 as described in the master plan, to constituent districts and
9 communities: leadership, pupil services, curriculum support,
10 community involvement, professional development, and resource
11 clearinghouse services.

12 (3) The department shall not award a state grant under this
13 section to more than 1 mathematics and science center located in a
14 designated region as prescribed in the 2007 master plan unless each
15 of the grants serves a distinct target population or provides a
16 service that does not duplicate another program in the designated
17 region.

18 (4) As part of the technical assistance process, the
19 department shall provide minimum standard guidelines that may be
20 used by the mathematics and science center for providing fair
21 access for qualified pupils and professional staff as prescribed in
22 this section.

23 (5) Allocations under this section to support the activities
24 and programs of mathematics and science centers shall be continuing
25 support grants to all 33 established mathematics and science
26 centers. Each established mathematics and science center that was
27 funded in the immediately preceding fiscal year shall receive state

1 funding in an amount equal to 100% of the amount it was allocated
2 under this subsection for the immediately preceding fiscal year. If
3 a center declines state funding or a center closes, the remaining
4 money available under this section shall be distributed to the
5 remaining centers, as determined by the department.

6 (6) From the funds allocated in subsection (1), there is
7 allocated for ~~2013-2014-2014-2015~~ an amount not to exceed
8 \$750,000.00 in a form and manner determined by the department to
9 those centers able to provide curriculum and professional
10 development support to assist districts in implementing the
11 Michigan merit curriculum components for mathematics and science.
12 Funding under this subsection is in addition to funding allocated
13 under subsection (5).

14 (7) From the ~~state school aid~~ **GENERAL** fund money allocated in
15 subsection (1), there is allocated for ~~2013-2014-2014-2015~~ an
16 amount not to exceed \$100,000.00 ~~in a form and manner determined by~~
17 ~~the department to a single mathematics and science center that is a~~
18 ~~participant in~~ **TO** the Michigan STEM partnership, to be used to
19 administer the grant process under this subsection. From the
20 general fund money allocated in subsection (1), there is allocated
21 for ~~2013-2014-2014-2015~~ an amount not to exceed ~~\$375,000.00~~
22 **\$875,000.00** to the Michigan STEM partnership to be used for a
23 competitive grant process to award competitive grants to
24 organizations conducting student-focused, project-based programs
25 and competitions, either in the classroom or extracurricular, in
26 science, technology, engineering, and mathematics subjects such as,
27 but not limited to, robotics, coding, and design-build-test

1 projects, from pre-kindergarten through college level. Funding
2 under this subsection is in addition to funding allocated under
3 subsection (5) and shall be used for connecting mathematics and
4 science centers for science, technology, engineering, and
5 mathematics purposes **AND TO SUPPORT THE GOALS OF THE MICHIGAN STEM**
6 **PARTNERSHIP**. A program receiving funds under section 99h may not
7 receive funds under this subsection.

8 (8) In order to receive state or federal funds under this
9 section, a grant recipient shall allow access for the department or
10 the department's designee to audit all records related to the
11 program for which it receives such funds. The grant recipient shall
12 reimburse the state for all disallowances found in the audit.

13 (9) Not later than September 30, ~~2013~~, **2018**, the department
14 shall reevaluate and update the comprehensive master plan described
15 in subsection (1).

16 (10) The department shall give preference in awarding the
17 federal grants allocated in subsection (1) to eligible existing
18 mathematics and science centers.

19 (11) In order to receive state funds under this section, a
20 grant recipient shall provide at least a 10% local match from local
21 public or private resources for the funds received under this
22 section.

23 (12) Not later than July 1 of each year, a mathematics and
24 science center that receives funds under this section shall report
25 to the department in a form and manner prescribed by the department
26 on the following performance measures:

27 (a) Statistical change in pre- and post-assessment scores for

1 students who enrolled in mathematics and science activities
2 provided to districts by the mathematics and science center.

3 (b) Statistical change in pre- and post-assessment scores for
4 teachers who enrolled in professional development activities
5 provided by the mathematics and science center.

6 (13) As used in this section:

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

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

10 Sec. 99h. (1) From the appropriation in section 11, there is
11 allocated an amount not to exceed ~~\$3,000,000.00~~ **\$2,000,000.00** for
12 ~~2013-2014-2014-2015~~ for competitive grants to districts that
13 provide pupils in grades 7 to 12 with expanded opportunities to
14 improve mathematics, science, and technology skills by
15 participating in events hosted by a science and technology
16 development program known as FIRST (for inspiration and recognition
17 of science and technology) robotics.

18 (2) A district applying for a FIRST tech challenge or FIRST
19 robotics competition program grant shall submit an application in a
20 form and manner determined by the department. To be eligible for a
21 grant, a district shall demonstrate in its application that the
22 district has established a partnership for the purposes of the
23 FIRST program with at least 1 sponsor, business entity, higher
24 education institution, or technical school.

25 (3) The department shall distribute the grant funding under
26 this section for the following purposes:

27 (a) ~~Except as otherwise provided in subparagraph (iii), an~~

1 ~~amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to districts to
2 pay for stipends of \$1,500.00 for 1 coach per team, distributed as
3 follows:

4 (i) Not more than 500 stipends for coaches of high school
5 teams, including existing teams.

6 (ii) Not more than 100 stipends for coaches of middle school or
7 junior high teams, including existing teams.

8 (iii) If the requests for stipends exceed the numbers of
9 stipends allowed under subparagraphs (i) and (ii), and if there is
10 funding remaining unspent under subdivisions (b) and (c), the
11 department shall use that remaining unspent funding for grants to
12 districts to pay for additional stipends in a manner that expands
13 the geographical distribution of teams.

14 (b) ~~An amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to
15 districts for event registrations, materials, travel costs, and
16 other expenses associated with the preparation for and attendance
17 at FIRST tech challenge and FIRST robotics competitions. Each grant
18 recipient shall provide a local match from other private or local
19 funds for the funds received under this subdivision equal to at
20 least 50% of the costs of participating in an event. The department
21 shall set maximum grant amounts under this subdivision in a manner
22 that maximizes the number of teams that will be able to receive
23 funding.

24 (c) ~~An amount estimated at \$1,000,000.00 for grants~~ **GRANTS** to
25 districts for awards to teams that advance to the state and world
26 championship competitions. The department shall determine an equal
27 amount per team for those teams that advance to the state

1 championship and a second equal award amount to those teams that
2 advance to the world championship.

3 (4) The funds allocated under this section are a work project
4 appropriation, and any unexpended funds for ~~2013-2014-2014-2015~~ are
5 carried forward into ~~2014-2015-~~**2015-2016**. The purpose of the work
6 project is to continue to implement the projects described under
7 subsection (1). The estimated completion date of the work project
8 is September 30, ~~2016-~~**2017**.

9 Sec. 101. (1) To be eligible to receive state aid under this
10 article, not later than the fifth Wednesday after the pupil
11 membership count day and not later than the fifth Wednesday after
12 the supplemental count day, each district superintendent shall
13 submit to the center and the intermediate superintendent, in the
14 form and manner prescribed by the center, the number of pupils
15 enrolled and in regular daily attendance in the district as of the
16 pupil membership count day and as of the supplemental count day, as
17 applicable, for the current school year. In addition, a district
18 maintaining school during the entire year, as provided under
19 section 1561 of the revised school code, MCL 380.1561, shall submit
20 to the center and the intermediate superintendent, in the form and
21 manner prescribed by the center, the number of pupils enrolled and
22 in regular daily attendance in the district for the current school
23 year pursuant to rules promulgated by the superintendent. Not later
24 than the sixth Wednesday after the pupil membership count day and
25 not later than the sixth Wednesday after the supplemental count
26 day, the district shall certify the data in a form and manner
27 prescribed by the center and file the certified data with the

1 intermediate superintendent. If a district fails to submit and
2 certify the attendance data, as required under this subsection, the
3 center shall notify the department and state aid due to be
4 distributed under this article shall be withheld from the
5 defaulting district immediately, beginning with the next payment
6 after the failure and continuing with each payment until the
7 district complies with this subsection. If a district does not
8 comply with this subsection by the end of the fiscal year, the
9 district forfeits the amount withheld. A person who willfully
10 falsifies a figure or statement in the certified and sworn copy of
11 enrollment shall be punished in the manner prescribed by section
12 161.

13 (2) To be eligible to receive state aid under this article,
14 not later than the twenty-fourth Wednesday after the pupil
15 membership count day and not later than the twenty-fourth Wednesday
16 after the supplemental count day, an intermediate district shall
17 submit to the center, in a form and manner prescribed by the
18 center, the audited enrollment and attendance data for the pupils
19 of its constituent districts and of the intermediate district. If
20 an intermediate district fails to submit the audited data as
21 required under this subsection, state aid due to be distributed
22 under this article shall be withheld from the defaulting
23 intermediate district immediately, beginning with the next payment
24 after the failure and continuing with each payment until the
25 intermediate district complies with this subsection. If an
26 intermediate district does not comply with this subsection by the
27 end of the fiscal year, the intermediate district forfeits the

1 amount withheld.

2 (3) Except as otherwise provided in subsections (11) and (12),
3 all of the following apply to the provision of pupil instruction:

4 (a) Except as otherwise provided in this section, each
5 district shall provide at least 1,098 hours and, beginning in 2010-
6 2011, the required minimum number of days of pupil instruction.

7 ~~Beginning in 2012-2013, the required minimum number of days of~~
8 ~~pupil instruction is 170.~~ Beginning in 2014-2015, the required
9 minimum number of days of pupil instruction is 175. However, all of
10 the following apply to these requirements:

11 ~~—— (i) Except as otherwise provided in subparagraph (ii), a~~
12 ~~district shall not provide fewer days of pupil instruction than the~~
13 ~~district provided for 2009-2010.~~

14 ~~—— (ii) For 2013-2014 only, if a district is scheduled to provide~~
15 ~~more than 174 days of instruction, the district shall provide at~~
16 ~~least 174 days of instruction and 1,098 hours of pupil instruction.~~

17 ~~—— (iii) If a collective bargaining agreement that provides for at~~
18 ~~least 170 days but less than 175 days, and at least 1,098 hours, of~~
19 ~~pupil instruction is in effect for employees of a district as of~~
20 ~~June 13, 2013, then until the school year that begins after the~~
21 ~~expiration of that collective bargaining agreement the district~~
22 ~~shall provide at least the number of days of pupil instruction~~
23 ~~identified in the collective bargaining agreement, and at least~~
24 ~~1,098 hours of pupil instruction.~~

25 (i) IF A COLLECTIVE BARGAINING AGREEMENT THAT PROVIDES A
26 COMPLETE SCHOOL CALENDAR WAS IN EFFECT FOR EMPLOYEES OF A DISTRICT
27 AS OF JUNE 13, 2013, AND IF THAT SCHOOL CALENDAR IS NOT IN

1 COMPLIANCE WITH THIS SUBSECTION, THEN THIS SUBSECTION DOES NOT
2 APPLY TO THAT DISTRICT UNTIL AFTER THE EXPIRATION OF THAT
3 COLLECTIVE BARGAINING AGREEMENT. IF A DISTRICT ENTERED INTO A
4 COLLECTIVE BARGAINING AGREEMENT AFTER JUNE 30, 2013 AND IF THAT
5 COLLECTIVE BARGAINING AGREEMENT DID NOT PROVIDE FOR AT LEAST 175
6 DAYS OF PUPIL INSTRUCTION BEGINNING IN 2014-2015, THEN THE
7 DEPARTMENT SHALL WITHHOLD FROM THE DISTRICT'S TOTAL STATE SCHOOL
8 AID AN AMOUNT EQUAL TO 5% OF THE FUNDING THE DISTRICT RECEIVES IN
9 2014-2015 UNDER SECTIONS 22A AND 22B.

10 (ii) ~~(iv)~~—A district may apply for a waiver under subsection (9)
11 from the requirements of this subdivision.

12 (B) BEGINNING IN 2016-2017, THE REQUIRED MINIMUM NUMBER OF
13 DAYS OF PUPIL INSTRUCTION IS 180. IF A COLLECTIVE BARGAINING
14 AGREEMENT THAT PROVIDES A COMPLETE SCHOOL CALENDAR WAS IN EFFECT
15 FOR EMPLOYEES OF A DISTRICT AS OF THE EFFECTIVE DATE OF THE
16 AMENDATORY ACT THAT ADDED THIS SUBDIVISION, AND IF THAT SCHOOL
17 CALENDAR IS NOT IN COMPLIANCE WITH THIS SUBDIVISION, THEN THIS
18 SUBDIVISION DOES NOT APPLY TO THAT DISTRICT UNTIL AFTER THE
19 EXPIRATION OF THAT COLLECTIVE BARGAINING AGREEMENT. A DISTRICT MAY
20 APPLY FOR A WAIVER UNDER SUBSECTION (9) FROM THE REQUIREMENTS OF
21 THIS SUBDIVISION.

22 (C) ~~(b)~~—Except as otherwise provided in this article, a
23 district failing to comply with the required minimum hours and days
24 of pupil instruction under this subsection shall forfeit from its
25 total state aid allocation an amount determined by applying a ratio
26 of the number of hours or days the district was in noncompliance in
27 relation to the required minimum number of hours and days under

1 this subsection. Not later than August 1, the board of each
2 district shall certify to the department the number of hours and
3 days of pupil instruction in the previous school year. If the
4 district did not provide at least the required minimum number of
5 hours and days of pupil instruction under this subsection, the
6 deduction of state aid shall be made in the following fiscal year
7 from the first payment of state school aid. A district is not
8 subject to forfeiture of funds under this subsection for a fiscal
9 year in which a forfeiture was already imposed under subsection
10 (6).

11 (D) ~~(e)~~—Hours or days lost because of strikes or teachers'
12 conferences shall not be counted as hours or days of pupil
13 instruction.

14 (E) ~~(d)~~—If a collective bargaining agreement that provides a
15 complete school calendar is in effect for employees of a district
16 as of October 19, 2009, and if that school calendar is not in
17 compliance with this subsection, then this subsection does not
18 apply to that district until after the expiration of that
19 collective bargaining agreement.

20 (F) ~~(e)~~—Except as otherwise provided in subdivisions ~~(f)~~—(G)
21 and ~~(g)~~—(H), a district not having at least 75% of the district's
22 membership in attendance on any day of pupil instruction shall
23 receive state aid in that proportion of 1/180 that the actual
24 percent of attendance bears to the specified percentage.

25 (G) ~~(f)~~—If a district adds 1 or more days of pupil instruction
26 to the end of its instructional calendar for a school year to
27 comply with subdivision (a) because the district otherwise would

1 fail to provide the required minimum number of days of pupil
2 instruction even after the operation of subsection (4) due to
3 conditions not within the control of school authorities, then
4 subdivision ~~(e)~~-(F) does not apply for any day of pupil instruction
5 that is added to the end of the instructional calendar. Instead,
6 for any of those days, if the district does not have at least 60%
7 of the district's membership in attendance on that day, the
8 district shall receive state aid in that proportion of 1/180 that
9 the actual percentage of attendance bears to the specified
10 percentage. For any day of pupil instruction added to the
11 instructional calendar as described in this subdivision, the
12 district shall report to the department the percentage of the
13 district's membership that is in attendance, in the form and manner
14 prescribed by the department.

15 (H) ~~(g)~~—At the request of a district that operates a
16 department-approved alternative education program and that does not
17 provide instruction for pupils in all of grades K to 12, the
18 superintendent may grant a waiver from the requirements of
19 subdivision ~~(e)~~-(F). The waiver shall indicate that an eligible
20 district is subject to the proration provisions of subdivision ~~(e)~~
21 (F) only if the district does not have at least 50% of the
22 district's membership in attendance on any day of pupil
23 instruction. In order to be eligible for this waiver, a district
24 must maintain records to substantiate its compliance with the
25 following requirements:

26 (i) The district offers the minimum hours of pupil instruction
27 as required under this section.

1 (ii) For each enrolled pupil, the district uses appropriate
2 academic assessments to develop an individual education plan that
3 leads to a high school diploma.

4 (iii) The district tests each pupil to determine academic
5 progress at regular intervals and records the results of those
6 tests in that pupil's individual education plan.

7 **(I)** ~~(h)~~ All of the following apply to a waiver granted under
8 subdivision ~~(g)~~ **(H)** :

9 (i) If the waiver is for a blended model of delivery, a waiver
10 that is granted for the 2011-2012 fiscal year or a subsequent
11 fiscal year remains in effect unless it is revoked by the
12 superintendent.

13 (ii) If the waiver is for a 100% online model of delivery and
14 the educational program for which the waiver is granted makes
15 educational services available to pupils for a minimum of at least
16 1,098 hours during a school year and ensures that each pupil
17 participates in the educational program for at least 1,098 hours
18 during a school year, a waiver that is granted for the 2011-2012
19 fiscal year or a subsequent fiscal year remains in effect unless it
20 is revoked by the superintendent.

21 (iii) A waiver that is not a waiver described in subparagraph
22 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
23 to remain in effect.

24 **(J)** ~~(i)~~ The superintendent shall promulgate rules for the
25 implementation of this subsection.

26 (4) Except as otherwise provided in this subsection, the first
27 6 days or the equivalent number of hours for which pupil

1 instruction is not provided because of conditions not within the
2 control of school authorities, such as severe storms, fires,
3 epidemics, utility power unavailability, water or sewer failure, or
4 health conditions as defined by the city, county, or state health
5 authorities, shall be counted as hours and days of pupil
6 instruction. With the approval of the superintendent of public
7 instruction, the department shall count as hours and days of pupil
8 instruction for a fiscal year not more than 6 additional days or
9 the equivalent number of additional hours for which pupil
10 instruction is not provided in a district after April 1 of the
11 applicable school year due to unusual and extenuating occurrences
12 resulting from conditions not within the control of school
13 authorities such as those conditions described in this subsection.
14 Subsequent such hours or days shall not be counted as hours or days
15 of pupil instruction.

16 (5) A district shall not forfeit part of its state aid
17 appropriation because it adopts or has in existence an alternative
18 scheduling program for pupils in kindergarten if the program
19 provides at least the number of hours required under subsection (3)
20 for a full-time equated membership for a pupil in kindergarten as
21 provided under section 6(4).

22 (6) In addition to any other penalty or forfeiture under this
23 section, if at any time the department determines that 1 or more of
24 the following have occurred in a district, the district shall
25 forfeit in the current fiscal year beginning in the next payment to
26 be calculated by the department a proportion of the funds due to
27 the district under this article that is equal to the proportion

1 below the required minimum number of hours and days of pupil
2 instruction under subsection (3), as specified in the following:

3 (a) The district fails to operate its schools for at least the
4 required minimum number of hours and days of pupil instruction
5 under subsection (3) in a school year, including hours and days
6 counted under subsection (4).

7 (b) The board of the district takes formal action not to
8 operate its schools for at least the required minimum number of
9 hours and days of pupil instruction under subsection (3) in a
10 school year, including hours and days counted under subsection (4).

11 (7) In providing the minimum number of hours and days of pupil
12 instruction required under subsection (3), a district shall use the
13 following guidelines, and a district shall maintain records to
14 substantiate its compliance with the following guidelines:

15 (a) Except as otherwise provided in this subsection, a pupil
16 must be scheduled for at least the required minimum number of hours
17 of instruction, excluding study halls, or at least the sum of 90
18 hours plus the required minimum number of hours of instruction,
19 including up to 2 study halls.

20 (b) The time a pupil is assigned to any tutorial activity in a
21 block schedule may be considered instructional time, unless that
22 time is determined in an audit to be a study hall period.

23 (c) Except as otherwise provided in this subdivision, a pupil
24 in grades 9 to 12 for whom a reduced schedule is determined to be
25 in the individual pupil's best educational interest must be
26 scheduled for a number of hours equal to at least 80% of the
27 required minimum number of hours of pupil instruction to be

1 considered a full-time equivalent pupil. A pupil in grades 9 to 12
2 who is scheduled in a 4-block schedule may receive a reduced
3 schedule under this subsection if the pupil is scheduled for a
4 number of hours equal to at least 75% of the required minimum
5 number of hours of pupil instruction to be considered a full-time
6 equivalent pupil.

7 (d) If a pupil in grades 9 to 12 who is enrolled in a
8 cooperative education program or a special education pupil cannot
9 receive the required minimum number of hours of pupil instruction
10 solely because of travel time between instructional sites during
11 the school day, that travel time, up to a maximum of 3 hours per
12 school week, shall be considered to be pupil instruction time for
13 the purpose of determining whether the pupil is receiving the
14 required minimum number of hours of pupil instruction. However, if
15 a district demonstrates to the satisfaction of the department that
16 the travel time limitation under this subdivision would create
17 undue costs or hardship to the district, the department may
18 consider more travel time to be pupil instruction time for this
19 purpose.

20 (e) In grades 7 through 12, instructional time that is part of
21 a junior reserve officer training corps (JROTC) program shall be
22 considered to be pupil instruction time regardless of whether the
23 instructor is a certificated teacher if all of the following are
24 met:

25 (i) The instructor has met all of the requirements established
26 by the United States department of defense and the applicable
27 branch of the armed services for serving as an instructor in the

1 junior reserve officer training corps program.

2 (ii) The board of the district or intermediate district
3 employing or assigning the instructor complies with the
4 requirements of sections 1230 and 1230a of the revised school code,
5 MCL 380.1230 and 380.1230a, with respect to the instructor to the
6 same extent as if employing the instructor as a regular classroom
7 teacher.

8 (8) Except as otherwise provided in subsections (11) and (12),
9 the department shall apply the guidelines under subsection (7) in
10 calculating the full-time equivalency of pupils.

11 (9) Upon application by the district for a particular fiscal
12 year, the superintendent may waive for a district the minimum
13 number of hours and days of pupil instruction requirement of
14 subsection (3) for a department-approved alternative education
15 program or another innovative program approved by the department,
16 including a 4-day school week. If a district applies for and
17 receives a waiver under this subsection and complies with the terms
18 of the waiver, the district is not subject to forfeiture under this
19 section for the specific program covered by the waiver. If the
20 district does not comply with the terms of the waiver, the amount
21 of the forfeiture shall be calculated based upon a comparison of
22 the number of hours and days of pupil instruction actually provided
23 to the minimum number of hours and days of pupil instruction
24 required under subsection (3). Pupils enrolled in a department-
25 approved alternative education program under this subsection shall
26 be reported to the center in a form and manner determined by the
27 center. All of the following apply to a waiver granted under this

1 subsection:

2 (a) If the waiver is for a blended model of delivery, a waiver
3 that is granted for the 2011-2012 fiscal year or a subsequent
4 fiscal year remains in effect unless it is revoked by the
5 superintendent.

6 (b) If the waiver is for a 100% online model of delivery and
7 the educational program for which the waiver is granted makes
8 educational services available to pupils for a minimum of at least
9 1,098 hours during a school year and ensures that each pupil
10 participates in the educational program for at least 1,098 hours
11 during a school year, a waiver that is granted for the 2011-2012
12 fiscal year or a subsequent fiscal year remains in effect unless it
13 is revoked by the superintendent.

14 (c) A waiver that is not a waiver described in subdivision (a)
15 or (b) is valid for 1 fiscal year and must be renewed annually to
16 remain in effect.

17 (10) Until 2014-2015, a district may count up to 38 hours of
18 qualifying professional development for teachers as hours of pupil
19 instruction. However, if a collective bargaining agreement that
20 provides for the counting of up to 38 hours of qualifying
21 professional development for teachers as pupil instruction is in
22 effect for employees of a district as of June 13, 2013, then until
23 the school year that begins after the expiration of that collective
24 bargaining agreement a district may count up to the contractually
25 specified number of hours of qualifying professional development
26 for teachers as hours of pupil instruction. Professional
27 development provided online is allowable and encouraged, as long as

1 the instruction has been approved by the district. The department
2 shall issue a list of approved online professional development
3 providers, which shall include the Michigan virtual school. As used
4 in this subsection, "qualifying professional development" means
5 professional development that is focused on 1 or more of the
6 following:

7 (a) Achieving or improving adequate yearly progress as defined
8 under the no child left behind act of 2001, Public Law 107-110.

9 (b) Achieving accreditation or improving a school's
10 accreditation status under section 1280 of the revised school code,
11 MCL 380.1280.

12 (c) Achieving highly qualified teacher status as defined under
13 the no child left behind act of 2001, Public Law 107-110.

14 (d) Integrating technology into classroom instruction.

15 (e) Maintaining teacher certification.

16 (11) Subsections (3) and (8) do not apply to a school of
17 excellence that is a cyber school, as defined in section 551 of the
18 revised school code, MCL 380.551, and is in compliance with section
19 553a of the revised school code, MCL 380.553a.

20 (12) Subsections (3) and (8) do not apply to eligible pupils
21 enrolled in a dropout recovery program that meets the requirements
22 of section 23a. As used in this subsection, "eligible pupil" means
23 that term as defined in section 23a.

24 (13) Beginning in 2013, at least every 2 years the
25 superintendent shall review the waiver standards set forth in the
26 pupil accounting and auditing manuals to ensure that the waiver
27 standards and waiver process continue to be appropriate and

responsive to changing trends in online learning. The superintendent shall solicit and consider input from stakeholders as part of this review.

[SEC. 102B. (1) FROM THE FUNDS APPROPRIATED IN SECTION 11, THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$3,000,000.00 FOR 2014-2015 FOR REIMBURSEMENTS TO DISTRICTS FOR THE LICENSING OF SCHOOL DATA ANALYTICAL TOOLS AS DESCRIBED UNDER THIS SECTION. THE REIMBURSEMENT IS FOR DISTRICTS THAT CHOOSE TO USE A SCHOOL DATA ANALYTICAL TOOL TO ASSIST THE DISTRICT AND THAT ENTER INTO A LICENSING AGREEMENT FOR A SCHOOL DATA ANALYTICAL TOOL WITH 1 OF THE VENDORS APPROVED BY THE DEPARTMENT UNDER SUBSECTION (2).

(2) NOT LATER THAN OCTOBER 15, 2014, THE DEPARTMENT SHALL REVIEW VENDORS FOR SCHOOL DATA ANALYTICAL TOOLS AND PROVIDE DISTRICTS WITH A LIST OF UP TO 4 APPROVED VENDORS THAT DISTRICTS MAY USE TO BE ELIGIBLE FOR A REIMBURSEMENT PAID UNDER THIS SECTION. FOR A VENDOR TO BE APPROVED UNDER THIS SECTION, THE DEPARTMENT MUST DETERMINE THAT THE SCHOOL DATA ANALYTICAL TOOL SUPPLIED BY THE VENDOR MEETS AT LEAST ALL OF THE FOLLOWING:

(A) ANALYZES FINANCIAL DATA.

(B) ANALYZES ACADEMIC DATA.

(C) PROVIDES EARLY WARNING INDICATORS OF FINANCIAL STRESS.

(D) HAS THE CAPABILITY TO PROVIDE PEER DISTRICT COMPARISONS OF BOTH FINANCIAL AND ACADEMIC DATA.

(E) HAS THE CAPABILITY TO PROVIDE FINANCIAL PROJECTIONS FOR AT LEAST 3 SUBSEQUENT FISCAL YEARS.

(3) FUNDS ALLOCATED UNDER THIS SECTION SHALL BE PAID TO DISTRICTS AS A REIMBURSEMENT FOR ENTERING INTO A LICENSING AGREEMENT WITH A VENDOR APPROVED UNDER SUBSECTION (2) TO IMPLEMENT A SCHOOL DATA ANALYTICAL TOOL. A DISTRICT RECEIVING A REIMBURSEMENT UNDER THIS SECTION SHALL NOT RECEIVE MORE THAN AN AMOUNT EQUAL TO \$2.00 TIMES THE DISTRICT'S MEMBERSHIP.

(4) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION SHALL BE MADE ON A SCHEDULE DETERMINED BY THE DEPARTMENT.]

Sec. 104. (1) In order to receive state aid under this article, a district shall comply with sections 1249, 1278a, 1278b, 1279, 1279g, and 1280b of the revised school code, MCL 380.1249, 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from the state school aid fund money appropriated in section 11, there is allocated for ~~2013-2014~~ **2014-2015** an amount not to exceed \$26,694,400.00 for payments on behalf of districts for costs associated with complying with those provisions of law. In addition, from the federal funds appropriated in section 11, there is allocated for ~~2013-2014~~ **2014-2015** an amount estimated at

15 ~~\$8,250,000.00,~~ **\$6,250,000.00**, funded from DED-OESE, title VI, state
16 assessment funds, and from DED-OSERS, section 504 of part B of the
17 individuals with disabilities education act, Public Law 94-142,
18 plus any carryover federal funds from previous year appropriations,
19 for the purposes of complying with the federal no child left behind
20 act of 2001, Public Law 107-110.

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

27 (3) All federal funds allocated under this section shall be

1 distributed in accordance with federal law and with flexibility
2 provisions outlined in Public Law 107-116, and in the education
3 flexibility partnership act of 1999, Public Law 106-25.

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

8 (5) As used in this section:

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

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

12 (c) "DED-OSERS" means the DED office of special education and
13 rehabilitative services.

14 Sec. 104b. (1) In order to receive state aid under this ~~act,~~
15 **ARTICLE**, a district shall comply with this section and shall
16 administer the Michigan merit examination to pupils in grade 11,
17 and to pupils in grade 12 who did not take the complete Michigan
18 merit examination in grade 11, as provided in this section.

19 (2) For the purposes of this section, the department of
20 **TECHNOLOGY**, management, and budget shall contract with 1 or more
21 providers to develop, supply, and score the Michigan merit
22 examination. The Michigan merit examination shall consist of all of
23 the following:

24 (a) Assessment instruments that measure English language arts,
25 mathematics, reading, and science and are used by colleges and
26 universities in this state for entrance or placement purposes. This
27 shall include a writing component in which the pupil produces an

1 extended writing sample. The Michigan merit examination shall not
2 require any other extended writing sample.

3 (b) One or more tests from 1 or more test developers that
4 assess a pupil's ability to apply at least reading and mathematics
5 skills in a manner that is intended to allow employers to use the
6 results in making employment decisions. The department of
7 **TECHNOLOGY**, management, and budget and the superintendent shall
8 ensure that any test or tests selected under this subdivision have
9 all the components necessary to allow a pupil to be eligible to
10 receive the results of a nationally recognized evaluation of
11 workforce readiness if the pupil's test performance is adequate.

12 (c) A social studies component.

13 (d) Any other component that is necessary to obtain the
14 approval of the United States department of education to use the
15 Michigan merit examination for the purposes of the no child left
16 behind act of 2001, Public Law 107-110.

17 (3) In addition to all other requirements of this section, all
18 of the following apply to the Michigan merit examination:

19 (a) The department of **TECHNOLOGY**, management, and budget and
20 the superintendent shall ensure that any contractor used for
21 scoring the Michigan merit examination supplies an individual
22 report for each pupil that will identify for the pupil's parents
23 and teachers whether the pupil met expectations or failed to meet
24 expectations for each standard, to allow the pupil's parents and
25 teachers to assess and remedy problems before the pupil moves to
26 the next grade.

27 (b) The department of **TECHNOLOGY**, management, and budget and

1 the superintendent shall ensure that any contractor used for
2 scoring, developing, or processing the Michigan merit examination
3 meets quality management standards commonly used in the assessment
4 industry, including at least meeting level 2 of the capability
5 maturity model developed by the software engineering institute of
6 Carnegie Mellon university for the first year the Michigan merit
7 examination is offered to all grade 11 pupils and at least meeting
8 level 3 of the capability maturity model for subsequent years.

9 (c) The department of **TECHNOLOGY**, management, and budget and
10 the superintendent shall ensure that any contract for scoring,
11 administering, or developing the Michigan merit examination
12 includes specific deadlines for all steps of the assessment
13 process, including, but not limited to, deadlines for the correct
14 testing materials to be supplied to schools and for the correct
15 results to be returned to schools, and includes penalties for
16 noncompliance with these deadlines.

17 (d) The superintendent shall ensure that the Michigan merit
18 examination meets all of the following:

19 (i) Is designed to test pupils on grade level content
20 expectations or course content expectations, as appropriate, in all
21 subjects tested.

22 (ii) Complies with requirements of the no child left behind act
23 of 2001, Public Law 107-110.

24 (iii) Is consistent with the code of fair testing practices in
25 education prepared by the joint committee on testing practices of
26 the American psychological association.

27 (iv) Is factually accurate. If the superintendent determines

1 that a question is not factually accurate and should be excluded
2 from scoring, the state board and the superintendent shall ensure
3 that the question is excluded from scoring.

4 (4) A district shall include on each pupil's high school
5 transcript all of the following:

6 (a) For each high school graduate who has completed the
7 Michigan merit examination under this section, the pupil's scaled
8 score on each subject area component of the Michigan merit
9 examination.

10 (b) The number of school days the pupil was in attendance at
11 school each school year during high school and the total number of
12 school days in session for each of those school years.

13 (5) The superintendent shall work with the provider or
14 providers of the Michigan merit examination to produce Michigan
15 merit examination subject area scores for each pupil participating
16 in the Michigan merit examination, including scaling and merging of
17 test items for the different subject area components. The
18 superintendent shall design and distribute to districts,
19 intermediate districts, and nonpublic schools a simple and concise
20 document that describes the scoring for each subject area and
21 indicates the scaled score ranges for each subject area.

22 (6) The Michigan merit examination shall be administered each
23 ~~year after March 1 and before June 1 to pupils in grade 11.~~ **IN EACH**
24 **DISTRICT DURING THE LAST 12 WEEKS OF THE DISTRICT'S SCHOOL YEAR.**

25 The superintendent shall ensure that the Michigan merit examination
26 is scored and the scores are returned to pupils, their parents or
27 legal guardians, and districts not later than the beginning of the

1 pupil's first semester of grade 12. The returned scores shall
2 indicate at least the pupil's scaled score for each subject area
3 component and the range of scaled scores for each subject area. In
4 reporting the scores to pupils, parents, and schools, the
5 superintendent shall provide standards-specific, meaningful, and
6 timely feedback on the pupil's performance on the Michigan merit
7 examination.

8 (7) A district shall administer the complete Michigan merit
9 examination to a pupil only once and shall not administer the
10 complete Michigan merit examination to the same pupil more than
11 once. If a pupil does not take the complete Michigan merit
12 examination in grade 11, the district shall administer the complete
13 Michigan merit examination to the pupil in grade 12. If a pupil
14 chooses to retake the college entrance examination component of the
15 Michigan merit examination, as described in subsection (2)(a), the
16 pupil may do so through the provider of the college entrance
17 examination component and the cost of the retake is the
18 responsibility of the pupil unless all of the following are met:

19 (a) The pupil has taken the complete Michigan merit
20 examination.

21 (b) The pupil did not qualify for a Michigan promise grant
22 under section 6 of the Michigan promise grant act, 2006 PA 479, MCL
23 390.1626, based on the pupil's performance on the complete Michigan
24 merit examination.

25 (c) The pupil meets the income eligibility criteria for free
26 breakfast, lunch, or milk, as determined under the Richard B.
27 Russell national school lunch act, 42 USC 1751 to 1769i.

1 (d) The pupil has applied to the provider of the college
2 entrance examination component for a scholarship or fee waiver to
3 cover the cost of the retake and that application has been denied.

4 (e) After taking the complete Michigan merit examination, the
5 pupil has not already received a free retake of the college
6 entrance examination component paid for either by this state or
7 through a scholarship or fee waiver by the provider.

8 (8) The superintendent shall ensure that the length of the
9 Michigan merit examination and the combined total time necessary to
10 administer all of the components of the Michigan merit examination
11 are the shortest possible that will still maintain the degree of
12 reliability and validity of the Michigan merit examination results
13 determined necessary by the superintendent. The superintendent
14 shall ensure that the maximum total combined length of time that
15 schools are required to set aside for pupils to answer all test
16 questions on the Michigan merit examination does not exceed 8 hours
17 if the superintendent determines that sufficient alignment to
18 applicable Michigan merit curriculum content standards can be
19 achieved within that time limit.

20 (9) A district shall provide accommodations to a pupil with
21 disabilities for the Michigan merit examination, as provided under
22 section 504 of title V of the rehabilitation act of 1973, 29 USC
23 794; subtitle A of title II of the Americans with disabilities act
24 of 1990, 42 USC 12131 to 12134; the individuals with disabilities
25 education act amendments of 1997, Public Law 105-17; and the
26 implementing regulations for those statutes. The provider or
27 providers of the Michigan merit examination and the superintendent

1 shall mutually agree upon the accommodations to be provided under
2 this subsection.

3 (10) To the greatest extent possible, the Michigan merit
4 examination shall be based on grade level content expectations or
5 course content expectations, as appropriate. Not later than July 1,
6 2008, the department shall identify specific grade level content
7 expectations to be taught before and after the middle of grade 11,
8 so that teachers will know what content will be covered within the
9 Michigan merit examination.

10 (11) A child who is a student in a nonpublic school or home
11 school may take the Michigan merit examination under this section.
12 To take the Michigan merit examination, a child who is a student in
13 a home school shall contact the district in which the child
14 resides, and that district shall administer the Michigan merit
15 examination, or the child may take the Michigan merit examination
16 at a nonpublic school if allowed by the nonpublic school. Upon
17 request from a nonpublic school, the superintendent shall direct
18 the provider or providers to supply the Michigan merit examination
19 to the nonpublic school and the nonpublic school may administer the
20 Michigan merit examination. If a district administers the Michigan
21 merit examination under this subsection to a child who is not
22 enrolled in the district, the scores for that child are not
23 considered for any purpose to be scores of a pupil of the district.

24 (12) In contracting under subsection (2), the department of
25 management and budget shall consider a contractor that provides
26 electronically-scored essays with the ability to score constructed
27 response feedback in multiple languages and provide ongoing

1 instruction and feedback.

2 (13) The purpose of the Michigan merit examination is to
3 assess pupil performance in mathematics, science, social studies,
4 and English language arts for the purpose of improving academic
5 achievement and establishing a statewide standard of competency.
6 The assessment under this section provides a common measure of data
7 that will contribute to the improvement of Michigan schools'
8 curriculum and instruction by encouraging alignment with Michigan's
9 curriculum framework standards and promotes pupil participation in
10 higher level mathematics, science, social studies, and English
11 language arts courses. These standards are based upon the
12 expectations of what pupils should learn through high school and
13 are aligned with national standards.

14 (14) For a pupil enrolled in a middle college program, other
15 than a middle college operated as a shared educational entity or a
16 specialized shared educational entity, if the pupil receives at
17 least 50% of his or her instruction at the high school while in
18 grade 11, the Michigan merit examination shall be administered to
19 the pupil at the high school at which the pupil receives high
20 school instruction, and the department shall include the pupil's
21 scores on the Michigan merit examination in the scores for that
22 high school for all purposes for which a school's or district's
23 results are reported. The department shall allow the middle college
24 program to use a 5-year graduation rate for determining adequate
25 yearly progress. As used in this subsection, "middle college" means
26 a program consisting of a series of courses and other requirements
27 and conditions, including an early college or other program created

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1 under a memorandum of understanding, that allows a pupil to
2 graduate from high school with both a high school diploma and a
3 certificate or degree from a community college or state public
4 university.

5 (15) As used in this section:

6 (a) "English language arts" means reading and writing.

7 (b) "Social studies" means United States history, world
8 history, world geography, economics, and American government.

9 [SEC. 104C. (1) IN ORDER TO RECEIVE STATE AID UNDER THIS ARTICLE, A
10 DISTRICT SHALL ADMINISTER THE STATE ASSESSMENTS DESCRIBED IN THIS
11 SECTION.

12 (2) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL DEVELOP
13 FOR USE IN THE SPRING OF 2014-2015 AND 2015-2016 NEW MICHIGAN EDUCATION
14 ASSESSMENT PROGRAM (MEAP) ASSESSMENTS IN ENGLISH LANGUAGE ARTS AND
15 MATHEMATICS. THESE ASSESSMENTS SHALL BE ALIGNED TO STATE STANDARDS.

16 (3) FOR THE PURPOSES OF THIS SECTION, THE DEPARTMENT SHALL
17 IMPLEMENT BEGINNING IN THE 2016-2017 SCHOOL YEAR A SUMMATIVE ASSESSMENT
18 SYSTEM FOR ADMINISTRATION TO PUPILS AS PROVIDED UNDER THIS SUBSECTION.
19 THE SUMMATIVE ASSESSMENT SYSTEM SHALL MEET ALL OF THE FOLLOWING
20 REQUIREMENTS:

21 (A) THE SUMMATIVE ASSESSMENT SYSTEM SHALL MEASURE STUDENT
22 PROFICIENCY ON THE CURRENT STATE STANDARDS, SHALL MEASURE STUDENT GROWTH
23 FOR CONSECUTIVE GRADE LEVELS IN WHICH STUDENTS ARE ASSESSED IN THE SAME
24 SUBJECT AREA IN BOTH GRADE LEVELS, AND SHALL BE CAPABLE OF MEASURING
25 INDIVIDUAL STUDENT PERFORMANCE.

26 (B) THE SUMMATIVE ASSESSMENTS FOR ENGLISH LANGUAGE ARTS AND
27 MATHEMATICS SHALL BE ADMINISTERED TO ALL PUBLIC SCHOOL PUPILS IN GRADES 3

1 TO 10, INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS WITH
2 DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I OF THE
3 FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

4 (C) THE SUMMATIVE ASSESSMENTS FOR SCIENCE SHALL BE ADMINISTERED TO
5 ALL PUBLIC SCHOOL PUPILS IN GRADES 5 AND 8 ONLY, INCLUDING THOSE PUPILS
6 AS REQUIRED BY THE FEDERAL INDIVIDUALS WITH DISABILITIES EDUCATION ACT,
7 PUBLIC LAW 108-446, AND BY TITLE I OF THE FEDERAL ELEMENTARY AND
8 SECONDARY EDUCATION ACT.

9 (D) THE SUMMATIVE ASSESSMENTS FOR SOCIAL STUDIES SHALL BE
10 ADMINISTERED TO ALL PUBLIC SCHOOL PUPILS IN GRADES 6 AND 9 ONLY,
11 INCLUDING THOSE PUPILS AS REQUIRED BY THE FEDERAL INDIVIDUALS WITH
12 DISABILITIES EDUCATION ACT, PUBLIC LAW 108-446, AND BY TITLE I OF THE
FEDERAL ELEMENTARY AND SECONDARY EDUCATION ACT.

(E) THE CONTENT OF THE SUMMATIVE ASSESSMENTS SHALL BE ALIGNED TO
STATE STANDARDS.

(F) THE CONTENT OF THE SUMMATIVE ASSESSMENTS SHALL BE SELECTED FROM
A POOL OF QUESTIONS INDISTINGUISHABLY POPULATED WITH QUESTIONS FROM
PREVIOUS YEARS AS WELL AS FROM THE CURRENT YEAR. THIS POOL OF QUESTIONS
SHALL BE SUBJECT TO A TRANSPARENT REVIEW PROCESS FOR QUALITY, BIAS, AND
SENSITIVE ISSUES INVOLVING PUBLIC REVIEW AND COMMENT. THE DEPARTMENT IS
ENCOURAGED TO POST SAMPLE TESTS FEATURING QUESTIONS FROM THIS POOL FOR
REVIEW BY THE PUBLIC.

(G) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT STUDENTS,
PARENTS, AND TEACHERS ARE PROVIDED WITH REPORTS THAT CONVEY INDIVIDUAL
STUDENT PROFICIENCY AND GROWTH ON THE ASSESSMENT AND THAT CONVEY
INDIVIDUAL STUDENT PERFORMANCE ON INDIVIDUAL ASSESSMENT ITEMS AND
INDIVIDUAL STUDENT PERFORMANCE IN MEETING STATE STANDARDS.

(H) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT STUDENTS,
PARENTS, TEACHERS, ADMINISTRATORS, AND COMMUNITY MEMBERS ARE PROVIDED
WITH REPORTS THAT CONVEY AGGREGATE STUDENT PROFICIENCY AND GROWTH DATA BY
TEACHER, GRADE, SCHOOL, AND DISTRICT.

(I) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THE CAPABILITY OF
REPORTING THE NECESSARY DATA TO SUPPORT EDUCATOR EVALUATIONS.

(J) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE REPORTS
PROVIDED TO DISTRICTS CONTAINING INDIVIDUAL STUDENT DATA ARE AVAILABLE AS
FOLLOWS:

(i) FOR COMPUTER-BASED ASSESSMENTS WITHOUT WRITTEN ANSWERS, WITHIN
1 WEEK AFTER COMPLETION OF THE ASSESSMENTS.

(ii) FOR PAPER AND PENCIL ASSESSMENTS WITHOUT WRITTEN ANSWERS,

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 COMPUTER-BASED ASSESSMENTS WITH WRITTEN ANSWERS, AND PAPER AND PENCIL
 ASSESSMENTS WITH WRITTEN ANSWERS, WITHIN 3 WEEKS AFTER COMPLETION OF THE
 ASSESSMENTS.

(K) THE ASSESSMENTS SHALL BE CAPABLE OF BEING IMPLEMENTED STATEWIDE
 IN A FULLY OPERATIONAL MANNER NO LATER THAN THE 2016-2017 SCHOOL YEAR.

(L) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT ACCESS TO
 INDIVIDUALLY IDENTIFIABLE STUDENT DATA MEETS ALL OF THE FOLLOWING:

(i) IS IN COMPLIANCE WITH 20 USC 1232G, COMMONLY REFERRED TO AS THE
 FAMILY EDUCATIONAL RIGHTS AND PRIVACY ACT OF 1974.

(ii) EXCEPT AS MAY BE PROVIDED FOR IN AN AGREEMENT WITH A VENDOR TO
 PROVIDE ASSESSMENT SERVICES, OR AS NECESSARY TO SUPPORT EDUCATOR
 EVALUATIONS PURSUANT TO SUBDIVISION (I), IS AVAILABLE ONLY TO THE
 STUDENT; TO THE STUDENT'S PARENT OR LEGAL GUARDIAN; AND TO A SCHOOL
 ADMINISTRATOR OR TEACHER, TO THE EXTENT THAT HE OR SHE HAS A LEGITIMATE
 EDUCATIONAL INTEREST.

(M) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE
 ASSESSMENTS ARE PILOT TESTED AND VALIDATED BEFORE STATEWIDE
 IMPLEMENTATION.

(N) THE SUMMATIVE ASSESSMENT SYSTEM SHALL ENSURE THAT THE MAXIMUM
 TOTAL COMBINED LENGTH OF TIME THAT SCHOOLS ARE REQUIRED TO SET ASIDE FOR
 A PUPIL TO ANSWER ALL TEST QUESTIONS ON ALL ASSESSMENTS THAT ARE PART OF
 THE SYSTEM FOR THE PUPIL'S GRADE LEVEL DOES NOT EXCEED THAT MAXIMUM
 COMBINED TOTAL COMBINED LENGTH OF TIME FOR THE PREVIOUS STATEWIDE
 ASSESSMENT SYSTEM.

(O) THE TOTAL COST OF EXECUTING THE SUMMATIVE ASSESSMENT SYSTEM
 STATEWIDE EACH YEAR SHALL NOT EXCEED AN AMOUNT EQUAL TO 2 TIMES THE COST
 OF EXECUTING THE PREVIOUS STATEWIDE ASSESSMENT AFTER ADJUSTMENT FOR
 INFLATION.

(4) TO BEGIN THE PROCESS REQUIRED UNDER SUBSECTION (3), NOT LATER
 THAN SEPTEMBER 1, 2014, THE DEPARTMENT SHALL ISSUE A REQUEST FOR
 PROPOSALS FOR THE SUMMATIVE ASSESSMENT SYSTEM DESCRIBED IN THAT
 SUBSECTION.

(5) THIS SECTION DOES NOT PROHIBIT DISTRICTS FROM ADOPTING INTERIM
 ASSESSMENTS.

(6) AS USED IN THIS SECTION, "ENGLISH LANGUAGE ARTS" MEANS THAT
 TERM AS DEFINED IN SECTION 104B.]

13 Sec. 107. (1) From the appropriation in section 11, there is
 14 allocated an amount not to exceed \$22,000,000.00 for ~~2013-2014~~
 15 ~~2014-2015~~ for adult education programs authorized under this
 16 section. Funds allocated under this section are restricted for
 17 adult education programs as authorized under this section only. A
 18 recipient of funds under this section shall not use those funds for
 19 any other purpose.

20 (2) To be eligible for funding under this section, a program
 21 shall employ certificated teachers and qualified administrative
 22 staff and shall offer continuing education opportunities for
 23 teachers to allow them to maintain certification.

24 (3) To be eligible to be a participant funded under this
 25 section, a person shall be enrolled in an adult basic education
 26 program, an adult English as a second language program, a general
 27 educational development (G.E.D.) test preparation program, a job-

1 or employment-related program, or a high school completion program,
2 that meets the requirements of this section, **AND FOR WHICH**
3 **INSTRUCTION IS PROVIDED**, and shall meet either of the following, as
4 applicable:

5 (a) If the individual has obtained a high school diploma or a
6 general educational development (G.E.D.) certificate, the
7 individual meets 1 of the following:

8 (i) Is less than 20 years of age on September 1 of the school
9 year and is enrolled in the Michigan career and technical
10 institute.

11 (ii) Is less than 20 years of age on September 1 of the school
12 year, is not attending an institution of higher education, and is
13 enrolled in a job- or employment-related program through a referral
14 by an employer **OR BY A MICHIGAN WORKFORCE AGENCY**.

15 (iii) Is enrolled in an English as a second language program.

16 (iv) Is enrolled in a high school completion program.

17 (b) If the individual has not obtained a high school diploma
18 or G.E.D. certificate, the individual meets 1 of the following:

19 (i) Is at least 20 years of age on September 1 of the school
20 year.

21 (ii) Is at least 16 years of age on September 1 of the school
22 year, has been permanently expelled from school under section
23 1311(2) or 1311a of the revised school code, MCL 380.1311 and
24 380.1311a, and has no appropriate alternative education program
25 available through his or her district of residence.

26 ~~—— (4) Except as otherwise provided in subsection (5), the money~~
27 ~~allocated under this section shall be distributed as follows:~~

~~1 (a) For districts and consortia that received payments for
2 2012-2013 under this section, the amount allocated to each for
3 2013-2014 shall be based on the number of participants served by
4 the district or consortium for 2013-2014, using the amount
5 allocated per full-time equated participant under subsection (7),
6 up to a maximum total allocation under this subsection in an amount
7 equal to the amount the district or consortium received for 2012-
8 2013 under this section before any reallocations made for 2012-2013
9 under subsection (5).~~

~~10 (b) A district or consortium that received funding in 2012-
11 2013 under this section may operate independently of a consortium
12 or join or form a consortium for 2013-2014. The allocation for
13 2013-2014 to the district or the newly formed consortium under this
14 subsection shall be determined by the department and shall be based
15 on the proportion of the amounts that are attributable to the
16 district or consortium that received funding in 2012-2013. A
17 district or consortium described in this subdivision shall notify
18 the department of its intention with regard to 2013-2014 by October
19 1, 2013.~~

~~20 (5) A district that operated an adult education program in
21 2012-2013 and does not intend to operate a program in 2013-2014
22 shall notify the department by October 1, 2013 of its intention.
23 The money intended to be allocated under this section to a district
24 that does not operate a program in 2013-2014 and the unspent money
25 originally allocated under this section to a district or consortium
26 that subsequently operates a program at less than the level of
27 funding allocated under subsection (4) and any other unallocated~~

~~money under this section shall instead be proportionately
reallocated to the other districts described in subsection (4)(a)
that are operating an adult education program in 2013-2014 under
this section.~~

(4) FROM THE FUNDS ALLOCATED UNDER SUBSECTION (1), AN AMOUNT SHALL BE ALLOCATED TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT FOR ADULT EDUCATION PROGRAMS IN EACH OF THE 10 PROSPERITY REGIONS IDENTIFIED BY THE DEPARTMENT. AN INTERMEDIATE DISTRICT MAY NOT USE ANY FUNDS ALLOCATED UNDER THIS SECTION FOR ADMINISTRATION COSTS FOR SERVING AS THE FISCAL AGENT. FOR 2014-2015, 67% OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT SHALL BE BASED ON THE PROPORTION OF TOTAL FUNDING FORMERLY RECEIVED BY THE ADULT EDUCATION PROVIDERS IN THAT PROSPERITY REGION IN 2013-2014, AND 33% SHALL BE ALLOCATED BASED ON THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). FOR 2015-2016, 33% OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT SHALL BE BASED UPON THE PROPORTION OF TOTAL FUNDING FORMERLY RECEIVED BY THE ADULT EDUCATION PROVIDERS IN THAT PROSPERITY REGION IN 2013-2014 AND 67% OF THE ALLOCATION SHALL BE BASED UPON THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). FOR 2016-2017, 100% OF THE ALLOCATION PROVIDED TO EACH INTERMEDIATE DISTRICT SERVING AS A FISCAL AGENT SHALL BE BASED ON THE FACTORS IN SUBDIVISIONS (A), (B), AND (C). THE FUNDING FACTORS FOR THIS SECTION ARE AS FOLLOWS:

(A) SIXTY PERCENT OF THIS PORTION OF THE FUNDING SHALL BE DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF INDIVIDUALS BETWEEN THE AGES OF 18 AND 24 THAT ARE NOT HIGH SCHOOL

1 GRADUATES THAT RESIDES IN EACH OF THE PROSPERITY REGIONS, AS
2 REPORTED BY THE MOST RECENT 5-YEAR ESTIMATES FROM THE AMERICAN
3 COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS BUREAU.

4 (B) THIRTY-FIVE PERCENT OF THIS PORTION OF THE FUNDING SHALL
5 BE DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
6 INDIVIDUALS AGE 25 OR OLDER WHO ARE NOT HIGH SCHOOL GRADUATES THAT
7 RESIDES IN EACH OF THE PROSPERITY REGIONS, AS REPORTED BY THE MOST
8 RECENT 5-YEAR ESTIMATES FROM THE AMERICAN COMMUNITY SURVEY (ACS)
9 FROM THE UNITED STATES CENSUS BUREAU.

10 (C) FIVE PERCENT OF THIS PORTION OF THE FUNDING SHALL BE
11 DISTRIBUTED BASED UPON THE PROPORTION OF THE STATE POPULATION OF
12 INDIVIDUALS AGE 18 OR OLDER WHO LACK BASIC ENGLISH LANGUAGE
13 PROFICIENCY THAT RESIDES IN EACH OF THE PROSPERITY REGIONS, AS
14 REPORTED BY THE MOST RECENT 5-YEAR ESTIMATES FROM THE AMERICAN
15 COMMUNITY SURVEY (ACS) FROM THE UNITED STATES CENSUS BUREAU.

16 (5) TO BE AN ELIGIBLE FISCAL AGENT, AN INTERMEDIATE DISTRICT
17 MUST AGREE TO DO THE FOLLOWING IN A FORM AND MANNER DETERMINED BY
18 THE DEPARTMENT:

19 (A) DISTRIBUTE FUNDS TO ADULT EDUCATION PROGRAMS IN A
20 PROSPERITY REGION AS DESCRIBED IN THIS SECTION.

21 (B) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE
22 WORKFORCE DEVELOPMENT BOARDS LOCATED IN THE PROSPERITY REGION TO
23 DEVELOP A REGIONAL STRATEGY THAT ALIGNS ADULT EDUCATION PROGRAMS
24 AND SERVICES INTO AN EFFICIENT AND EFFECTIVE DELIVERY SYSTEM FOR
25 ADULT EDUCATION LEARNERS.

26 (C) COLLABORATE WITH EDUCATION ADVISORY GROUPS OF THE
27 WORKFORCE DEVELOPMENT BOARDS LOCATED IN THE PROSPERITY REGION TO

1 CREATE A LOCAL PROCESS AND CRITERIA THAT WILL IDENTIFY ELIGIBLE
2 ADULT EDUCATION PROVIDERS TO RECEIVE FUNDS ALLOCATED UNDER THIS
3 SECTION BASED ON LOCATION, DEMAND FOR SERVICES, AND COST TO PROVIDE
4 INSTRUCTIONAL SERVICES. ALL LOCAL PROCESSES, CRITERIA, AND PROVIDER
5 DETERMINATIONS MUST BE APPROVED BY THE DEPARTMENT BEFORE FUNDS MAY
6 BE DISTRIBUTED TO THE FISCAL AGENT.

7 (D) REPORT ADULT EDUCATION PROGRAM AND PARTICIPANT DATA AND
8 INFORMATION AS PRESCRIBED BY THE DEPARTMENT.

9 (6) The amount allocated under this section per full-time
10 equated participant ~~is~~ **SHALL NOT EXCEED** \$2,850.00 for a 450-hour
11 program. The amount shall be proportionately reduced for a program
12 offering less than 450 hours of instruction.

13 (7) An adult basic education program or an adult English as a
14 second language program operated on a year-round or school year
15 basis may be funded under this section, subject to all of the
16 following:

17 (a) The program enrolls adults who are determined by a
18 department-approved assessment, in a form and manner prescribed by
19 the department, to be below ninth grade level in reading or
20 mathematics, or both, or to lack basic English proficiency.

21 (b) The program tests individuals for eligibility under
22 subdivision (a) before enrollment and upon completion of the
23 program in compliance with the state-approved assessment policy.

24 (c) A participant in an adult basic education program is
25 eligible for reimbursement until 1 of the following occurs:

26 (i) The participant's reading and mathematics proficiency are
27 assessed at or above the ninth grade level.

1 (ii) The participant fails to show progress on 2 successive
2 assessments after having completed at least 450 hours of
3 instruction.

4 (d) A funding recipient enrolling a participant in an English
5 as a second language program is eligible for funding according to
6 subsection (11) until the participant meets 1 of the following:

7 (i) The participant is assessed as having attained basic
8 English proficiency as determined by a department-approved
9 assessment.

10 (ii) The participant fails to show progress on 2 successive
11 department-approved assessments after having completed at least 450
12 hours of instruction. The department shall provide information to a
13 funding recipient regarding appropriate assessment instruments for
14 this program.

15 (8) A general educational development (G.E.D.) test
16 preparation program operated on a year-round or school year basis
17 may be funded under this section, subject to all of the following:

18 (a) The program enrolls adults who do not have a high school
19 diploma.

20 (b) The program shall administer a ~~G.E.D.~~ pre-test approved by
21 the department before enrolling an individual to determine the
22 individual's **LITERACY LEVELS, SHALL ADMINISTER A G.E.D. PRACTICE**
23 **TEST TO DETERMINE THE INDIVIDUAL'S** potential for success on the
24 G.E.D. test, and shall administer a post-test upon completion of
25 the program in compliance with the state-approved assessment
26 policy.

27 (c) A funding recipient shall receive funding according to

1 subsection (11) for a participant, and a participant may be
2 enrolled in the program until 1 of the following occurs:

3 (i) The participant ~~passes~~**OBTAINS** the G.E.D. ~~test~~.

4 (ii) The participant fails to show progress on 2 successive
5 department-approved assessments used to determine readiness to take
6 the G.E.D. test after having completed at least 450 hours of
7 instruction.

8 (9) A high school completion program operated on a year-round
9 or school year basis may be funded under this section, subject to
10 all of the following:

11 (a) The program enrolls adults who do not have a high school
12 diploma.

13 (b) The program tests participants described in subdivision
14 (a) before enrollment and upon completion of the program in
15 compliance with the state-approved assessment policy.

16 (c) A funding recipient shall receive funding according to
17 subsection (11) for a participant in a course offered under this
18 subsection until 1 of the following occurs:

19 (i) The participant passes the course and earns a high school
20 diploma.

21 (ii) The participant fails to earn credit in 2 successive
22 semesters or terms in which the participant is enrolled after
23 having completed at least 900 hours of instruction.

24 (10) A job- or employment-related adult education program
25 operated on a year-round or school year basis may be funded under
26 this section, subject to all of the following:

27 (a) The program enrolls adults referred by their employer who

1 are less than 20 years of age, have a high school diploma, are
2 determined to be in need of remedial mathematics or communication
3 arts skills and are not attending an institution of higher
4 education.

5 (b) The program tests participants described in subdivision
6 (a) before enrollment and upon completion of the program in
7 compliance with the department-approved assessment policy.

8 (c) An individual may be enrolled in this program and the
9 grant recipient shall receive funding according to subsection (11)
10 until 1 of the following occurs:

11 (i) The individual achieves the requisite skills as determined
12 by department-approved assessment instruments.

13 (ii) The individual fails to show progress on 2 successive
14 assessments after having completed at least 450 hours of
15 instruction.

16 (11) A funding recipient shall receive payments under this
17 section in accordance with the following:

18 (a) ~~Ninety~~ **SEVENTY-FIVE** percent for enrollment of eligible
19 participants.

20 (b) ~~Ten~~ **TWENTY-FIVE** percent for **PARTICIPANT** completion of the
21 adult basic education objectives by achieving an ~~increase of at~~
22 ~~least 1 grade level of proficiency in reading or mathematics;~~
23 **EDUCATIONAL GAIN AS DETERMINED BY THE NATIONAL REPORTING SYSTEM**
24 **LEVELS;** for achieving basic English proficiency; ~~, as defined by~~
25 ~~the department in the adult education guidebook;~~ for obtaining a
26 G.E.D. or passage of 1 or more individual G.E.D. tests; for
27 attainment of a high school diploma or passage of a course required

1 for a participant to attain a high school diploma; ~~or for~~
 2 ~~completion of the course and demonstrated proficiency in the~~
 3 ~~academic skills to be learned in the course, FOR ENROLLMENT IN A~~
 4 **POSTSECONDARY INSTITUTION, OR FOR ENTRY INTO OR RETENTION OF**
 5 **EMPLOYMENT**, as applicable.

6 ~~—— (12) As used in this section, "participant" means the sum of~~
 7 ~~the number of full-time equated individuals enrolled in and~~
 8 ~~attending a department-approved adult education program under this~~
 9 ~~section, using quarterly participant count days on the schedule~~
 10 ~~described in section 6(7)(b).~~

11 (12) ~~(13)~~ A person who is not eligible to be a participant
 12 funded under this section may receive adult education services upon
 13 the payment of tuition. In addition, a person who is not eligible
 14 to be served in a program under this section due to the program
 15 limitations specified in subsection (7), (8), (9), or (10) may
 16 continue to receive adult education services in that program upon
 17 the payment of tuition. The tuition level shall be determined by
 18 the local or intermediate district conducting the program.

19 (13) ~~(14)~~ An individual who is an inmate in a state
 20 correctional facility shall not be counted as a participant under
 21 this section.

22 (14) ~~(15)~~ A district **FUNDING RECIPIENT** shall not commingle
 23 money received under this section or from another source for adult
 24 education purposes with any other funds ~~of the district. A district~~
 25 ~~receiving adult education funds AND~~ shall establish a separate
 26 ledger account for ~~these funds~~ **RECEIVED UNDER THIS SECTION**. This
 27 subsection does not prohibit a district from using general funds of

1 the district to support an adult education or community education
2 program.

3 (15) ~~(16) A district or intermediate district~~ **FUNDING**
4 **RECIPIENT** receiving funds under this section may establish a
5 sliding scale of tuition rates based upon a participant's family
6 income. A ~~district or intermediate district~~ **FUNDING RECIPIENT** may
7 charge a participant tuition to receive adult education services
8 under this section from that sliding scale of tuition rates on a
9 uniform basis. The amount of tuition charged per participant shall
10 not exceed the actual operating cost per participant minus any
11 funds received under this section per participant. A ~~district or~~
12 ~~intermediate district~~ **FUNDING RECIPIENT** may not charge a
13 participant tuition under this section if the participant's income
14 is at or below 200% of the federal poverty guidelines published by
15 the United States department of health and human services.

16 (16) ~~(17)~~ In order to receive funds under this section, a
17 ~~district~~ **FUNDING RECIPIENT** shall furnish to the department, in a
18 form and manner determined by the department, all information
19 needed to administer this program and meet federal reporting
20 requirements; shall allow the department or the department's
21 designee to review all records related to the program for which it
22 receives funds; and shall reimburse the state for all disallowances
23 found in the review, as determined by the department.

24 (17) ~~(18)~~ All intermediate district participant audits of
25 adult education programs shall be performed pursuant to the adult
26 education participant auditing and accounting manuals published by
27 the department.

~~1 (19) It is the intent of the legislature to study allocating
2 funds under this section on a competitive basis beginning for 2014-
3 2015.~~

4 (18) ~~(20)~~ As used in this section: ~~,"department"~~

5 (A) "DEPARTMENT" means the Michigan strategic fund.

6 (B) "ELIGIBLE ADULT EDUCATION PROVIDER" MEANS A DISTRICT,
7 INTERMEDIATE DISTRICT, A CONSORTIUM OF DISTRICTS, A CONSORTIUM OF
8 INTERMEDIATE DISTRICTS, OR A CONSORTIUM OF DISTRICTS AND
9 INTERMEDIATE DISTRICTS THAT IS IDENTIFIED AS PART OF THE LOCAL
10 PROCESS DESCRIBED IN SUBSECTION (5) (C) AND APPROVED BY THE
11 DEPARTMENT.

12 (C) "PARTICIPANT" MEANS THE SUM OF THE NUMBER OF FULL-TIME
13 EQUATED INDIVIDUALS ENROLLED IN AND ATTENDING A DEPARTMENT-APPROVED
14 ADULT EDUCATION PROGRAM UNDER THIS SECTION, USING QUARTERLY
15 PARTICIPANT COUNT DAYS ON THE SCHEDULE DESCRIBED IN SECTION
16 6 (7) (B) .

17 Sec. 147. (1) The allocation ~~each fiscal year for 2013-2014~~
18 ~~and~~ for 2014-2015 for the public school employees' retirement
19 system pursuant to the public school employees retirement act of
20 1979, 1980 PA 300, MCL 38.1301 to 38.1408, shall be made using the
21 individual projected benefit entry age normal cost method of
22 valuation and risk assumptions adopted by the public school
23 employees retirement board and the department of technology,
24 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 29.35%, with 24.79% paid directly~~
5 ~~by the employer.~~

6 ~~—— (b) For public school employees who first worked for a public~~
7 ~~school reporting unit on or after July 1, 2010 and who are enrolled~~
8 ~~in the health premium subsidy, the annual level percentage of~~
9 ~~payroll contribution rate is estimated at 29.12%, with 24.56% paid~~
10 ~~directly by the employer.~~

11 ~~—— (c) For public school employees who first worked for a public~~
12 ~~school reporting unit on or after July 1, 2010 and who participate~~
13 ~~in the pension plus plan and in the personal healthcare fund, the~~
14 ~~annual level percentage of payroll contribution rate is estimated~~
15 ~~at 28.19%, with 23.63% paid directly by the employer.~~

16 ~~—— (d) For public school employees who first worked for a public~~
17 ~~school reporting unit on or after September 4, 2012, who elect~~
18 ~~defined contribution, and who participate in the personal~~
19 ~~healthcare fund, the annual level percentage of payroll~~
20 ~~contribution rate is estimated at 25.52%, with 20.96% paid directly~~
21 ~~by the employer.~~

22 ~~—— (e) For public school employees who first worked for a public~~
23 ~~school reporting unit before July 1, 2010, who elect defined~~
24 ~~contribution, and who are enrolled in the health premium subsidy,~~
25 ~~the annual level percentage of payroll contribution rate is~~
26 ~~estimated at 26.45%, with 21.89% paid directly by the employer.~~

27 ~~—— (f) For public school employees who first worked for a public~~

1 ~~school reporting unit before July 1, 2010, who elect defined~~
2 ~~contribution, and who participate in the personal healthcare fund,~~
3 ~~the annual level percentage of payroll contribution rate is~~
4 ~~estimated at 25.52%, with 20.96% paid directly by the employer.~~

5 ~~—— (g) For public school employees who first worked for a public~~
6 ~~school reporting unit before July 1, 2010 and who participate in~~
7 ~~the personal healthcare fund, the annual level percentage of~~
8 ~~payroll contribution rate is estimated at 28.42%, with 23.86% paid~~
9 ~~directly by the employer.~~

10 (2) ~~(3)~~ The annual level percentage of payroll contribution
11 rates for the 2014-2015 fiscal year, as determined by the
12 retirement system, are estimated as follows:

13 (a) For public school employees who first worked for a public
14 school reporting unit before July 1, 2010 and who are enrolled in
15 the health premium subsidy, the annual level percentage of payroll
16 contribution rate is estimated at ~~33.10%, 33.44%~~, with ~~25.78%~~
17 ~~24.58%~~ paid directly by the employer.

18 (b) For public school employees who first worked for a public
19 school reporting unit on or after July 1, 2010 and who are enrolled
20 in the health premium subsidy, the annual level percentage of
21 payroll contribution rate is estimated at ~~32.02%, 32.36%~~, with
22 ~~24.70% 23.50%~~ paid directly by the employer.

23 (c) For public school employees who first worked for a public
24 school reporting unit on or after July 1, 2010 and who participate
25 in the personal healthcare fund, the annual level percentage of
26 payroll contribution rate is estimated at ~~31.51%, 31.85%~~, with
27 ~~24.19% 22.99%~~ paid directly by the employer.

1 (d) For public school employees who first worked for a public
2 school reporting unit on or after September 4, 2012, who elect
3 defined contribution, and who participate in the personal
4 healthcare fund, the annual level percentage of payroll
5 contribution rate is estimated at ~~28.28%~~, **28.62%**, with ~~20.96%~~
6 **19.76%** paid directly by the employer.

7 (e) For public school employees who first worked for a public
8 school reporting unit before July 1, 2010, who elect defined
9 contribution, and who are enrolled in the health premium subsidy,
10 the annual level percentage of payroll contribution rate is
11 estimated at ~~28.79%~~, **29.13%**, with ~~21.47%~~ **20.27%** paid directly by
12 the employer.

13 (f) For public school employees who first worked for a public
14 school reporting unit before July 1, 2010, who elect defined
15 contribution, and who participate in the personal healthcare fund,
16 the annual level percentage of payroll contribution rate is
17 estimated at ~~28.28%~~, **28.62%**, with ~~20.96%~~ **19.76%** paid directly by
18 the employer.

19 (g) For public school employees who first worked for a public
20 school reporting unit before July 1, 2010 and who participate in
21 the personal healthcare fund, the annual level percentage of
22 payroll contribution rate is estimated at ~~32.59%~~, **32.93%**, with
23 ~~25.27%~~ **24.07%** paid directly by the employer.

24 (3) ~~(4)~~—In addition to the employer payments described in
25 ~~subsections (2) and (3)~~, **SUBSECTION (2)**, the employer shall pay the
26 applicable contributions to the Tier 2 plan, as determined by the
27 public school employees retirement act of 1979, 1980 PA 300 MCL

1 38.1301 to 38.1408.

2 (4) ~~(5)~~—The contribution rates in subsection (2) reflect an
3 amortization period of ~~25—24~~ years for ~~2013—2014—2014—2015~~. The
4 public school employees' retirement system board shall notify each
5 district and intermediate district by February 28 of each fiscal
6 year of the estimated contribution rate for the next fiscal year.

7 Sec. 147b. (1) The MPSERS retirement obligation reform reserve
8 fund is created as a separate account within the state school aid
9 fund.

10 (2) The state treasurer may receive money or other assets from
11 any source for deposit into the MPSERS retirement obligation reform
12 reserve fund. The state treasurer shall direct the investment of
13 the MPSERS retirement obligation reform reserve fund. The state
14 treasurer shall credit to the MPSERS retirement obligation reform
15 reserve fund interest and earnings from the MPSERS retirement
16 obligation reform reserve fund.

17 (3) Money available in the MPSERS retirement obligation reform
18 reserve fund shall not be expended without a specific
19 appropriation.

20 (4) Money in the MPSERS retirement obligation reform reserve
21 fund at the close of the fiscal year shall remain in the MPSERS
22 retirement obligation reform reserve fund and shall not lapse to
23 the state school aid fund or to the general fund. The department of
24 treasury shall be the administrator of the MPSERS retirement
25 obligation reform reserve fund for auditing purposes.

26 (5) If the contributions described in section 43e of the
27 public school employees retirement act of 1979, 1980 PA 300, MCL

38.1343e, as that section was added by 2010 PA 75, are determined by a final order of a court of competent jurisdiction for which all rights of appeal have been exhausted to be constitutional and if the order for preliminary injunction in case no. 10-45-MM issued on July 13, 2010 is lifted, the money placed in a separate interest bearing account as a result of implementing the preliminary injunction shall be deposited into the MPSERS retirement obligation reform reserve fund created in this section to be used solely for health care unfunded accrued liabilities.

(6) IN ADDITION TO THE APPROPRIATION IN SECTION 11, THERE IS TRANSFERRED FROM THE STATE SCHOOL AID FUND TO THE MPSERS RETIREMENT OBLIGATION REFORM RESERVE FUND AN AMOUNT EQUAL TO \$50,000,000.00.

Sec. 147c. (1) From the appropriation in section 11, there is allocated for ~~2013-2014-2014-2015~~ an amount not to exceed ~~\$249,500,000.00-\$765,944,000.00~~ from the state school aid fund, and there is appropriated for ~~2013-2014-2014-2015~~ an amount not to exceed ~~\$156,000,000.00-\$18,000,000.00~~ from the MPSERS retirement obligation reform reserve fund, for payments to districts and intermediate districts that are participating entities of the Michigan public school employees' retirement system.

~~—— (2) In addition to the allocation under subsection (1), from the general fund money appropriated under section 11, there is allocated for payments to district libraries that are participating entities of the retirement system an amount not to exceed \$1,300,000.00 for 2013-2014.~~

(2) ~~(3)~~ Payments made under this section for ~~2013-2014-2014-~~ 2015 shall be equal to the difference between the unfunded

1 actuarial accrued liability contribution rate as calculated
2 pursuant to section 41 of the public school employees retirement
3 act of 1979, 1980 PA 300, MCL 38.1341, as calculated without taking
4 into account the maximum employer rate of 20.96% included in
5 section 41 of the public school employees retirement act of 1979,
6 1980 PA 300, MCL 38.1341, and the maximum employer rate of 20.96%
7 included in section 41 of the public school employees retirement
8 act of 1979, 1980 PA 300, MCL 38.1341.

9 (3) ~~(4)~~—The amount allocated to each participating entity
10 under this section shall be based on each participating entity's
11 proportion of the total covered payroll for the immediately
12 preceding fiscal year for the same type of participating entities.
13 A participating entity that receives funds under this section shall
14 use the funds solely for the purpose of retirement contributions as
15 specified in subsection ~~(5)~~-(4) .

16 (4) ~~(5)~~—Each participating entity receiving funds under this
17 section shall forward an amount equal to the amount allocated under
18 subsection ~~(4)~~-(3) to the retirement system in a form, manner, and
19 time frame determined by the retirement system.

20 (5) ~~(6)~~—Funds allocated under this section should be
21 considered when comparing a district's growth in total state aid
22 funding from 1 fiscal year to the next.

23 (6) ~~(7)~~—As used in this section:

24 (a) "Participating entity" means a district, intermediate
25 district, or district library that is a reporting unit of the
26 Michigan public school employees' retirement system under the
27 public school employees retirement act of 1979, 1980 PA 300, MCL

1 38.1301 to 38.1437, and that reports employees to the Michigan
2 public school employees' retirement system for the applicable
3 fiscal year.

4 (b) "Retirement board" means the board that administers the
5 retirement system under the public school employees retirement act
6 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

7 (c) "Retirement system" means the Michigan public school
8 employees' retirement system under the public school employees
9 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

10 Sec. 152a. (1) As required by the court in the consolidated
11 cases known as Adair v State of Michigan, Michigan supreme court
12 docket nos. 137424 and 137453, from the state school aid fund money
13 appropriated in section 11 there is allocated for ~~2013-2014-2014-~~
14 **2015** an amount not to exceed \$38,000,500.00 to be used solely for
15 the purpose of paying necessary costs related to the state-mandated
16 collection, maintenance, and reporting of data to this state.

17 (2) From the allocation in subsection (1), the department
18 shall make payments to districts and intermediate districts in an
19 equal amount per pupil based on the total number of pupils in
20 membership in each district and intermediate district. The
21 department shall not make any adjustment to these payments after
22 the final installment payment under section 17b is made.

23 Sec. 161. A school official or member of a board or other
24 person who neglects or refuses to do or perform an act required by
25 this act or who violates or knowingly permits or consents to the
26 violation of this act is guilty of a misdemeanor, punishable by
27 imprisonment for not more than 90 days, or a fine of not more than

1 \$1,500.00, or both. **THIS PENALTY IS IN ADDITION TO ALL OTHER**
2 **FINANCIAL PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

3 Sec. 163. (1) Except as provided in the revised school code,
4 the board of a district or intermediate district shall not permit
5 any of the following:

6 (a) A noncertificated teacher to teach in an elementary or
7 secondary school or in an adult basic education or high school
8 completion program.

9 (b) A noncertificated counselor to provide counseling services
10 to pupils in an elementary or secondary school or in an adult basic
11 education or high school completion program.

12 (2) Except as provided in the revised school code, a district
13 or intermediate district employing teachers or counselors not
14 legally certificated shall have deducted the sum equal to the
15 amount paid the teachers or counselors for the period of
16 noncertificated or illegal employment. Each intermediate
17 superintendent shall notify the department of the name of the
18 noncertificated teacher or counselor, and the district employing
19 that individual and the amount of salary the noncertificated
20 teacher or counselor was paid within a constituent district.

21 (3) If a school official is notified by the department that he
22 or she is employing a nonapproved noncertificated teacher or
23 counselor in violation of this section and knowingly continues to
24 employ that teacher or counselor, the school official is guilty of
25 a misdemeanor, punishable by a fine of \$1,500.00 for each
26 incidence. **THIS PENALTY IS IN ADDITION TO ALL OTHER FINANCIAL**
27 **PENALTIES OTHERWISE SPECIFIED IN THIS ARTICLE.**

House Bill No. 5314 (H-2) as amended May 8, 2014

1 Sec. 168. In order to receive funds under this act, a
 2 district, intermediate district, grant recipient, contractor, or
 3 other entity that directly or indirectly receives funds under this
 4 act shall allow access for the department or the department's
 5 designee to audit all records related to a program for which it
 6 receives ~~such funds~~ **UNDER THIS ACT OR HAS RECEIVED FUNDS UNDER THIS**
 7 **ACT FOR ANY OF THE 3 IMMEDIATELY PRECEDING FISCAL YEARS.** The
 8 district, intermediate district, grant recipient, contractor, or
 9 other entity shall reimburse the state for all disallowances found
 10 in ~~the audit.~~ **ANY AUDIT CONDUCTED UNDER THIS ACT.**

11 Sec. 201. (1) Subject to the conditions set forth in this
 12 article, the amounts listed in ~~subsections (2), (4), (5), (6), and~~
 13 ~~(7)~~ **THIS SECTION** are appropriated for community colleges for the
 14 fiscal year ending September 30, ~~2014, 2015,~~ from the funds
 15 indicated in this section. The following is a summary of the
 16 appropriations in ~~subsections (2), (4), (5), (6), and (7)~~ **THIS**
 17 **SECTION:**

18 (a) The gross appropriation is ~~\$335,977,600.00.~~
 19 **[\$371,524,900.00]**. After deducting total interdepartmental grants and
 20 intradepartmental transfers in the amount of \$0.00, the adjusted
 21 gross appropriation is ~~\$335,977,600.00.~~ **[\$371,524,900.00]**.

22 (b) The sources of the adjusted gross appropriation described
 23 in subdivision (a) are as follows:

24 (i) Total federal revenues, \$0.00.

25 (ii) Total local revenues, \$0.00.

26 (iii) Total private revenues, \$0.00.

27 (iv) Total other state restricted revenues, \$197,614,100.00.

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(v) State general fund/general purpose money,
~~\$138,363,500.00.~~ **[\$173,910,800.00].**

(2) Subject to subsection (3), the amount appropriated for
 community college operations is ~~\$298,244,000.00,~~ **[\$307,191,300.00],**
 allocated as follows:

~~(a) Alpena Community College, \$5,221,100.00.~~

~~(b) Bay de Noc Community College, \$5,263,800.00.~~

~~(c) Delta College, \$14,022,200.00.~~

~~(d) Glen Oaks Community College, \$2,434,300.00.~~

~~(e) Gogebic Community College, \$4,317,500.00.~~

~~(f) Grand Rapids Community College, \$17,403,500.00.~~

~~(g) Henry Ford Community College, \$20,997,900.00.~~

~~(h) Jackson Community College, \$11,723,600.00.~~

~~(i) Kalamazoo Valley Community College, \$12,086,900.00.~~

~~(j) Kellogg Community College, \$9,494,000.00.~~

~~(k) Kirtland Community College, \$3,046,800.00.~~

~~(l) Lake Michigan College, \$5,162,900.00.~~

~~(m) Lansing Community College, \$29,935,300.00.~~

~~(n) Macomb Community College, \$31,837,200.00.~~

~~(o) Mid Michigan Community College, \$4,504,700.00.~~

~~(p) Monroe County Community College, \$4,329,900.00.~~

~~(q) Montcalm Community College, \$3,112,000.00.~~

~~(r) C.S. Mott Community College, \$15,202,200.00.~~

~~(s) Muskegon Community College, \$8,628,000.00.~~

~~(t) North Central Michigan College, \$3,055,400.00.~~

~~(u) Northwestern Michigan College, \$8,799,300.00.~~

~~(v) Oakland Community College, \$20,422,900.00.~~

1 ~~—— (w) St. Clair County Community College, \$6,839,900.00.~~

2 ~~—— (x) Schoolcraft College, \$12,076,700.00.~~

3 ~~—— (y) Southwestern Michigan College, \$6,385,400.00.~~

4 ~~—— (z) Washtenaw Community College, \$12,573,900.00.~~

5 ~~—— (aa) Wayne County Community College, \$16,146,700.00.~~

6 ~~—— (bb) West Shore Community College, \$2,342,900.00.~~

7 (A) THE APPROPRIATION FOR ALPENA COMMUNITY COLLEGE IS
8 \$5,367,100.00, \$5,236,500.00 FOR OPERATIONS AND \$130,600.00 FOR
9 PERFORMANCE FUNDING.

10 (B) THE APPROPRIATION FOR BAY DE NOC COMMUNITY COLLEGE IS
11 \$5,395,700.00, \$5,279,300.00 FOR OPERATIONS AND \$116,400.00 FOR
12 PERFORMANCE FUNDING.

13 (C) THE APPROPRIATION FOR DELTA COLLEGE IS \$14,435,600.00,
14 \$14,063,500.00 FOR OPERATIONS AND \$372,100.00 FOR PERFORMANCE
15 FUNDING.

16 (D) THE APPROPRIATION FOR GLEN OAKS COMMUNITY COLLEGE IS
17 \$2,505,100.00, \$2,441,500.00 FOR OPERATIONS AND \$63,600.00 FOR
18 PERFORMANCE FUNDING.

19 (E) THE APPROPRIATION FOR GOGEBIC COMMUNITY COLLEGE IS
20 \$4,431,900.00, \$4,330,300.00 FOR OPERATIONS AND \$101,600.00 FOR
21 PERFORMANCE FUNDING.

22 (F) THE APPROPRIATION FOR GRAND RAPIDS COMMUNITY COLLEGE IS
23 \$17,869,000.00, \$17,454,900.00 FOR OPERATIONS AND \$414,100.00 FOR
24 PERFORMANCE FUNDING.

25 (G) THE APPROPRIATION FOR HENRY FORD COMMUNITY COLLEGE IS
26 \$21,529,000.00, \$21,060,000.00 FOR OPERATIONS AND \$469,000.00 FOR
27 PERFORMANCE FUNDING.

1 (H) THE APPROPRIATION FOR JACKSON COLLEGE IS \$12,034,400.00,
2 \$11,758,200.00 FOR OPERATIONS AND \$276,200.00 FOR PERFORMANCE
3 FUNDING.

4 (I) THE APPROPRIATION FOR KALAMAZOO VALLEY COMMUNITY COLLEGE
5 IS \$12,448,500.00, \$12,122,500.00 FOR OPERATIONS AND \$326,000.00
6 FOR PERFORMANCE FUNDING.

7 (J) THE APPROPRIATION FOR KELLOGG COMMUNITY COLLEGE IS
8 \$9,770,700.00, \$9,522,000.00 FOR OPERATIONS AND \$248,700.00 FOR
9 PERFORMANCE FUNDING.

10 (K) THE APPROPRIATION FOR KIRTLAND COMMUNITY COLLEGE IS
11 \$3,153,900.00, \$3,055,700.00 FOR OPERATIONS AND \$98,200.00 FOR
12 PERFORMANCE FUNDING.

13 (L) THE APPROPRIATION FOR LAKE MICHIGAN COLLEGE IS
14 \$5,319,600.00, \$5,178,100.00 FOR OPERATIONS AND \$141,500.00 FOR
15 PERFORMANCE FUNDING.

16 (M) THE APPROPRIATION FOR LANSING COMMUNITY COLLEGE IS
17 \$30,742,500.00, \$30,023,700.00 FOR OPERATIONS AND \$718,800.00 FOR
18 PERFORMANCE FUNDING.

19 (N) THE APPROPRIATION FOR MACOMB COMMUNITY COLLEGE IS
20 \$32,672,900.00, \$31,931,200.00 FOR OPERATIONS AND \$741,700.00 FOR
21 PERFORMANCE FUNDING.

22 (O) THE APPROPRIATION FOR MID MICHIGAN COMMUNITY COLLEGE IS
23 \$4,661,700.00, \$4,517,900.00 FOR OPERATIONS AND \$143,800.00 FOR
24 PERFORMANCE FUNDING.

25 (P) THE APPROPRIATION FOR MONROE COUNTY COMMUNITY COLLEGE IS
26 \$4,473,400.00, \$4,342,600.00 FOR OPERATIONS AND \$130,800.00 FOR
27 PERFORMANCE FUNDING.

1 (Q) THE APPROPRIATION FOR MONTCALM COMMUNITY COLLEGE IS
2 \$3,212,700.00, \$3,121,200.00 FOR OPERATIONS AND \$91,500.00 FOR
3 PERFORMANCE FUNDING.

4 (R) THE APPROPRIATION FOR C.S. MOTT COMMUNITY COLLEGE IS
5 \$15,617,500.00, \$15,247,100.00 FOR OPERATIONS AND \$370,400.00 FOR
6 PERFORMANCE FUNDING.

7 (S) THE APPROPRIATION FOR MUSKEGON COMMUNITY COLLEGE IS
8 \$8,862,100.00, \$8,653,500.00 FOR OPERATIONS AND \$208,600.00 FOR
9 PERFORMANCE FUNDING.

10 (T) THE APPROPRIATION FOR NORTH CENTRAL MICHIGAN COLLEGE IS
11 \$3,158,600.00, \$3,064,400.00 FOR OPERATIONS AND \$94,200.00 FOR
12 PERFORMANCE FUNDING.

13 (U) THE APPROPRIATION FOR NORTHWESTERN MICHIGAN COLLEGE IS
14 \$9,039,100.00, \$8,825,300.00 FOR OPERATIONS AND \$213,800.00 FOR
15 PERFORMANCE FUNDING.

16 (V) THE APPROPRIATION FOR OAKLAND COMMUNITY COLLEGE IS
17 \$21,031,100.00, \$20,483,100.00 FOR OPERATIONS AND \$548,000.00 FOR
18 PERFORMANCE FUNDING.

19 (W) THE APPROPRIATION FOR ST. CLAIR COUNTY COMMUNITY COLLEGE
20 IS \$7,030,700.00, \$6,860,100.00 FOR OPERATIONS AND \$170,600.00 FOR
21 PERFORMANCE FUNDING.

22 (X) THE APPROPRIATION FOR SCHOOLCRAFT COLLEGE IS
23 \$12,459,200.00, \$12,112,200.00 FOR OPERATIONS AND \$347,000.00 FOR
24 PERFORMANCE FUNDING.

25 (Y) THE APPROPRIATION FOR SOUTHWESTERN MICHIGAN COLLEGE IS
26 \$6,547,600.00, \$6,404,300.00 FOR OPERATIONS AND \$143,300.00 FOR
27 PERFORMANCE FUNDING.

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(Z) THE APPROPRIATION FOR WASHTENAW COMMUNITY COLLEGE IS \$13,020,600.00, \$12,610,800.00 FOR OPERATIONS AND \$409,800.00 FOR PERFORMANCE FUNDING.

(AA) THE APPROPRIATION FOR WAYNE COUNTY COMMUNITY COLLEGE IS \$16,654,700.00, \$16,194,300.00 FOR OPERATIONS AND \$460,400.00 FOR PERFORMANCE FUNDING.

(BB) THE APPROPRIATION FOR WEST SHORE COMMUNITY COLLEGE IS \$2,404,300.00, \$2,349,800.00 FOR OPERATIONS AND \$54,500.00 FOR PERFORMANCE FUNDING.

(cc) Local strategic value, ~~\$877,100.00~~ \$1,342,100.00.

[]

(3) The amount appropriated in subsection (2) for community college operations is appropriated from the following:

(a) State school aid fund, \$195,880,500.00.

(b) State general fund/general purpose money, ~~\$102,363,500.00~~ [\$111,310,800.00].

~~—— (4) From the appropriations described in subsection (1), there is appropriated for fiscal year 2013-2014 an amount not to exceed \$1,733,600.00 for payments to community colleges from the state school aid fund. A community college that receives money under this subsection shall use that money solely for the purpose of offsetting a portion of the retirement contributions owed by the college for the fiscal year ending September 30, 2014. The amount allocated to each participating community college under this section shall be based on each participating college's total payroll covered by the retirement system covered payroll for all participating colleges for the immediately preceding state fiscal~~

1 ~~year.~~

2 (4) ~~(5)~~ From the appropriations described in subsection (1),
 3 ~~there is appropriated an amount not to exceed \$31,400,000.00 from~~
 4 ~~the state general fund~~ **SUBJECT TO SECTION 207A, THE AMOUNT**
 5 **APPROPRIATED** for payments to community colleges that are
 6 participating entities of the retirement system **IS \$60,833,600.00,**
 7 **\$1,733,600.00 APPROPRIATED FROM THE STATE SCHOOL AID FUND AND**
 8 **\$59,100,000.00 APPROPRIATED FROM GENERAL FUND/GENERAL PURPOSE**
 9 **MONEY.** ~~All of the following apply to the appropriations described~~
 10 ~~in this subsection:~~

11 ~~—— (a) The amount of a payment under this subsection shall be the~~
 12 ~~difference between the unfunded actuarial accrued liability~~
 13 ~~contribution rate as calculated under section 41 of the public~~
 14 ~~school employees retirement act of 1979, 1980 PA 300, MCL 38.1341,~~
 15 ~~and the maximum employer rate of 20.96% under section 41 of the~~
 16 ~~public school employees retirement act of 1979, 1980 PA 300, MCL~~
 17 ~~38.1341.~~

18 ~~—— (b) The amount allocated to each community college under this~~
 19 ~~subsection shall be based on each community college's percentage of~~
 20 ~~the total covered payroll for all community colleges that are~~
 21 ~~participating colleges in the immediately preceding fiscal year. A~~
 22 ~~community college that receives funds under this subsection shall~~
 23 ~~use the funds solely for the purpose of retirement contributions~~
 24 ~~under subdivision (c).~~

25 ~~—— (c) Each participating college receiving funds under this~~
 26 ~~subsection shall forward an amount equal to the amount allocated~~
 27 ~~under subdivision (b) to the retirement system in a form and manner~~

~~determined by the retirement system.~~

~~—— (6) All of the following apply to community colleges described in section 12(3) of the Michigan renaissance zone act, MCL 125.2692:~~

~~—— (a) From the appropriations described in subsection (1), the following amount is appropriated for reimbursement to community colleges under section 12(3) of the Michigan renaissance zone act, MCL 125.2692:~~

~~—— (i) If the amount of tax revenue lost by community colleges as a result of the exemption of property under the Michigan renaissance zone act in fiscal year 2012-2013 is \$3,500,000.00 or more, \$3,500,000.00 from the state general fund.~~

~~—— (ii) If the amount of tax revenue lost by community colleges as a result of the exemption of property under the Michigan renaissance zone act in fiscal year 2012-2013 is less than \$3,500,000.00, the actual amount of tax revenue lost by the community colleges.~~

~~—— (b) The amount allocated to each community college under this subsection shall be based on that community college's proportion of total revenue lost by community colleges in fiscal year 2012-2013 as a result of the exemption of property under the Michigan renaissance zone act.~~

~~—— (c) The appropriations described in this subsection shall be made to each eligible community college within 60 days after the department of treasury certifies to the state budget director that it has received all necessary information to properly determine the amounts of tax revenue lost by each eligible community college in~~

~~fiscal year 2012-2013 under section 12 of the Michigan renaissance zone act, MCL 125.2692.~~

~~———— (7) From the appropriations described in subsection (1), there is appropriated \$1,100,000.00 from the state general fund, for fiscal year 2013-2014 only, to the Michigan community college association, for the purpose of expanding the Michigan community college virtual learning collaborative. The Michigan community college association shall provide information on request to the house and senate subcommittees on community colleges, the house and senate fiscal agencies, and the state budget director on the use of these funds until the project is completed.~~

~~———— (8) As used in this section:~~

~~———— (a) "Michigan renaissance zone act" means the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.~~

~~———— (b) "Participating college" means a community college that is a reporting unit of the retirement system and that reports employees to the retirement system for the state fiscal year.~~

~~———— (c) "Retirement board" means the board that administers the retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.~~

~~———— (d) "Retirement system" means the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.~~

(5) THE AMOUNT APPROPRIATED FOR RENAISSANCE ZONE TAX REIMBURSEMENTS IS \$3,500,000.00, APPROPRIATED FROM GENERAL FUND/GENERAL PURPOSE MONEY.

Sec. 201a. It is the intent of the legislature to provide

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1 appropriations for the fiscal year ending on September 30, ~~2015~~
 2 ~~2016~~ for the items listed in section 201. The fiscal year ~~2014-2015~~
 3 ~~2015-2016~~ appropriations are anticipated to be the same as those
 4 for fiscal year ~~2013-2014, 2014-2015~~, except that the amounts will
 5 be adjusted for changes in **RETIREMENT COSTS**, caseload and related
 6 costs, federal fund match rates, economic factors, and available
 7 revenue. These adjustments will be determined after the January
 8 ~~2014-2015~~ consensus revenue estimating conference.

9 Sec. 202a. As used in this article: ~~,"workforce~~

10 [

11 **[(A)] "MICHIGAN RENAISSANCE ZONE ACT" MEANS THE MICHIGAN**
 12 **RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2681 TO 125.2696.**

13 **[(B)] "PARTICIPATING COLLEGE" MEANS A COMMUNITY COLLEGE THAT IS**
 14 **A REPORTING UNIT OF THE RETIREMENT SYSTEM AND THAT REPORTS**
 15 **EMPLOYEES TO THE RETIREMENT SYSTEM FOR THE STATE FISCAL YEAR.**

16 **[(C)] "RETIREMENT BOARD" MEANS THE BOARD THAT ADMINISTERS THE**
 17 **RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT**
 18 **OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.**

19 **[(D)] "RETIREMENT SYSTEM" MEANS THE MICHIGAN PUBLIC SCHOOL**
 20 **EMPLOYEES' RETIREMENT SYSTEM UNDER THE PUBLIC SCHOOL EMPLOYEES**
 21 **RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1301 TO 38.1437.**

22 **[(E)] "WORKFORCE development agency" means the workforce**
 23 **development agency of the Michigan strategic fund.**

24 Sec. 206. The funds appropriated in section 201 are
 25 appropriated for community colleges with fiscal years ending June
 26 30, ~~2014-2015~~ and shall be paid out of the state treasury and
 27 distributed by the state treasurer to the respective community

House Bill No. 5314 (H-2) as amended May 8, 2014

1 colleges in 11 monthly installments on the sixteenth of each month,
2 or the next succeeding business day, beginning with October 16,
3 ~~2013-2014~~. Each community college shall accrue its July and August
4 ~~2014-2015~~ payments to its institutional fiscal year ending June 30,
5 ~~2014-2015~~. However, if the state budget director determines that a
6 community college failed to submit all verified Michigan community
7 colleges activities classification structure data for school year
8 ~~2012-2013-2013-2014~~ to the workforce development agency by November
9 1, ~~2013, 2014~~, or failed to submit its longitudinal data system
10 data set for school year ~~2012-2013-2013-2014~~ to the center for
11 educational performance and information under section 219, the
12 state treasurer shall withhold the monthly installments from that
13 community college until those data are submitted. The state budget
14 director shall notify the chairs of the house and senate
15 appropriations subcommittees on community colleges at least 10 days
16 before withholding funds from any community college.

17 [

House Bill No. 5314 (H-2) as amended May 8, 2014
[

]

Sec. 207. (1) A community college shall pay the employer's contributions to the Michigan public school employees' retirement system created by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. This payment is a

1 condition of receiving funds appropriated under this article.

2 (2) A community college shall not pay an employer's
3 contribution to more than 1 retirement fund providing benefits for
4 an employee.

5 SEC. 207A. ALL OF THE FOLLOWING APPLY TO THE ALLOCATION OF THE
6 APPROPRIATIONS DESCRIBED IN SECTION 201(4) FOR PAYMENTS TO
7 COMMUNITY COLLEGES THAT ARE PARTICIPATING ENTITIES OF THE
8 RETIREMENT SYSTEM:

9 (A) THE AMOUNT OF A PAYMENT UNDER SECTION 201(4) SHALL BE THE
10 DIFFERENCE BETWEEN THE UNFUNDED ACTUARIAL ACCRUED LIABILITY
11 CONTRIBUTION RATE AS CALCULATED UNDER SECTION 41 OF THE PUBLIC
12 SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL 38.1341,
13 AND THE MAXIMUM EMPLOYER RATE OF 19.76% UNDER SECTION 41 OF THE
14 PUBLIC SCHOOL EMPLOYEES RETIREMENT ACT OF 1979, 1980 PA 300, MCL
15 38.1341.

16 (B) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER
17 SECTION 201(4) SHALL BE BASED ON EACH COMMUNITY COLLEGE'S
18 PERCENTAGE OF THE TOTAL COVERED PAYROLL FOR ALL COMMUNITY COLLEGES
19 THAT ARE PARTICIPATING COLLEGES IN THE IMMEDIATELY PRECEDING FISCAL
20 YEAR. A COMMUNITY COLLEGE THAT RECEIVES FUNDS UNDER THIS
21 SUBDIVISION SHALL USE THE FUNDS SOLELY FOR THE PURPOSE OF
22 RETIREMENT CONTRIBUTIONS UNDER SECTION 201(4).

23 (C) EACH PARTICIPATING COLLEGE THAT RECEIVES FUNDS UNDER
24 SECTION 201(4) SHALL FORWARD AN AMOUNT EQUAL TO THE AMOUNT
25 ALLOCATED UNDER SUBDIVISION (B) TO THE RETIREMENT SYSTEM IN A FORM
26 AND MANNER DETERMINED BY THE RETIREMENT SYSTEM.

27 SEC. 207B. ALL OF THE FOLLOWING APPLY TO THE ALLOCATION OF THE

1 APPROPRIATIONS DESCRIBED IN SECTION 201(5) TO COMMUNITY COLLEGES
2 DESCRIBED IN SECTION 12(3) OF THE MICHIGAN RENAISSANCE ZONE ACT,
3 MCL 125.2692:

4 (A) THE AMOUNT ALLOCATED TO EACH COMMUNITY COLLEGE UNDER
5 SECTION 201(5) SHALL BE BASED ON THAT COMMUNITY COLLEGE'S
6 PROPORTION OF TOTAL REVENUE LOST BY COMMUNITY COLLEGES IN FISCAL
7 YEAR 2013-2014 AS A RESULT OF THE EXEMPTION OF PROPERTY UNDER THE
8 MICHIGAN RENAISSANCE ZONE ACT.

9 (B) THE APPROPRIATIONS DESCRIBED IN SECTION 201(5) SHALL BE
10 MADE TO EACH ELIGIBLE COMMUNITY COLLEGE WITHIN 60 DAYS AFTER THE
11 DEPARTMENT OF TREASURY CERTIFIES TO THE STATE BUDGET DIRECTOR THAT
12 IT HAS RECEIVED ALL NECESSARY INFORMATION TO PROPERLY DETERMINE THE
13 AMOUNTS OF TAX REVENUE LOST BY EACH ELIGIBLE COMMUNITY COLLEGE IN
14 FISCAL YEAR 2013-2014 UNDER SECTION 12 OF THE MICHIGAN RENAISSANCE
15 ZONE ACT, MCL 125.2692.

16 Sec. 209. (1) Within 30 days after the board of a community
17 college adopts its annual operating budget for the following school
18 fiscal year, or after the board adopts a subsequent revision to
19 that budget, the community college shall make all of the following
20 available through a link on its website homepage:

21 (a) The annual operating budget and subsequent budget
22 revisions.

23 (b) A link to the most recent "Activities Classification
24 ~~Structure Manual for Michigan Community Colleges~~".**DATA BOOK AND**
25 **COMPANION"**.

26 (c) General fund revenue and expenditure projections for
27 ~~fiscal year 2013-2014 and fiscal year 2014-2015~~.**THE CURRENT FISCAL**

1 **YEAR AND THE NEXT FISCAL YEAR.**

2 (d) A listing of all debt service obligations, detailed by
3 project, anticipated fiscal year ~~2013-2014~~ payment of each project,
4 and total outstanding debt **FOR THE CURRENT FISCAL YEAR.**

5 (e) The estimated cost to the community college resulting from
6 the patient protection and affordable care act, Public Law 111-148,
7 as amended by the health care and education reconciliation act of
8 2010, Public Law 111-152.

9 (f) Links to all of the following for the community college:

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

12 (ii) Each health care benefits plan, including, but not limited
13 to, medical, dental, vision, disability, long-term care, or any
14 other type of benefits that would constitute health care services,
15 offered to any bargaining unit or employee of the community
16 college.

17 (iii) Audits and financial reports for the most recent fiscal
18 year for which they are available.

19 ~~— (iv) A copy of the board of trustees resolution regarding~~
20 ~~compliance with best practices for the local strategic value~~
21 ~~component described in section 230(3).~~

22 (2) For statewide consistency and public visibility, community
23 colleges must use the icon badge provided by the department of
24 technology, management, and budget consistent with the icon badge
25 developed by the department of education for K-12 school districts.
26 It must appear on the front of each community college's homepage.
27 The size of the icon may be reduced to 150 x 150 pixels.

~~1 (3) The state budget director shall determine whether a
 2 community college has complied with this section. The state budget
 3 director may withhold a community college's monthly installments
 4 described in section 206 until the community college complies with
 5 this section. The state budget director shall notify the chairs of
 6 the house and senate appropriations subcommittee on community
 7 colleges at least 10 days before withholding funds from any
 8 community college.~~

9 (3) ~~(4)~~ Each community college shall report the following
 10 information to the senate and house appropriations subcommittees on
 11 community colleges, the senate and house fiscal agencies, and the
 12 state budget office by November 15 ~~, 2013,~~ **OF EACH FISCAL YEAR**, and
 13 post that information on the internet website required under
 14 subsection (1):

15 (a) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund
 16 revenue from tuition and fees.

17 (b) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund
 18 revenue from state appropriations.

19 (c) Budgeted **CURRENT** fiscal year ~~2013-2014~~ general fund
 20 revenue from property taxes.

21 (d) Budgeted **CURRENT** fiscal year ~~2013-2014~~ total general fund
 22 revenue.

23 (e) Budgeted **CURRENT** fiscal year ~~2013-2014~~ total general fund
 24 expenditures.

25 Sec. 210. (1) Recognizing the critical importance of education
 26 in strengthening Michigan's workforce, ~~the legislature encourages~~
 27 each community college **IS ENCOURAGED** to explore ways of increasing

1 collaboration and cooperation with 4-year universities,
2 particularly in the areas related to training, instruction, and
3 program articulation.

4 (2) Recognizing the central role of community colleges in
5 responding to local employment needs and challenges, community
6 colleges shall develop and continue efforts to collaborate with
7 local employers and students to identify local employment needs and
8 strategies to meet them.

9 (3) Community colleges are encouraged to collaborate with each
10 other on innovations to identify and meet local employment needs.

11 (4) Community colleges are encouraged to work with
12 universities to develop equivalency standards of core college
13 courses and identify equivalent courses offered by postsecondary
14 institutions.

15 Sec. 213. (1) ~~It is the intent of the legislature that~~
16 ~~community~~ **COMMUNITY** colleges **ARE ENCOURAGED TO** work with public
17 universities in the state to implement statewide reverse transfer
18 agreements to increase the number of students that are awarded
19 credentials of value upon completion of the necessary credits.
20 These statewide agreements shall enable students who have earned a
21 significant number of credits at a community college and
22 transferred to a baccalaureate-granting institution before
23 completing a degree to transfer the credits earned at the
24 baccalaureate institution back to the community college in order to
25 be awarded a credential of value.

26 (2) **IT IS EXPECTED THAT THE MICHIGAN ASSOCIATION OF COLLEGIATE**
27 **REGISTRARS AND ADMISSIONS OFFICERS SHALL IMPLEMENT ANY AGREEMENT OR**

1 **AGREEMENTS AMONG THE COMMUNITY COLLEGES AND UNIVERSITIES CONCERNING**
2 **THE TRANSFERABILITY OF COLLEGE COURSES RESULTING FROM THE**
3 **RECOMMENDATIONS OF THE COMMITTEE CREATED UNDER FORMER SECTION 210A.**

4 Sec. 222. Each community college shall have an annual audit of
5 all income and expenditures performed by an independent auditor and
6 shall furnish the independent auditor's management letter and an
7 annual audited accounting of all general and current funds income
8 and expenditures including audits of college foundations to the
9 members of the senate and house appropriations subcommittees on
10 community colleges, the senate and house fiscal agencies, the
11 auditor general, the workforce development agency, and the state
12 budget director before November 15 of each year. If a community
13 college fails to furnish the audit materials, the monthly state aid
14 installments shall be withheld from that college until the
15 information is submitted. All reporting shall conform to the
16 requirements set forth in the "2001 Manual for Uniform Financial
17 Reporting, Michigan Public Community Colleges". ~~It is the intent of~~
18 ~~the legislature that a~~ **A** community college shall make the
19 information the community college is required to provide under this
20 section available to the public on its internet website.

21 Sec. 224. A community college shall use the P-20 longitudinal
22 data system to inform interested Michigan high schools **AND THE**
23 **PUBLIC** of the aggregate academic status of its students for the
24 previous academic year, in a manner prescribed by the Michigan
25 community college association and in cooperation with the Michigan
26 association of secondary school principals. Community colleges
27 shall cooperate with the center for educational performance and

1 information to design and implement a systematic approach for
2 accomplishing this work.

3 Sec. 225. Each community college shall report to the house and
4 senate fiscal agencies, the state budget director, and the
5 workforce development agency by August 31, ~~2013,~~**2014**, the tuition
6 and mandatory fees paid by a full-time in-district student and a
7 full-time out-of-district student as established by the college
8 governing board for the ~~2013-2014~~**2014-2015** academic year. This
9 report should also include the annual cost of attendance based on a
10 full-time course load of 30 credits. Each community college shall
11 also report any revisions to the reported ~~2012-2013 or 2013-2014~~
12 **2014-2015** academic year tuition and mandatory fees adopted by the
13 college governing board to the house and senate fiscal agencies,
14 the state budget director, and the workforce development agency
15 within 15 days of being adopted.

16 Sec. 229. (1) It is the intent of the legislature that each
17 community college that receives an appropriation in section 201
18 include in its admission application process a specific question as
19 to whether an applicant for admission ~~is a veteran, an active~~
20 ~~member of the military, a member of the national guard or military~~
21 ~~reserves, or the spouse or dependent of a veteran, active member of~~
22 ~~the military, or member of the national guard or military reserves,~~
23 **HAS EVER SERVED OR IS CURRENTLY SERVING IN THE UNITED STATES ARMED**
24 **FORCES OR IS THE SPOUSE OR DEPENDENT OF AN INDIVIDUAL WHO HAS**
25 **SERVED OR IS CURRENTLY SERVING IN THE UNITED STATES ARMED FORCES,**
26 in order to more quickly identify potential educational assistance
27 available to that applicant.

(2) It is the intent of the legislature that each public community college that receives an appropriation in section 201 shall work with the house and senate community college subcommittees, the Michigan community college association, and veterans groups to review the issue of in-district tuition for veterans of this state when determining tuition rates and fees.

(3) As used in this section, "veteran" means an honorably discharged veteran entitled to educational assistance under the provisions of section 5003 of the post-911 veterans educational assistance act of 2008, 38 USC 3301 to 3324.

Sec. 229a. Included in the fiscal year ~~2013-2014~~**2014-2015** appropriations for the department of technology, management, and budget are appropriations to provide funding for the state share of costs for previously constructed capital projects for community colleges. Those appropriations for state building authority rent represent additional state general fund support for community colleges, and the following is an estimate of the amount of that support to each community college:

(a) Alpena Community College, ~~\$434,500.00~~**\$485,400.00.**

(b) Bay de Noc Community College, ~~\$644,500.00~~**\$636,600.00.**

(c) Delta College, ~~\$2,877,700.00~~**\$2,842,800.00.**

(d) Glen Oaks Community College, ~~\$124,900.00~~**\$123,300.00.**

(e) Gogebic Community College, ~~\$78,100.00~~**\$16,900.00.**

(f) Grand Rapids Community College,

~~\$1,700,400.00~~**\$1,792,400.00.**

(g) Henry Ford Community College, ~~\$1,126,800.00~~**\$1,030,800.00.**

(h) Jackson Community College, ~~\$1,809,500.00~~**\$1,787,300.00.**

1 (i) Kalamazoo Valley Community College,
 2 ~~\$1,489,300.00.~~ **\$1,471,000.00.**
 3 (j) Kellogg Community College, ~~\$527,900.00.~~ **\$521,400.00.**
 4 (k) Kirtland Community College, ~~\$368,800.00.~~ **\$364,000.00.**
 5 (l) Lake Michigan College, ~~\$345,200.00.~~ **\$340,900.00.**
 6 (m) Lansing Community College, ~~\$617,600.00.~~ **\$610,100.00.**
 7 (n) Macomb Community College, ~~\$1,332,900.00.~~ **\$1,316,600.00.**
 8 (o) Mid Michigan Community College, ~~\$928,900.00.~~ **\$1,117,300.00.**
 9 (p) Monroe County Community College,
 10 ~~\$1,375,600.00.~~ **\$1,266,500.00.**
 11 (q) Montcalm Community College, ~~\$1,015,700.00.~~ **\$973,700.00.**
 12 (r) C.S. Mott Community College, ~~\$1,830,400.00.~~ **\$1,808,000.00.**
 13 (s) Muskegon Community College, ~~\$201,000.00.~~ **\$198,500.00.**
 14 (t) North Central Michigan College, ~~\$476,300.00.~~ **\$117,600.00.**
 15 (u) Northwestern Michigan College,
 16 ~~\$1,324,800.00.~~ **\$1,308,600.00.**
 17 (v) Oakland Community College, ~~\$472,100.00.~~ **\$466,300.00.**
 18 (w) St. Clair County Community College,
 19 ~~\$361,400.00.~~ **\$357,000.00.**
 20 (x) Schoolcraft College, ~~\$1,569,500.00.~~ **\$1,550,300.00.**
 21 (y) Southwestern Michigan College, ~~\$538,600.00.~~ **\$231,100.00.**
 22 (z) Washtenaw Community College, ~~\$2,023,100.00.~~ **\$1,680,600.00.**
 23 (aa) Wayne County Community College,
 24 ~~\$1,918,700.00.~~ **\$1,466,000.00.**
 25 (bb) West Shore Community College, ~~\$585,800.00.~~ **\$578,600.00.**
 26 Sec. 230. (1) ~~It is the intent of the legislature that the~~
 27 ~~recommendations and performance measures developed by the~~

~~performance indicators task force formed under section 242 of 2005 PA 154 be reviewed and more fully implemented for distribution of state funding to community colleges in future years.~~

~~—— (2) Any additional **PERFORMANCE** funding provided to community college operations under section 201(2) in fiscal year 2013-2014 that exceeds the amounts appropriated for operations in fiscal year 2012-2013-2014-2015 is distributed based on the following formula:~~

~~(a) Allocated proportionate to fiscal year 2012-2013-2013-2014 base appropriations, 50%.~~

~~(b) Based on contact hour equated students, 10%.~~

~~(c) Based on administrative costs, 7.5%.~~

~~(d) Based on a weighted degree formula as provided for in the 2006 recommendations of the performance indicators task force, 17.5%.~~

~~(e) Based on the local strategic value component, as developed in cooperation with the Michigan community college association and described in subsection (3), (2), 15%.~~

~~(2) (3) The appropriation in section 201(2)(cc) for local strategic value shall be allocated to each community college that certifies to the state budget director, through a board of trustees resolution on or before November 1, 2013, **OCTOBER 15, 2014**, that the college has met 4 out of 5 best practices listed in each category described in subsection (4). The resolution shall provide specifics as to how the community college meets each best practice measure within each category. (3). One-third of funding available under the strategic value component shall be allocated to each category described in subsection (4). (3). Amounts distributed~~

1 under local strategic value shall be on a proportionate basis to
2 each college's fiscal year ~~2012-2013~~**2013-2014** operations funding.
3 Payments to community colleges that qualify for local strategic
4 value funding shall be distributed with the November installment
5 payment described in section 206.

6 (3) ~~(4)~~For purposes of subsection ~~(3)~~, **(2)**, the following
7 categories of best practices reflect functional activities of
8 community colleges that have strategic value to the local
9 communities and regional economies:

10 (a) For Category A, economic development and business or
11 industry partnerships, the following:

12 (i) The community college has active partnerships with local
13 employers including hospitals and health care providers.

14 (ii) The community college provides customized on-site training
15 for area companies, employees, or both.

16 (iii) The community college supports entrepreneurship through a
17 small business assistance center or other training or consulting
18 activities targeted toward small businesses.

19 (iv) The community college supports technological advancement
20 through industry partnerships, incubation activities, or operation
21 of a Michigan technical education center or other advanced
22 technology center.

23 (v) The community college has active partnerships with local
24 or regional workforce and economic development agencies.

25 (b) For Category B, educational partnerships, the following:

26 (i) The community college has active partnerships with regional
27 high schools, intermediate school districts, and career-tech

1 centers to provide instruction through dual enrollment, direct
2 credit, middle college, or academy programs.

3 (ii) The community college hosts, sponsors, or participates in
4 enrichment programs for area K-12 students, such as college days,
5 summer or after-school programming, or science Olympiad.

6 (iii) The community college provides, supports, or participates
7 in programming to promote successful transitions to college for
8 traditional age students, including grant programs such as talent
9 search, upward bound, or other activities to promote college
10 readiness in area high schools and community centers.

11 (iv) The community college provides, supports, or participates
12 in programming to promote successful transitions to college for new
13 or reentering adult students, such as adult basic education, GED
14 preparation, GED testing, or recruiting, advising, or orientation
15 activities specific to adults.

16 (v) The community college has active partnerships with
17 regional 4-year colleges and universities to promote successful
18 transfer, such as articulation, 2+2, or reverse transfer agreements
19 or operation of a university center.

20 (c) For Category C, community services, the following:

21 (i) The community college provides continuing education
22 programming for leisure, wellness, personal enrichment, or
23 professional development.

24 (ii) The community college operates or sponsors opportunities
25 for community members to engage in activities that promote leisure,
26 wellness, cultural or personal enrichment such as community sports
27 teams, theater or musical ensembles, or artist guilds.

(iii) The community college operates public facilities to promote cultural, educational, or personal enrichment for community members, such as libraries, computer labs, performing arts centers, museums, art galleries, or television or radio stations.

(iv) The community college operates public facilities to promote leisure or wellness activities for community members, including gymnasiums, athletic fields, tennis courts, fitness centers, hiking or biking trails, or natural areas.

(v) The community college promotes, sponsors, or hosts community service activities for students, staff, or community members.

Sec. 236. (1) Subject to the conditions set forth in this article, the amounts listed in ~~subsections (2) to (6)~~ **THIS SECTION** are appropriated for higher education for the fiscal year ending September 30, ~~2014,~~ **2015**, from the funds indicated in this section. The following is a summary of the appropriations in ~~subsections (2) to (6)~~ **THIS SECTION:**

(a) The gross appropriation is ~~\$1,430,573,500.00.~~ **\$1,507,494,100.00.** After deducting total interdepartmental grants and intradepartmental transfers in the amount of \$0.00, the adjusted gross appropriation is ~~\$1,430,573,500.00.~~ **\$1,507,494,100.00.**

(b) The sources of the adjusted gross appropriation described in subdivision (a) are as follows:

(i) Total federal revenues, \$97,026,400.00.

(ii) Total local revenues, \$0.00.

(iii) Total private revenues, \$0.00.

(iv) Total other state restricted revenues, \$200,565,700.00.

(v) State general fund/general purpose money,

~~\$1,132,981,400.00.~~ **\$1,209,902,000.00.**

(2) Amounts appropriated for public universities are as follows:

(a) The appropriation for Central Michigan University is

~~\$73,486,600.00, \$71,352,300.00~~ **\$78,800,700.00, \$73,540,100.00** for operations and ~~\$2,134,300.00~~ **\$5,260,600.00** for performance funding., ~~appropriated from the following:~~

~~—— (i) State school aid fund, \$11,284,600.00.~~

~~—— (ii) State general fund/general purpose money, \$62,202,000.00.~~

(b) The appropriation for Eastern Michigan University is

~~\$67,255,600.00, \$66,466,700.00~~ **\$71,517,600.00, \$67,275,400.00** for operations and ~~\$788,900.00~~ **\$4,242,200.00** for performance funding. ~~appropriated from the following:~~

~~—— (i) State school aid fund, \$10,706,400.00.~~

~~—— (ii) State general fund/general purpose money, \$56,549,200.00.~~

(c) The appropriation for Ferris State University is

~~\$45,602,600.00, \$44,250,700.00~~ **\$48,892,500.00, \$45,636,500.00** for operations and ~~\$1,351,900.00~~ **\$3,256,000.00** for performance funding. ~~appropriated from the following:~~

~~—— (i) State school aid fund, \$6,846,800.00.~~

~~—— (ii) State general fund/general purpose money, \$38,755,800.00.~~

(d) The appropriation for Grand Valley State University is

~~\$57,765,100.00, \$55,436,000.00~~ **\$62,836,500.00, \$57,823,500.00** for operations and ~~\$2,329,100.00~~ **\$5,013,000.00** for performance funding. ~~appropriated from the following:~~

~~1 (i) State school aid fund, \$8,727,800.00.~~

~~2 (ii) State general fund/general purpose money, \$49,037,300.00.~~

3 (e) The appropriation for Lake Superior State University is
 4 ~~\$12,226,500.00, \$12,046,100.00~~ **\$12,751,500.00, \$12,231,000.00** for
 5 operations and ~~\$180,400.00~~ **\$520,500.00** for performance funding. ~~7~~
 6 ~~appropriated from the following:~~

~~7 (i) State school aid fund, \$1,787,600.00.~~

~~8 (ii) State general fund/general purpose money, \$10,438,900.00.~~

9 (f) The appropriation for Michigan State University is
 10 ~~\$305,775,000.00, \$245,037,000.00~~ **\$323,014,900.00, \$249,597,800.00**
 11 for operations, ~~\$4,449,300.00~~ **\$13,995,300.00** for performance
 12 funding, ~~\$30,243,900.00~~ **\$31,927,300.00** for MSU AgBioResearch, and
 13 ~~\$26,044,800.00~~ **\$27,494,500.00** for MSU extension. ~~7~~ ~~appropriated~~
 14 ~~from the following:~~

~~15 (i) State school aid fund, \$39,949,900.00.~~

~~16 (ii) State general fund/general purpose money, \$265,825,100.00.~~

17 (g) The appropriation for Michigan Technological University is
 18 ~~\$43,451,900.00, \$42,579,100.00~~ **\$45,785,000.00, \$43,473,800.00** for
 19 operations and ~~\$872,800.00~~ **\$2,311,200.00** for performance funding. ~~7~~
 20 ~~appropriated from the following:~~

~~21 (i) State school aid fund, \$6,748,900.00.~~

~~22 (ii) State general fund/general purpose money, \$36,703,000.00.~~

23 (h) The appropriation for Northern Michigan University is
 24 ~~\$41,719,800.00, \$40,856,600.00~~ **\$44,134,200.00, \$41,741,400.00** for
 25 operations and ~~\$863,200.00~~ **\$2,392,800.00** for performance funding. ~~7~~
 26 ~~appropriated from the following:~~

~~27 (i) State school aid fund, \$6,356,900.00.~~

~~1 (ii) State general fund/general purpose money, \$35,362,900.00.~~

2 (i) The appropriation for Oakland University is
 3 ~~\$45,634,800.00, \$44,964,100.00~~ **\$48,211,200.00, \$45,651,600.00** for
 4 operations and ~~\$670,700.00~~ **\$2,559,600.00** for performance funding. 7
 5 ~~appropriated from the following.~~

6 ~~(i) State school aid fund, \$7,148,400.00.~~

7 ~~(ii) State general fund/general purpose money, \$38,486,400.00.~~

8 (j) The appropriation for Saginaw Valley State University is
 9 ~~\$25,982,800.00, \$25,656,700.00~~ **\$27,518,900.00, \$25,991,000.00** for
 10 operations and ~~\$326,100.00~~ **\$1,527,900.00** for performance funding. 7
 11 ~~appropriated from the following.~~

12 ~~(i) State school aid fund, \$3,903,800.00.~~

13 ~~(ii) State general fund/general purpose money, \$22,079,000.00.~~

14 (k) The appropriation for University of Michigan - Ann Arbor
 15 is ~~\$279,108,700.00, \$274,156,700.00~~ **\$294,275,400.00,**
 16 **\$279,232,700.00** for operations and ~~\$4,952,000.00~~ **\$15,042,700.00** for
 17 performance funding. 7 ~~appropriated from the following.~~

18 ~~(i) State school aid fund, \$44,536,300.00.~~

19 ~~(ii) State general fund/general purpose money, \$234,572,400.00.~~

20 (l) The appropriation for University of Michigan - Dearborn is
 21 ~~\$22,503,700.00, \$22,237,300.00~~ **\$23,622,900.00, \$22,510,400.00** for
 22 operations and ~~\$266,400.00~~ **\$1,112,500.00** for performance funding. 7
 23 ~~appropriated from the following.~~

24 ~~(i) State school aid fund, \$3,482,100.00.~~

25 ~~(ii) State general fund/general purpose money, \$19,021,600.00.~~

26 (m) The appropriation for University of Michigan - Flint is
 27 ~~\$19,928,100.00, \$19,526,600.00~~ **\$21,258,800.00, \$19,938,200.00** for

operations and ~~\$401,500.00~~ **\$1,320,600.00** for performance funding. ~~7~~
~~appropriated from the following:~~

~~—— (i) State school aid fund, \$2,942,900.00.~~

~~—— (ii) State general fund/general purpose money, \$16,985,200.00.~~

(n) The appropriation for Wayne State University is
~~\$183,933,000.00, 183,398,300.00~~ **\$190,118,400.00, \$183,398,300.00**

for operations and ~~\$534,700.00~~ **\$6,720,100.00** for performance
funding. ~~7, appropriated from the following:~~

~~—— (i) State school aid fund, \$30,160,600.00.~~

~~—— (ii) State general fund/general purpose money, \$153,772,400.00.~~

(o) The appropriation for Western Michigan University is
~~\$97,235,200.00, \$95,487,500.00~~ **\$102,434,000.00, \$97,279,000.00** for

operations and ~~\$1,747,700.00~~ **\$5,155,000.00** for performance funding.

~~7, appropriated from the following:~~

~~—— (i) State school aid fund, \$15,436,500.00.~~

~~—— (ii) State general fund/general purpose money, \$81,798,700.00.~~

**(3) THE AMOUNT APPROPRIATED IN SUBSECTION (2) FOR PUBLIC
UNIVERSITIES IS APPROPRIATED FROM THE FOLLOWING:**

(A) STATE SCHOOL AID FUND, \$200,019,500.00.

**(B) STATE GENERAL FUND/GENERAL PURPOSE MONEY,
\$1,195,153,000.00.**

(4) ~~(3)~~ The amount appropriated for Michigan public school
employees' retirement system reimbursement is \$2,446,200.00,
\$446,200.00 appropriated from the state school aid fund and
\$2,000,000.00 appropriated from general fund/general purpose money.

(5) ~~(4)~~ The amount appropriated for state and regional
programs is ~~\$2,200,000.00~~ **\$2,295,000.00** appropriated from general

1 fund/general purpose money and allocated as follows:

2 (a) College access program, \$2,000,000.00.

3 (b) Higher education database modernization and conversion,
4 ~~\$105,000.00.~~ **\$200,000.00.**

5 (c) Midwestern higher education compact, \$95,000.00.

6 **(6)** ~~(5)~~—The amount appropriated for the Martin Luther King,
7 Jr. - Cesar Chavez - Rosa Parks program is \$2,691,500.00,
8 appropriated from general fund/general purpose money and allocated
9 as follows:

10 (a) Select student support services, \$1,956,100.00.

11 (b) Michigan college/university partnership program,
12 \$586,800.00.

13 (c) Morris Hood, Jr. educator development program,
14 \$148,600.00.

15 **(7)** ~~(6)~~—Subject to subsection ~~(7)~~, **(8)**, the amount
16 appropriated for grants and financial aid is ~~\$101,626,400.00,~~
17 **\$104,888,900.00** allocated as follows:

18 (a) State competitive scholarships, \$18,361,700.00.

19 (b) Tuition grants, ~~\$31,664,700.00.~~ **\$33,427,200.00.**

20 (c) Tuition incentive program, ~~\$47,000,000.00.~~ **\$48,500,000.00.**

21 (d) Children of veterans and officer's survivor tuition grant
22 programs, \$1,400,000.00.

23 (e) Project GEAR-UP, \$3,200,000.00.

24 **(8)** ~~(7)~~—The money appropriated in subsection ~~(6)~~ **(7)** for
25 grants and financial aid is appropriated from the following:

26 (a) Federal revenues under the United States department of
27 education, office of elementary and secondary education, GEAR-UP

1 program, \$3,200,000.00.

2 (b) Federal revenues under the social security act, temporary
3 assistance for needy families, \$93,826,400.00.

4 (c) Contributions to children of veterans tuition grant
5 program, \$100,000.00.

6 (d) State general fund/general purpose money,
7 ~~\$4,500,000.00.~~ **\$7,762,500.00.**

8 Sec. 236a. It is the intent of the legislature to provide
9 appropriations for the fiscal year ending on September 30, ~~2015~~
10 **2016** for the items listed in section 236. The fiscal year ~~2014-2015~~
11 **2015-2016** appropriations are anticipated to be the same as those
12 for fiscal year ~~2013-2014,~~ **2014-2015**, except that the amounts will
13 be adjusted for changes in caseload and related costs, federal fund
14 match rates, economic factors, and available revenue. These
15 adjustments will be determined after the January ~~2014-2015~~
16 consensus revenue estimating conference.

17 Sec. 236b. In addition to the funds appropriated in section
18 236, there is appropriated for grants and financial aid in fiscal
19 year ~~2013-2014-2014-2015~~ an amount not to exceed \$6,000,000.00 for
20 federal contingency funds. These funds are not available for
21 expenditure until they have been transferred under section 393(2)
22 of the management and budget act, 1984 PA 431, MCL 18.1393, for
23 another purpose under this article.

24 Sec. 236c. In addition to the funds appropriated for fiscal
25 year ~~2013-2014-2014-2015~~ in section 236, appropriations to the
26 department of technology, management, and budget in the act
27 providing general appropriations for fiscal year ~~2013-2014-2014-~~

2015 for state building authority rent, totaling an estimated ~~\$125,370,600.00~~, **\$124,825,300.00**, provide funding for the state share of costs for previously constructed capital projects for state universities. These appropriations for state building authority rent represent additional state general fund support provided to public universities, and the following is an estimate of the amount of that support to each university:

(a) Central Michigan University, ~~\$9,155,600.00~~. **\$9,103,200.00.**

(b) Eastern Michigan University, ~~\$5,234,800.00~~. **\$4,861,700.00.**

(c) Ferris State University, ~~\$6,360,600.00~~. **\$6,252,200.00.**

(d) Grand Valley State University,

~~\$4,277,000.00~~. **\$4,252,500.00.**

(e) Lake Superior State University, ~~\$915,600.00~~. **\$1,112,900.00.**

(f) Michigan State University, ~~\$16,194,400.00~~. **\$16,101,200.00.**

(g) Michigan Technological University,

~~\$7,692,200.00~~. **\$7,444,600.00.**

(h) Northern Michigan University, ~~\$8,062,600.00~~. **\$8,016,400.00.**

(i) Oakland University, ~~\$10,791,500.00~~. **\$10,969,800.00.**

(j) Saginaw Valley State University,

~~\$9,833,700.00~~. **\$9,777,400.00.**

(k) University of Michigan - Ann Arbor,

~~\$9,212,000.00~~. **\$9,159,200.00.**

(l) University of Michigan - Dearborn,

~~\$6,332,400.00~~. **\$6,296,200.00.**

(m) University of Michigan - Flint,

~~\$2,871,400.00~~. **\$2,855,000.00.**

(n) Wayne State University, ~~\$13,079,500.00~~. **\$13,679,800.00.**

(o) Western Michigan University,
~~\$15,357,300.00.~~ **\$14,943,200.00.**

Sec. 241. (1) Subject to section 265a, the funds appropriated in section 236 to public universities shall be paid out of the state treasury and distributed by the state treasurer to the respective institutions in 11 equal monthly installments on the sixteenth of each month, or the next succeeding business day, beginning with October 16, ~~2013.~~ **2014.** Except for Wayne State University, each institution shall accrue its July and August ~~2014~~ **2015** payments to its institutional fiscal year ending June 30, ~~2014.~~ **2015.**

(2) All public universities shall submit higher education institutional data inventory (HEIDI) data and associated financial and program information requested by and in a manner prescribed by the state budget director. For public universities with fiscal years ending June 30, ~~2013,~~ **2014,** these data shall be submitted to the state budget director by October 15, ~~2013.~~ **2014.** Public universities with a fiscal year ending September 30, ~~2013~~ **2014** shall submit preliminary HEIDI data by November 15, ~~2013~~ **2014** and final data by December 15, ~~2013.~~ **2014.** If a public university fails to submit HEIDI data and associated financial aid program information in accordance with this reporting schedule, the state treasurer may withhold the monthly installments under subsection (1) to the public university until those data are submitted.

Sec. 245. (1) ~~Within 30 days after the board of a public university adopts its annual operating budget for the following school fiscal year, or after the board adopts a subsequent revision~~

1 ~~to that budget, the~~ A public university shall ~~make all of the~~
2 ~~following~~ **MAINTAIN A PUBLIC TRANSPARENCY WEBSITE** available through
3 a link on its website homepage. ~~÷~~ **THE PUBLIC UNIVERSITY SHALL**
4 **UPDATE THIS WEBSITE WITHIN 30 DAYS AFTER THE UNIVERSITY'S GOVERNING**
5 **BOARD ADOPTS ITS ANNUAL OPERATING BUDGET FOR THE NEXT ACADEMIC**
6 **YEAR, OR AFTER THE GOVERNING BOARD ADOPTS A SUBSEQUENT REVISION TO**
7 **THAT BUDGET.**

8 (2) **THE WEBSITE REQUIRED UNDER SUBSECTION (1) SHALL INCLUDE**
9 **ALL OF THE FOLLOWING CONCERNING THE PUBLIC UNIVERSITY:**

10 (a) The annual operating budget and subsequent budget
11 revisions.

12 (b) A summary of current expenditures for the most recent
13 fiscal year for which they are available, expressed as pie charts
14 in the following 2 categories:

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

17 (A) Earnings and wages.

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

21 (C) Retirement benefit costs.

22 (D) All other personnel costs.

23 (ii) A chart of all current expenditures the public university
24 reported as part of its higher education institutional data
25 inventory data under section 241(2), broken into the same
26 subcategories in which it reported those data.

27 (c) Links to all of the following for the public university:

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

3 (ii) Each health care benefits plan, including, but not limited
4 to, medical, dental, vision, disability, long-term care, or any
5 other type of benefits that would constitute health care services,
6 offered to any bargaining unit or employee of the public
7 university.

8 (iii) Audits and financial reports for the most recent fiscal
9 year for which they are available.

10 (iv) Campus security policies and crime statistics pursuant to
11 the student right-to-know and campus security act, Public Law 101-
12 542, 104 Stat. 2381. Information shall include all material
13 prepared pursuant to the public information reporting requirements
14 under the crime awareness and campus security act of 1990, title II
15 of the student right-to-know and campus security act, Public Law
16 101-542, 104 Stat. 2381.

17 (d) A list of all positions funded partially or wholly through
18 institutional general fund revenue that includes the position title
19 and annual salary or wage amount for each position.

20 (e) General fund revenue and expenditure projections for **THE**
21 **CURRENT** fiscal year ~~2013-2014~~ and **THE NEXT** fiscal year. ~~2014-2015~~.

22 (f) A listing of all debt service obligations, detailed by
23 project, anticipated fiscal year ~~2013-2014~~ payment for each
24 project, and total outstanding debt **FOR THE CURRENT FISCAL YEAR**.

25 (g) The institution's policy regarding the transferability of
26 core college courses between community colleges and the university.

27 (h) A listing of all community colleges that have entered into

1 reverse transfer agreements with the university.

2 (3) ~~(2) A~~ **ON THE WEBSITE REQUIRED UNDER SUBSECTION (1), A**
3 public university shall provide a dashboard or report card
4 demonstrating the university's performance in several "best
5 practice" measures. The dashboard or report card shall include at
6 least all of the following for the 3 most recent ~~school~~ **ACADEMIC**
7 years for which the data are available:

8 (a) Enrollment.

9 (b) Student retention rate.

10 (c) Six-year graduation rates.

11 (d) Number of Pell grant recipients and graduating Pell grant
12 recipients.

13 (e) Geographic origination of students, categorized as in-
14 state, out-of-state, and international.

15 (f) Faculty to student ratios and total university employee to
16 student ratios.

17 (g) Teaching load by faculty classification.

18 (h) Graduation outcome rates, including employment and
19 continuing education.

20 (4) ~~(3)~~ For statewide consistency and public visibility,
21 public universities must use the icon badge provided by the
22 department of technology, management, and budget consistent with
23 the icon badge developed by the department of education for K-12
24 school districts. It must appear on the front of each public
25 university's homepage. The size of the icon may be reduced to 150 x
26 150 pixels. The font size and style for this reporting must be
27 consistent with other documents on each university's website.

1 (5) ~~(4)~~—The state budget director shall determine whether a
2 public university has complied with this section. The state budget
3 director may withhold a public university's monthly installments
4 described in section 241 until the public university complies with
5 this section.

6 Sec. 252. (1) The amounts appropriated in section 236 for the
7 state tuition grant program shall be distributed pursuant to 1966
8 PA 313, MCL 390.991 to 390.997a.

9 (2) Tuition grant awards shall be made to all eligible
10 Michigan residents enrolled in undergraduate degree programs who
11 are qualified and who apply before July 1 ~~, 2012 for the 2012-2013~~
12 ~~school year or July 1, 2013 for the 2013-2014 school year, as~~
13 ~~applicable.~~ **OF EACH YEAR FOR THE NEXT ACADEMIC YEAR.**

14 (3) Pursuant to section 5 of 1966 PA 313, MCL 390.995, and
15 subject to ~~subsection~~ **SUBSECTIONS (7) AND (8)**, the department of
16 treasury shall determine an actual maximum tuition grant award per
17 student, which shall be no less than \$1,512.00, that ensures that
18 the aggregate payments for the tuition grant program do not exceed
19 the appropriation contained in section 236 for the state tuition
20 grant program. If the department determines that insufficient funds
21 are available to establish a maximum award amount equal to at least
22 \$1,512.00, the department shall immediately report to the house and
23 senate appropriations subcommittees on higher education, the house
24 and senate fiscal agencies, and the state budget director regarding
25 the estimated amount of additional funds necessary to establish a
26 \$1,512.00 maximum award amount. If the department determines that
27 sufficient funds are available to establish a maximum award amount

1 equal to at least \$1,512.00, the department shall immediately
2 report to the house and senate appropriations subcommittees on
3 higher education, the house and senate fiscal agencies, and the
4 state budget director regarding the maximum award amount
5 established and the projected amount of any projected year-end
6 appropriation balance based on that maximum award amount. By
7 December 15, and again by February 18 of each fiscal year, the
8 department shall analyze the status of award commitments, shall
9 make any necessary adjustments, and shall confirm that those award
10 commitments will not exceed the appropriation contained in section
11 236 for the tuition grant program. The determination and actions
12 shall be reported to the state budget director and the house and
13 senate fiscal agencies no later than the final day of February of
14 each year. If award adjustments are necessary, the students shall
15 be notified of the adjustment by March 4 of each year.

16 (4) ~~Any unexpended and unencumbered funds remaining on~~
17 ~~September 30, 2013 from the amounts appropriated in section 236 for~~
18 ~~the tuition grant program for fiscal year 2012-2013 shall not lapse~~
19 ~~on September 30, 2013, but shall continue to be available for~~
20 ~~expenditure for tuition grants provided in the 2013-2014 fiscal~~
21 ~~year under a work project account. The use of these unexpended~~
22 ~~fiscal year 2012-2013 funds shall terminate at the end of the 2013-~~
23 ~~2014 fiscal year. Any unexpended and unencumbered funds remaining~~
24 ~~on September 30, 2014-2015 from the amounts appropriated in section~~
25 ~~236 for the tuition grant program for fiscal year 2013-2014-2014-~~
26 ~~2015 shall not lapse on September 30, 2014, 2015, but shall~~
27 continue to be available for expenditure for tuition grants

1 provided in the ~~2014-2015-2015-2016~~ fiscal year under a work
2 project account. The use of these unexpended fiscal year ~~2013-2014~~
3 ~~2014-2015~~ funds shall terminate at the end of the ~~2014-2015-2015-~~
4 ~~2016~~ fiscal year.

5 (5) The department of treasury shall continue a proportional
6 tuition grant maximum award level for recipients enrolled less than
7 full-time in a given semester or term.

8 (6) If the department of treasury increases the maximum award
9 per eligible student from that provided in the previous fiscal
10 year, it shall not have the effect of reducing the number of
11 eligible students receiving awards in relation to the total number
12 of eligible applicants. Any increase in the maximum grant shall be
13 proportional for all eligible students receiving awards for that
14 fiscal year.

15 (7) ~~In any fiscal year,~~ **EXCEPT AS PROVIDED IN SUBSECTION (4),**
16 the department of treasury shall not award more than ~~\$3,000,000.00~~
17 **\$3,500,000.00** in tuition grants to eligible students enrolled in
18 the same independent nonprofit college or university in this state.
19 Any decrease in the maximum grant shall be proportional for all
20 eligible students enrolled in that college or university, as
21 determined by the department.

22 **(8) THE DEPARTMENT OF TREASURY SHALL NOT AWARD TUITION GRANTS**
23 **TO OTHERWISE ELIGIBLE STUDENTS ENROLLED IN AN INDEPENDENT COLLEGE**
24 **OR UNIVERSITY THAT DOES NOT REPORT, IN A FORM AND MANNER DIRECTED**
25 **BY AND SATISFACTORY TO THE DEPARTMENT OF TREASURY, BY AUGUST 31 OF**
26 **EACH YEAR, BEGINNING WITH AUGUST 31, 2015, ALL OF THE FOLLOWING:**

27 **(A) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED**

1 ACADEMIC YEAR THAT RECEIVED A STATE TUITION GRANT AND SUCCESSFULLY
2 COMPLETED A PROGRAM OR GRADUATED.

3 (B) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED
4 ACADEMIC YEAR THAT RECEIVED A STATE TUITION GRANT AND TOOK A
5 REMEDIAL EDUCATION CLASS.

6 (C) THE NUMBER OF STUDENTS IN THE MOST RECENTLY COMPLETED
7 ACADEMIC YEAR THAT RECEIVED A PELL GRANT AND SUCCESSFULLY COMPLETED
8 A PROGRAM OR GRADUATED.

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 **ANY TIME AFTER HE**
27 **OR SHE BEGINS THE SIXTH GRADE BUT** before ~~graduating~~ **AUGUST 31 OF**

1 **THE SCHOOL YEAR IN WHICH HE OR SHE GRADUATES** from high school or
2 **BEFORE** completing the general education development (GED)
3 certificate.

4 (ii) Be less than 20 years of age at the time he or she
5 graduates from high school with a diploma or certificate of
6 completion or completes his or her GED.

7 (iii) Be a United States citizen and a resident of Michigan
8 according to institutional criteria.

9 (iv) Be at least a half-time student, earning less than 80
10 semester or 120 term credits at a participating educational
11 institution within 4 years of high school graduation or GED
12 certificate completion.

13 (v) Request information on filing a FAFSA.

14 (vi) **MUST MEET THE SATISFACTORY ACADEMIC PROGRESS POLICY OF THE**
15 **EDUCATIONAL INSTITUTION HE OR SHE ATTENDS.**

16 (b) To be eligible for phase II, an individual shall meet
17 either of the following criteria in addition to the criteria in
18 subdivision (a):

19 (i) Complete at least 56 transferable semester or 84
20 transferable term credits.

21 (ii) Obtain an associate degree or certificate at a
22 participating institution.

23 (c) To be eligible for phase I or phase II, an individual must
24 not be incarcerated and must be financially eligible as determined
25 by the department. An individual is financially eligible for the
26 tuition incentive program if he or she was eligible for Medicaid
27 from the state of Michigan for 24 months within the 36 months

1 before application. The department shall accept certification of
2 Medicaid eligibility only from the department of human services for
3 the purposes of verifying if a person is Medicaid eligible for 24
4 months within the 36 months before application. Certification of
5 eligibility may begin in the sixth grade. As used in this
6 subdivision, "incarcerated" does not include detention of a
7 juvenile in a state-operated or privately operated juvenile
8 detention facility.

9 (4) For phase I, the department shall provide payment on
10 behalf of a person eligible under subsection (3). The department
11 shall reject billings that are excessive or outside the guidelines
12 for the type of educational institution.

13 (5) For phase I, all of the following apply:

14 (a) Payments for associate degree or certificate programs
15 shall not be made for more than 80 semester or 120 term credits for
16 any individual student at any participating institution.

17 (b) For persons enrolled at a Michigan community college, the
18 department shall pay the current in-district tuition and mandatory
19 fees. For persons residing in an area that is not included in any
20 community college district, the out-of-district tuition rate may be
21 authorized.

22 (c) For persons enrolled at a Michigan public university, the
23 department shall pay lower division resident tuition and mandatory
24 fees for the current year.

25 (d) For persons enrolled at a Michigan independent, nonprofit
26 degree-granting college or university, or a Michigan federal
27 tribally controlled community college, or Focus: HOPE, the

1 department shall pay mandatory fees for the current year and a per-
2 credit payment that does not exceed the average community college
3 in-district per-credit tuition rate as reported on August 1, for
4 the immediately preceding academic year.

5 (6) A person participating in phase II may be eligible for
6 additional funds not to exceed \$500.00 per semester or \$400.00 per
7 term up to a maximum of \$2,000.00 subject to the following
8 conditions:

9 (a) Credits are earned in a 4-year program at a Michigan
10 degree-granting 4-year college or university.

11 (b) The tuition reimbursement is for coursework completed
12 within 30 months of completion of the phase I requirements.

13 (7) The department shall work closely with participating
14 institutions to develop an application and eligibility
15 determination process that will provide the highest level of
16 participation and ensure that all requirements of the program are
17 met.

18 (8) Applications for the tuition incentive program may be
19 approved at any time after the student begins the sixth grade. If a
20 determination of financial eligibility is made, that determination
21 is valid as long as the student meets all other program
22 requirements and conditions.

23 (9) Each institution shall ensure that all known available
24 restricted grants for tuition and fees are used prior to billing
25 the tuition incentive program for any portion of a student's
26 tuition and fees.

27 (10) The department shall ensure that the tuition incentive

1 program is well publicized and that eligible Medicaid clients are
2 provided information on the program. The department shall provide
3 the necessary funding and staff to fully operate the program.

4 Sec. 263. (1) Included in the appropriation in section 236 **FOR**
5 **FISCAL YEAR 2014-2015** for MSU AgBioResearch is \$2,982,900.00 and
6 included in the appropriation in section 236 for MSU extension is
7 \$2,645,200.00 for project GREEN. Project GREEN is intended to
8 address critical regulatory, food safety, economic, and
9 environmental problems faced by this state's plant-based
10 agriculture, forestry, and processing industries. "GREEN" is an
11 acronym for generating research and extension to meet environmental
12 and economic needs.

13 (2) The department of agriculture and rural development and
14 Michigan State University, in consultation with agricultural
15 commodity groups and other interested parties, shall develop
16 project GREEN and its program priorities.

17 Sec. 263a. (1) Not later than September 30 of each year,
18 Michigan State University shall submit a report on MSU
19 AgBioResearch and MSU extension to the house and senate
20 appropriations subcommittees on agriculture and on higher
21 education, the house and senate standing committees on agriculture,
22 the house and senate fiscal agencies, and the state budget director
23 for the preceding ~~school~~**ACADEMIC** fiscal year.

24 (2) The report required under subsection (1) shall include all
25 of the following:

26 (a) Total funds expended by MSU AgBioResearch and by MSU
27 extension service identified by state, local, private, federal, and

1 university fund sources.

2 (b) The metric goals that were used to evaluate the impacts of
3 programs operated by MSU extension and MSU AgBioResearch. It is the
4 intent of the legislature that the following metric goals will be
5 used to evaluate the impacts of those programs:

6 (i) Increasing the number of agriculture and food-related firms
7 collaborating with and using services of research and extension
8 faculty and staff by 3% per year.

9 (ii) Increasing the number of individuals utilizing MSU
10 extension's educational services by 5% per year.

11 (iii) Increasing external funds generated in support of research
12 and extension, beyond state appropriations, by 10% over the amounts
13 generated in the past 3 state fiscal years.

14 (iv) Increasing the sector's total economic impact from today's
15 \$71,000,000,000.00 to \$100,000,000,000.00.

16 (v) Doubling Michigan's agricultural exports from
17 \$1,750,000,000.00 to \$3,500,000,000.00.

18 (vi) Increasing jobs in the food and agriculture sector by 10%.

19 (vii) Improving access by Michigan consumers to healthy foods
20 by 20%.

21 (c) A review of major programs within both MSU AgBioResearch
22 and MSU extension with specific reference to accomplishments,
23 impacts, and the metrics described in subdivision (b), including a
24 specific accounting of Project GREEN expenditures and the impact
25 of those expenditures.

26 Sec. 264. Included in the appropriation in section 236 for
27 fiscal year ~~2013-2014~~**2014-2015** for Michigan State University is

1 \$80,000.00 for the Michigan future farmers of America association.
2 This \$80,000.00 allocation shall not supplant any existing support
3 that Michigan State University provides to the Michigan future
4 farmers of America association.

5 Sec. 265. (1) Payments under section 265a for performance
6 funding shall only be made to a public university that certifies to
7 the state budget director by August 31, ~~2013-2014~~ that its board
8 did not adopt an increase in tuition and fee rates for resident
9 undergraduate students after September 1, ~~2012-2013~~ for the ~~2012-~~
10 ~~2013-2013-2014~~ academic year and that its board will not adopt an
11 increase in tuition and fee rates for resident undergraduate
12 students for the ~~2013-2014-2014-2015~~ academic year that is greater
13 than ~~3.75%-3.20%~~. As used in this subsection:

14 (a) Subject to subdivision (c), "fee" means any board-
15 authorized fee that will be paid by more than 1/2 of all resident
16 undergraduate students at least once during their enrollment at a
17 public university. A university increasing a fee that applies to a
18 specific subset of students or courses shall provide sufficient
19 information to prove that the increase applied to that subset will
20 not cause the increase in the average amount of board-authorized
21 total tuition and fees paid by resident undergraduate students in
22 the ~~2013-2014-2014-2015~~ academic year to exceed the limit
23 established in this subsection.

24 (b) "Tuition and fee rate" means the average of full-time
25 rates for all undergraduate classes, based on an average of the
26 rates authorized by the university board and actually charged to
27 students, deducting any uniformly-rebated or refunded amounts, for

1 the 2 semesters with the highest levels of full-time equated
2 resident undergraduate enrollment during the academic year.

3 (c) For purposes of subdivision (a), for a public university
4 that compels resident undergraduate students to be covered by
5 health insurance as a condition to enroll at the university, "fee"
6 includes the annual amount a student is charged for coverage by the
7 university-affiliated group health insurance policy if he or she
8 does not provide proof that he or she is otherwise covered by
9 health insurance. This subdivision does not apply to limited
10 subsets of resident undergraduate students to be covered by health
11 insurance for specific reasons other than general enrollment at the
12 university.

13 (2) The state budget director shall implement uniform
14 reporting requirements to ensure that a public university receiving
15 a payment under section 265a for performance funding has satisfied
16 the tuition restraint requirements of this section. The state
17 budget director shall have the sole authority to determine if a
18 public university has met the requirements of this section.
19 Information reported by a public university to the state budget
20 director under this subsection shall also be reported to the house
21 and senate appropriations subcommittees on higher education and the
22 house and senate fiscal agencies.

23 Sec. 265a. (1) Appropriations to public universities in
24 section 236 **FOR FISCAL YEAR 2014-2015** for performance funding shall
25 be paid only to a public university that complies with section 265
26 and certifies to the state budget director, the house and senate
27 appropriations subcommittees on higher education, and the house and

1 senate fiscal agencies by August 31, ~~2013~~2014 that it complies
2 with all of the following requirements:

3 (a) The university participates in reverse transfer agreements
4 described in section 286 with at least 3 Michigan community
5 colleges or has made a good-faith effort to enter into reverse
6 transfer agreements.

7 (b) The university does not and will not consider whether dual
8 enrollment credits earned by an incoming student were utilized
9 towards his or her high school graduation requirements when making
10 a determination as to whether those credits may be used by the
11 student toward completion of a university degree or certificate
12 program.

13 (c) The university participates in the Michigan transfer
14 network created as part of the Michigan association of collegiate
15 registrars and admissions officers transfer agreement.

16 (2) Any performance funding amounts under section 236 that are
17 not paid to a public university because it did not comply with 1 or
18 more requirements under subsection (1) are unappropriated and
19 reappropriated for performance funding to those public universities
20 that meet the requirements under subsection (1), distributed in
21 proportion to their performance funding appropriation amounts under
22 section 236.

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, ~~2013~~2014,
26 regarding any performance funding amounts that are not paid to a
27 public university because it did not comply with 1 or more

requirements under subsection (1) and any reappropriation of funds under subsection (2).

(4) Performance funding amounts described in section 236 are distributed based on the following formula:

(A) PROPORTIONAL TO EACH UNIVERSITY'S SHARE OF TOTAL OPERATIONS FUNDING APPROPRIATED IN FISCAL YEAR 2010-2011, 50.0%.

(B) ~~(a)~~—Based on weighted undergraduate completions in critical skills areas, ~~22.2%-11.1%~~.

(C) ~~(b)~~—Based on research and development expenditures, for universities classified in Carnegie classifications as doctoral/research universities, research universities (high research activity), or research universities (very high research activity) only, ~~11.1%-5.6%~~.

(D) ~~(c)~~—Based on 6-year graduation rate, total degree completions, and institutional support as a percentage of core expenditures, **AND STUDENTS RECEIVING PELL GRANTS**, scored against national Carnegie classification peers and weighted by total undergraduate fiscal year equated students, ~~66.7%-33.3%~~.

(5) For purposes of determining the score of a university under subsection ~~(4)(c)~~, **(4)(D)**, each university is assigned 1 of the following scores:

(a) A university classified as in the top 20%, a score of 3.

(b) A university classified as above national median, a score of 2.

(c) A university classified as improving, a score of 2. It is the intent of the legislature that, beginning in the ~~2014-2015~~ **2015-2016** state fiscal year, a university classified as improving

1 is assigned a score of 1.

2 (d) A university that is not included in subdivision (a), (b),
3 or (c), a score of 0.

4 (6) For purposes of this section, "Carnegie classification"
5 shall mean the basic classification of the university according to
6 the most recent version of the Carnegie classification of
7 institutions of higher education, published by the Carnegie
8 foundation for the advancement of teaching.

9 Sec. 267. All public universities shall submit the amount of
10 tuition and fees actually charged to a full-time resident
11 undergraduate student for academic year ~~2013-2014~~ **2014-2015** as part
12 of their higher education institutional data inventory (HEIDI) data
13 by August 31 of each year. A public university shall report any
14 revisions for any semester of the reported academic year ~~2013-2014~~
15 **2014-2015** tuition and fee charges to HEIDI within 15 days of being
16 adopted.

17 Sec. 268. (1) For the fiscal year ending September 30, ~~2014,~~
18 **2015**, it is the intent of the legislature that funds be allocated
19 for unfunded North American Indian tuition waiver costs incurred by
20 public universities under 1976 PA 174, MCL 390.1251 to 390.1253,
21 from the general fund.

22 (2) By February 15 of each year, the department of civil
23 rights shall annually submit to the state budget director, the
24 house and senate appropriations subcommittees on higher education,
25 and the house and senate fiscal agencies ~~for the preceding fiscal~~
26 ~~year~~ a report on North American Indian tuition waivers **FOR THE**
27 **PRECEDING FISCAL YEAR** that includes, but is not limited to, all of

1 the following information for each postsecondary institution:

2 (a) The total number of waiver applications.

3 (b) The total number of waivers granted and the monetary value
4 of each waiver.

5 (c) The number of students who withdraw from classes.

6 (d) The number of students who successfully complete a degree
7 or certificate program and the 6-year graduation rate.

8 Sec. 269. For fiscal year ~~2013-2014~~, **2014-2015**, from the
9 amount appropriated in section 236 to Central Michigan University
10 for operations, \$29,700.00 shall be paid to Saginaw Chippewa Tribal
11 College for the costs of waiving tuition for North American Indians
12 under 1976 PA 174, MCL 390.1251 to 390.1253.

13 Sec. 270. For fiscal year ~~2013-2014~~ **2014-2015** from the amount
14 appropriated in section 236 to Lake Superior State University for
15 operations, \$100,000.00 shall be paid to Bay Mills Community
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. 272a. By February 15, ~~2014~~, **OF EACH YEAR**, each public
19 university receiving funds under section 236 shall submit a report
20 to the house and senate appropriations subcommittees on higher
21 education, the house and senate fiscal agencies, and the state
22 budget director regarding the rejection of transfer credits by the
23 university in the prior year. The report shall include information
24 on the number of credits earned by incoming **RESIDENT** students at
25 other postsecondary institutions **IN THIS STATE**, with the equivalent
26 of a letter grade of C or higher, that were rejected by the
27 university for transfer, reported by both academic program area and

1 prior institution, along with explanatory information regarding the
2 rationale for the rejection of the credits. Data may be reported on
3 either an academic or calendar year basis.

4 Sec. 273. It is the intent of the legislature that each public
5 university shall submit a report to the house and senate
6 appropriations committees, the house and senate fiscal agencies,
7 and the state budget director by October 15, ~~2013~~, **2014**, on the
8 university's efforts to accommodate the sincerely held religious
9 beliefs of students enrolled in accredited counseling degree
10 programs at the university.

11 Sec. 274. It is the intent of the legislature that public and
12 private organizations that conduct human embryonic stem cell
13 derivation subject to section 27 of article I of the state
14 constitution of 1963 will provide information to the director of
15 the department of community health by December 1, ~~2013~~ **2014** that
16 includes all of the following:

17 (a) Documentation that the organization conducting human
18 embryonic stem cell derivation is conducting its activities in
19 compliance with the requirements of section 27 of article I of the
20 state constitution of 1963 and all relevant national institutes of
21 health guidelines pertaining to embryonic stem cell derivation.

22 (b) A list of all human embryonic stem cell lines submitted by
23 the organization to the national institutes of health for inclusion
24 in the human embryonic stem cell registry before and during fiscal
25 year ~~2012-2013~~, **2013-2014**, and the status of each submission as
26 approved, pending approval, or review completed but not yet
27 accepted.

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1 (c) Number of human embryonic stem cell lines derived and not
2 submitted for inclusion in the human embryonic stem cell registry,
3 before and during fiscal year ~~2012-2013-2013-2014~~.

4 Sec. 274a. (1) It is the intent of the legislature that a
5 public university that receives funds in section 236 not provide
6 health insurance or other fringe benefits for any adult coresident
7 of an employee of the university who is not married to or a
8 dependent of that employee or for any dependent of such an adult
9 coresident.

10 (2) It is the intent of the legislature that each public
11 university receiving funds in section 236 submit a report by
12 December 1, ~~2013-2014~~ to the house and senate appropriations
13 subcommittees on higher education, the house and senate fiscal
14 agencies, and the state budget director containing the number of
15 individuals described in subsection (1) who received health
16 insurance or other fringe benefits provided by the university in
17 fiscal year ~~2012-2013-2013-2014~~ and the cost to the university of
18 providing those benefits.

[Sec. 275. (1) It is the intent of the legislature that each public university that receives an appropriation in section 236 do all of the following:

(a) Meet the provisions of section 5003 of the post-911 veterans educational assistance act of 2008, 38 USC 3301 to 3324, including voluntary participation in the yellow ribbon GI education enhancement program established in that act in 38 USC 3317. By October 1 of each year, each public university shall report to the house and senate appropriations subcommittees on higher education, the house and senate fiscal agencies, and the presidents council, state universities of Michigan on whether or not it has chosen to participate in the yellow ribbon GI education enhancement program. If at any time during the fiscal year a university participating in the yellow ribbon program chooses to leave the yellow ribbon program, it shall notify the house and senate appropriations subcommittees on higher education, the house and senate fiscal agencies, and the presidents council, state universities of Michigan.

(b) Establish an on-campus veterans' liaison to provide information and assistance to all student veterans.

(c) Provide flexible enrollment application deadlines for all veterans.

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(d) Include in its admission application process a specific question as to whether an applicant for admission is a veteran, an active member of the military, a member of the national guard or military reserves, or the spouse or dependent of a veteran, active member of the military, or member of the national guard or military reserves, in order to more quickly identify potential educational assistance available to that applicant.

(e) Consider all veterans residents of this state for determining their tuition rates and fees.

(f) Waive enrollment fees for all veterans.

(2) BY OCTOBER 1 OF EACH YEAR, EACH PUBLIC UNIVERSITY SHALL REPORT TO THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON HIGHER EDUCATION, THE HOUSE AND SENATE FISCAL AGENCIES, AND THE DEPARTMENT OF MILITARY AND VETERANS AFFAIRS REGARDING SERVICES PROVIDED SPECIFICALLY TO VETERANS AND ACTIVE MILITARY DUTY PERSONNEL, INCLUDING, BUT NOT LIMITED TO, THE SERVICES DESCRIBED IN SUBSECTION (1).

(3) ~~(2)~~—As used in this section, "veteran" means an honorably discharged veteran entitled to educational assistance under the provisions of section 5003 of the post-911 veterans educational assistance act of 2008, 38 USC 3301 to 3324.]

19 Sec. 276. (1) Included in the appropriation for fiscal year
20 ~~2013-2014-2014-2015~~ for each public university in section 236 is
21 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
22 future faculty program that is intended to increase the pool of
23 academically or economically disadvantaged candidates pursuing
24 faculty teaching careers in postsecondary education. Preference may
25 not be given to applicants on the basis of race, color, ethnicity,
26 gender, or national origin. Institutions should encourage
27 applications from applicants who would otherwise not adequately be

1 represented in the graduate student and faculty populations. Each
2 public university shall apply the percentage change applicable to
3 every public university in the calculation of appropriations in
4 section 236 to the amount of funds allocated to the future faculty
5 program.

6 (2) The program shall be administered by each public
7 university in a manner prescribed by the workforce development
8 agency. The workforce development agency shall use a good faith
9 effort standard to evaluate whether a fellowship is in default.

10 Sec. 277. (1) Included in the appropriation for fiscal year
11 ~~2013-2014-2014-2015~~ for each public university in section 236 is
12 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
13 college day program that is intended to introduce academically or
14 economically disadvantaged schoolchildren to the potential of a
15 college education. Preference may not be given to participants on
16 the basis of race, color, ethnicity, gender, or national origin.
17 Public universities should encourage participation from those who
18 would otherwise not adequately be represented in the student
19 population.

20 (2) Individual program plans of each public university shall
21 include a budget of equal contributions from this program, the
22 participating public university, the participating school district,
23 and the participating independent degree-granting college. College
24 day funds shall not be expended to cover indirect costs. Not more
25 than 20% of the university match shall be attributable to indirect
26 costs. Each public university shall apply the percentage change
27 applicable to every public university in the calculation of

1 appropriations in section 236 to the amount of funds allocated to
2 the college day program.

3 (3) The program described in this section shall be
4 administered by each public university in a manner prescribed by
5 the workforce development agency.

6 Sec. 278. (1) Included in section 236 for fiscal year ~~2013-~~
7 ~~2014-2014-2015~~ is funding for the Martin Luther King, Jr. - Cesar
8 Chavez - Rosa Parks select student support services program for
9 developing academically or economically disadvantaged student
10 retention programs for 4-year public and independent educational
11 institutions in this state. Preference may not be given to
12 participants on the basis of race, color, ethnicity, gender, or
13 national origin. Institutions should encourage participation from
14 those who would otherwise not adequately be represented in the
15 student population.

16 (2) An award made under this program to any 1 institution
17 shall not be greater than \$150,000.00, and the amount awarded shall
18 be matched on a 70% state, 30% college or university basis.

19 (3) The program described in this section shall be
20 administered by the workforce development agency.

21 Sec. 279. (1) Included in section 236 for fiscal year ~~2013-~~
22 ~~2014-2014-2015~~ is funding for the Martin Luther King, Jr. - Cesar
23 Chavez - Rosa Parks college/university partnership program between
24 4-year public and independent colleges and universities and public
25 community colleges, which is intended to increase the number of
26 academically or economically disadvantaged students who transfer
27 from community colleges into baccalaureate programs. Preference may

1 not be given to participants on the basis of race, color,
2 ethnicity, gender, or national origin. Institutions should
3 encourage participation from those who would otherwise not
4 adequately be represented in the transfer student population.

5 (2) The grants shall be made under the program described in
6 this section to Michigan public and independent colleges and
7 universities. An award to any 1 institution shall not be greater
8 than \$150,000.00, and the amount awarded shall be matched on a 70%
9 state, 30% college or university basis.

10 (3) The program described in this section shall be
11 administered by the workforce development agency.

12 Sec. 280. (1) Included in the appropriation for fiscal year
13 ~~2013-2014-2014-2015~~ for each public university in section 236 is
14 funding for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks
15 visiting professors program which is intended to increase the
16 number of instructors in the classroom to provide role models for
17 academically or economically disadvantaged students. Preference may
18 not be given to participants on the basis of race, color,
19 ethnicity, gender, or national origin. Public universities should
20 encourage participation from those who would otherwise not
21 adequately be represented in the student population.

22 (2) The program described in this section shall be
23 administered by the workforce development agency.

24 Sec. 281. (1) Included in the appropriation for fiscal year
25 ~~2013-2014-2014-2015~~ in section 236 is funding under the Martin
26 Luther King, Jr. - Cesar Chavez - Rosa Parks initiative for the
27 Morris Hood, Jr. educator development program which is intended to

1 increase the number of academically or economically disadvantaged
2 students who enroll in and complete K-12 teacher education programs
3 at the baccalaureate level. Preference may not be given to
4 participants on the basis of race, color, ethnicity, gender, or
5 national origin. Institutions should encourage participation from
6 those who would otherwise not adequately be represented in the
7 teacher education student population.

8 (2) The program described in this section shall be
9 administered by each state-approved teacher education institution
10 in a manner prescribed by the workforce development agency.

11 (3) Approved teacher education institutions may and are
12 encouraged to use student support services funding in coordination
13 with the Morris Hood, Jr. funding to achieve the goals of the
14 program described in this section.

15 Sec. 282. Each institution receiving funds under section 278,
16 279, or 281 shall notify the workforce development agency by April
17 15, ~~2014~~ **OF EACH YEAR** as to whether it will expend by the end of
18 its fiscal year the funds received under section 278, 279, or 281.
19 Notwithstanding the award limitations in sections 278 and 279, the
20 amount of funding reported as not being expended will be
21 reallocated to the institutions that intend to expend all funding
22 received under section 278, 279, or 281.

23 Sec. 283. (1) From the amount appropriated in section 236, the
24 public universities shall systematically inform Michigan high
25 schools regarding the academic status of students from each high
26 school in a manner prescribed by the presidents council, state
27 universities of Michigan in cooperation with the Michigan

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1 association of secondary school principals. Public universities
2 shall also work with the center for educational performance and
3 information to ~~design and implement~~ **MAINTAIN** a systematic approach
4 for accomplishing this task.

5 (2) Michigan high schools shall systematically inform the
6 public universities about the use of information received under
7 this section in a manner prescribed by the Michigan association of
8 secondary school principals in cooperation with the presidents
9 council, state universities of Michigan.

10 Sec. 284. From the amount appropriated in section 236, the
11 public universities shall inform Michigan community colleges
12 regarding the academic status of community college transfer
13 students in a manner prescribed by the presidents council, state
14 universities of Michigan in cooperation with the Michigan community
15 college association. Public universities shall also work with the
16 center for educational performance and information to ~~design and~~
17 ~~implement~~ **MAINTAIN** a systematic approach for accomplishing this
18 task.

19 Enacting section 1. (1) In accordance with section 30 of
20 article I of the state constitution of 1963, total state spending
21 on school aid under article I of the state school aid act of 1979,
22 1979 PA 94, MCL 388.1601 to 388.1772, as amended by this amendatory
23 act, from state sources for fiscal year 2014-2015 is estimated at
24 **[\$11,973,067,600.00]** and state appropriations for school aid to be
25 paid to local units of government for fiscal year 2014-2015 are
26 estimated at **[\$11,803,732,300.00]**.

27 (2) In accordance with section 30 of article IX of the state

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1 constitution of 1963, total state spending from state sources for
2 community colleges for fiscal year 2014-2015 under article II of
3 the state school aid act of 1979, 1979 PA 94, MCL 388.1801 to
4 388.1830, is estimated at [\$371,524,900.00] and the amount of that
5 state spending from state sources to be paid to local units of
6 government for fiscal year 2014-2015 is estimated at
7 [\$371,524,900.00].

8 (3) In accordance with section 30 of article IX of the state
9 constitution of 1963, total state spending from state sources for
10 higher education for fiscal year 2014-2015 under article III of the
11 state school aid act of 1979, 1979 PA 94, MCL 388.1836 to 388.1893,
12 is estimated at \$1,410,467,700.00 and the amount of that state
13 spending from state sources to be paid to local units of government
14 for fiscal year 2014-2015 is estimated at \$0.

15 Enacting section 2. Sections 22c, 22k, 64a, 82, 95, 147a, 208,
16 210b, 212, 217, and 229b of the state school aid act of 1979, 1979
17 PA 94, MCL 388.1622c, 388.1622k, 388.1664a, 388.1682, 388.1695,
18 388.1747a, 388.1808, 388.1810b, 388.1812, 388.1817, and 388.1829b,
19 are repealed.

20 Enacting section 3. (1) Except as otherwise provided in
21 subsection (2), this amendatory act takes effect October 1, 2014.

22 (2) Section 104c of the state school aid act of 1979, 1979 PA
23 94, MCL 388.1704c, as added by this amendatory act, takes effect
24 upon enactment of this amendatory act.