

**Michigan Public Education Finance Project
Draft Legislation
Version 1**

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1 **388.1601 Short title.**

2 Sec. 1.

3 The act shall be known and may be cited as ~~“the state school aid act of 1979”~~. “**THE**

4 **MICHIGAN PUBLIC EDUCATION FINANCE ACT OF 2013.”**

5 **388.1601a PURPOSE**

6 Sec. 1a

7 **THE PURPOSES OF THIS ACT ARE TO:**

8 **(1) CREATE A PUBLIC EDUCATION FUNDING SYSTEM THAT’S PRIMARY**

9 **OBJECTIVE IS TO CREATE CAREER READY CITIZENS;**

10 **(2) PROVIDE SEAMLESS TRANSITIONS FOR THE PUPIL BETWEEN EARLY**

11 **CHILDHOOD, ELEMENTARY, SECONDARY, AND POST SECONDARY**

12 **EDUCATION;**

13 **(3) PROVIDE A PUBLIC EDUCATION FUNDING SYSTEM THAT PROMOTES**

14 **INDIVIDUAL LEARNING STYLES;**

15 **(4) ENABLES PARENTS AND PUPILS TO EMPLOY EDUCATION**

16 **PROGRAMMING OPTIONS THAT PLACE THE PUPIL ON A PATH FOR THEIR**

17 **FUTURE SUCCESS;**

18 **(5) PROVIDE GREATER ACCESS TO SELF-PACED PROGRAMS ENABLING A**

19 **PUPIL BELOW GRADE LEVEL TO HAVE ADDITIONAL TIME AND HELP TO**

20 **GAIN COMPETENCY, WHILE A HIGH ACHIEVING PUPIL MAY ACCELERATE**

21 **ACADEMICALLY.**

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**(6) PROVIDE A PUPIL GROWTH AND ASSESSMENT TOOL TO ALLOW FOR
PERFORMANCE FUNDING AND MEASURE EDUCATOR EFFECTIVENESS.**

388.1602 Meanings of words and phrases.

Sec. 2.

As used in this article and article IV, the words and phrases defined in sections 3 to 6 have the meanings ascribed to them in those sections.

388.1603 Definitions; A to D.

Sec. 3. (1) “Achievement authority” means the education achievement authority, the public body corporate and special authority initially created under section 5 of article III and section 28 of article VII of the state constitution of 1963 and the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by an interlocal agreement effective August 11, 2011, between the school district of the city of Detroit and the board of regents of eastern Michigan university, a state public university.¹

(2) “Achievement school” means a public school within the education achievement system operated, managed, authorized, established, or overseen by the achievement authority.²

**(3) “ADJUNCT INSTRUCTOR” MEANS THE INDIVIDUAL AS DEFINED IN
SECTION 1233C OF THE REVISED SCHOOL CODE.³**

¹ This definition may need to be updated, pending passage of SB 1358 and/or HB 6004.

² This definition may need to be updated, pending passage of SB 1358 and/or HB 6004.

³ This definition is added to be consistent with revisions in HB 5923.

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1 ~~(3)~~ (4) “Average daily attendance”, for the purposes of complying with federal law, means
2 92% of the pupils counted in membership on the pupil membership count day, as defined in
3 section 6(7).⁴

4 **(5) “BASELINE SCORE” MEANS A PUPIL’S SCORE ON A GROWTH**
5 **ASSESSMENT ADMINISTERED ON OR BEFORE THE PUPIL MEMBERSHIP**
6 **COUNT DAY.**

7 **(6) "BLENDED LEARNING" MEANS AN INSTRUCTIONAL DELIVERY MODEL**
8 **WHERE PUPILS ARE PROVIDED FACE-TO-FACE INSTRUCTION, IN PART AT**
9 **A SUPERVISED SCHOOL FACILITY AND IN PART THROUGH COMPUTER-**
10 **BASED AND INTERNET-CONNECTED LEARNING ENVIRONMENTS WITH**
11 **SOME DEGREE OF PUPIL CONTROL OVER TIME, LOCATION, AND PACE OF**
12 **INSTRUCTION.**

13 ~~(4)~~ (7) “Board” means the governing body of a district or public school academy.

14 ~~(5)~~ (8) “Center” means the center for educational performance and information created in
15 section 94a.

16 ~~(6)~~ (9) “Cooperative education program” means a written voluntary agreement between and
17 among districts to provide certain educational programs for pupils in certain groups of
18 districts. The written agreement shall be approved by all affected districts at least annually

⁴ May need to update this reference.

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1 and shall specify the educational programs to be provided and the estimated number of pupils
2 from each district who will participate in the educational programs.

3 ~~(7)~~ **(10)** “Department”, except in section 107, means the department of education.

4 ~~(8)~~ **(11)** “District” means a local school district established under the revised school code or,
5 except in sections 6(4), ~~6(6)~~, **6(10)**, 13, 20, 22a, 31a, 51a(14), 105, ~~105e~~, and 166b, a public
6 school academy. Except in sections 6(4), ~~6(6)~~ **6(10)**, ~~6(8)~~, 13, 20, 22a, 31a, 105, ~~105e~~, and
7 166b, district also includes the education achievement system.

8 ~~(9)~~ **(12)** “District of residence”, except as otherwise provided in this subsection, means the
9 district in which a pupil’s custodial parent or parents or legal guardian resides. For a pupil
10 described in section 24b, the pupil’s district of residence is the district in which the pupil
11 enrolls under that section. ~~For a pupil described in section 6(4)(d), the pupil’s district of~~
12 ~~residence shall be considered to be the district or intermediate district in which the pupil is~~
13 ~~counted in membership under that section.~~ For a pupil under court jurisdiction who is placed
14 outside the district in which the pupil’s custodial parent or parents or legal guardian resides,
15 the pupil’s district of residence shall be considered to be the educating district or educating
16 intermediate district.

17 ~~(10)~~ **(13)** “District superintendent” means the superintendent of a district, the chief
18 administrator of a public school academy, or the chancellor of the achievement authority.

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388.1604 Definitions; E to H.

Sec. 4. (1) “Education achievement system” means the achievement authority and all achievement schools.⁵

(2) “EDUCATING DISTRICT” MEANS ANY DISTRICT OR INTERMEDIATE DISTRICT, ELIGIBLE TO RECEIVE FUNDS UNDER THIS ACT, WHICH PROVIDES INSTRUCTION, INCLUDING AN ONLINE COURSE, TO A PUPIL.⁶

~~(2)~~ **(3)** “Elementary pupil” means a pupil in membership in grades K to 8 in a district not maintaining classes above the eighth grade or in grades K to 6 in a district maintaining classes above the eighth grade. For the purposes of calculating universal service fund (e-rate) discounts, “elementary pupil” includes children enrolled in a preschool program operated by a district in its facilities.

(4) “ENROLLMENT DISTRICT” MEANS THE DISTRICT, WITH THE POWERS AND DUTIES DESCRIBED IN SECTION 6F, IN WHICH A PUPIL IS ENROLLED.

~~(3)~~ **(5)** “Extended school year” means an educational program conducted by a district in which pupils must be enrolled but not necessarily in attendance on the pupil membership count day in an extended year program. ~~The mandatory clock hours shall be completed by each pupil not more than 365 calendar days after the pupil’s first day of classes for the school~~

⁵ This definition may need to be updated, pending passage of SB 1358 and/or HB 6004.

⁶ Should “educating district” include community colleges and universities? Does educating district include a non-special education center program, such as a math center or an English language learning center?

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~~year prescribed. The department shall prescribe pupil, personnel, and other reporting requirements for the educational program.~~⁷

(6) “FINAL SCORE” MEANS A PUPIL’S SCORE ON A GROWTH ASSESSMENT ADMINISTERED FOR PURPOSES OF CALCULATING THE PERFORMANCE COUNT.

~~(4)~~ **(7)** “Fiscal year” means the state fiscal year that commences October 1 and continues through September 30.

~~(5)~~ **(8)** “General educational development testing preparation program” means a program that has high school level courses in English language arts, social studies, science, and mathematics and that prepares a person to successfully complete the general educational development (GED) test.

(9) “GROWTH SCORE” MEANS THE SCORE NECESSARY ON A GROWTH ASSESSMENT TO ACHIEVE ONE YEAR’S WORTH OF ACADEMIC GROWTH FROM THE BASELINE SCORE.

~~(6)~~ **(10)** “High school pupil” means a pupil in membership in grades 7 to 12, except in a district not maintaining grades above the eighth grade.

388.1605 Definitions; I.

Sec. 5. (1) “Intermediate board” means the governing body of an intermediate district.

⁷ If we are moving to a system that has less reliance on time and is less prescriptive, then these requirements should be deleted.

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1 (2) “Intermediate district” means an intermediate school district established under part 7 of
2 the revised school code.

3 (3) “Intermediate superintendent” means the superintendent of an intermediate district.

4 **388.1606 Additional definitions.**

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

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

⁸ Move to School Code?

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

(4)⁹ “Membership”, except as otherwise provided in this article, means for a district, a public school academy, the education achievement system, or an intermediate district the sum of the product of .90 times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance **RECEIVING INSTRUCTION IN AVERAGE**

DAILY MEMBERSHIP AS PROVIDED IN SECTION 25 ~~on the pupil membership~~
~~count day for the current school year~~¹⁰, plus the product of .10 times the final audited count

from the supplemental count day for the immediately preceding school year. **FOR THE
2014-2015 SCHOOL AND EACH SUBSEQUENT SCHOOL YEAR,**

**“MEMBERSHIP”, EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE,
MEANS FOR A DISTRICT, A PUBLIC SCHOOL ACADEMY, THE EDUCATION**

ACHIEVEMENT SYSTEM, OR AN INTERMEDIATE DISTRICT THE SUM OF

THE PRODUCT OF .85 TIMES THE NUMBER OF FULL-TIME EQUATED

PUPILS IN GRADES K TO 12 ACTUALLY ENROLLED AND RECEIVING

INSTRUCTION IN AVERAGE DAILY MEMBERSHIP AS PROVIDED IN

SECTION 25, PLUS THE PRODUCT OF .10 TIMES THE FINAL AUDITED COUNT

FROM THE SUPPLEMENTAL COUNT DAY FOR THE IMMEDIATELY

⁹ The subsections within the definition of “membership” will need to be renumbered.

¹⁰ This phrase is inconsistent with an open entry/exit model and is inconsistent with the intent of section 25.

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**PRECEDING SCHOOL YEAR, PLUS THE PRODUCT OF .05 TIMES THE FINAL
AUDITED COUNT FROM THE PERFORMANCE COUNT UNDER SECTION 6E.¹¹**

~~A district's, public school academy's, or intermediate district's membership shall be adjusted
as provided under section 25 for pupils who enroll in the district, public school academy, or
intermediate district after the pupil membership count day. All pupil counts used in this
subsection are as determined by the department and calculated by adding the number of
pupils registered for attendance plus pupils received by transfer and minus pupils lost as
defined by rules promulgated by the superintendent, and as corrected by a subsequent
department audit. For the purposes of this section and section 6a, for a school of excellence
that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551,
and is in compliance with section 553a of the revised school code, MCL 380.553a, or for the
education achievement system, **OR FOR A DISTRICT OR INTERMEDIATE
DISTRICT**, a pupil's participation in the cyber school's educational program, or in an online
educational program of the education achievement system or of an achievement school, **OR
IN AN ONLINE COURSE** is considered regular daily attendance. The amount of the
foundation allowance for a pupil in membership is determined under section 20. In making
the calculation of membership, all of the following, as applicable, apply to determining the
membership of a district, a public school academy, the education achievement system, or an
intermediate district:~~

¹¹ This added language is designed to add a performance measure in a new section of the act. This language is intended to create a 5% performance measure under the foundation allowance.

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(a) Except as otherwise provided in this subsection, and pursuant to subsection ~~(6)~~ (10), a pupil shall be counted in membership in the pupil's educating district or districts. An individual pupil shall not be counted for more than a total of 1.0 full-time equated membership.

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

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

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

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

¹² This is a very significant change – eliminating the control of the district of residence over the pupil.

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

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

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

(i)¹⁴ For a new district or public school academy beginning its operation after December 31, 1994, or for the education achievement system or an achievement school, membership for the first 2 full or partial fiscal years of operation shall be determined as follows:

(i) If operations begin before the pupil membership count day for the fiscal year, membership is the average number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the pupil membership count day for the current school year and on the supplemental count day for the current school year, as determined by the department and calculated by adding the number of pupils registered for attendance on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit,

¹³ This subsection may be inconsistent with other revisions.

¹⁴ This subsection may require revision.

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1 plus the final audited count from the supplemental count day for the current school year, and
2 dividing that sum by 2.

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

7 (j)¹⁵ If a district is the authorizing body for a public school academy, then, in the first school
8 year in which pupils are counted in membership on the pupil membership count day in the
9 public school academy, the determination of the district's membership shall exclude from the
10 district's pupil count for the immediately preceding supplemental count day any pupils who
11 are counted in the public school academy on that first pupil membership count day who were
12 also counted in the district on the immediately preceding supplemental count day.

13 (k)¹⁶ In a district, a public school academy, the education achievement system, or an
14 intermediate district operating an extended school year program ~~approved by the~~
15 ~~superintendent~~¹⁷, a pupil enrolled, but not scheduled to be in regular daily attendance on a
16 pupil membership count day, shall be counted.

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

¹⁵ This subsection may require revision.

¹⁶ This subsection may require revision.

¹⁷ Removed the approval process to allow greater space for change.

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

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

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

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

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

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

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(n)¹⁸ If a pupil counted in membership in a public school academy or the education achievement system is also educated by a district or intermediate district as part of a cooperative education program, the pupil shall be counted in membership only in the public school academy or the education achievement system unless a written agreement signed by all parties designates the party or parties in which the pupil shall be counted in membership, and the instructional time scheduled for the pupil in the district or intermediate district shall be included in the full-time equated membership determination under subdivision (q).

However, for pupils receiving instruction in both a public school academy or the education achievement system and in a district or intermediate district but not as a part of a cooperative education program, the following apply:

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

(ii) If the public school academy or the education achievement system provides instruction for less than 1/2 of the class hours specified in subdivision (q), the district or intermediate

¹⁸ Is this subsection necessary with the current version of section 25, or any potential changes to section 25?

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1 district providing the remainder of the hours of instruction shall receive as its prorated share
2 of the full-time equated membership for each of those pupils an amount equal to 1 times the
3 product of the hours of instruction the district or intermediate district provides divided by the
4 number of hours specified in subdivision (q)¹⁹ for full-time equivalency, and the remainder of
5 the full-time membership for each of those pupils shall be allocated to the public school
6 academy or the education achievement system.

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

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

12 (q) The number of class hours **OR COURSES, INCLUDING ONLINE COURSES**, used
13 to calculate full-time equated memberships shall be consistent with section 101(3). In
14 determining full-time equated memberships for pupils who are enrolled in a postsecondary
15 institution, a pupil shall not be considered to be less than a full-time equated pupil solely
16 because of the effect of his or her postsecondary enrollment, including necessary travel time,
17 on the number of class hours **OR COURSES, INCLUDING ONLINE COURSES**,
18 provided by the district to the pupil.

¹⁹ Verify reference after renumbering.

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(r)²⁰ Beginning in 2012-2013, full-time equated memberships for pupils in kindergarten shall be determined by dividing the number of instructional hours scheduled and provided per year per kindergarten pupil by the same number used for determining full-time equated memberships for pupils in grades 1 to 12. However, to the extent allowable under federal law, for a district or public school academy that provides evidence satisfactory to the department that it used federal Title I money in the 2 immediately preceding school fiscal years to fund full-time kindergarten, full-time equated memberships for pupils in kindergarten shall be determined by dividing the number of class hours scheduled and provided per year per kindergarten pupil by a number equal to 1/2 the number used for determining full-time equated memberships for pupils in grades 1 to 12. Not later than December 1, 2012, the department shall seek a clarification from the federal department of education as to whether this is an allowable use of federal Title I money. The change in the counting of full-time equated memberships for pupils in kindergarten that takes effect in 2012-2013 is not a mandate. Not later than the fifth Wednesday after the pupil membership count day, each district or public school academy and the education achievement system shall report to the department and the center the number of instructional hours scheduled per kindergarten pupil for 2012-2013. If the number of instructional hours scheduled per kindergarten pupil is not equal for all kindergarten pupils in the district, the district or public school academy and the education achievement system shall report the number of kindergarten pupils who were scheduled to receive each of the different numbers of instructional hours scheduled.

²⁰ We will need guidance from MDE if this subsection is necessary moving forward.

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(s)²¹ For a district, a public school academy, or the education achievement system that has pupils enrolled in a grade level that was not offered by the district, the public school academy, or the education achievement system in the immediately preceding school year, the number of pupils enrolled in that grade level to be counted in membership is the average of the number of those pupils enrolled and in regular daily attendance on the pupil membership count day and the supplemental count day of the current school year, as determined by the department. Membership shall be calculated by adding the number of pupils registered for attendance in that grade level on the pupil membership count day plus pupils received by transfer and minus pupils lost as defined by rules promulgated by the superintendent, and as corrected by subsequent department audit, plus the final audited count from the supplemental count day for the current school year, and dividing that sum by 2.

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

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

²¹ This subsection may require revision.

²² This subsection is inconsistent with other revisions.

²³ This allows greater parental ability and not merely a district-centered choice.

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1 general school population, the district may count the pupil in membership on a pro rata basis,
2 with the proration based on the number of hours of instruction **OR NUMBER OF**
3 **COURSES, INCLUDING ONLINE COURSES**, the district actually provides to the pupil
4 divided by the number of hours **OR NUMBER OF COURSES, INCLUDING ONLINE**
5 **COURSES**, specified in subdivision (q)²⁴ for full-time equivalency. For the purposes of this
6 subdivision, a district shall be considered to be providing appropriate instruction if all of the
7 following are met:

8 (i) The district provides at least 2 nonconsecutive hours²⁵ of instruction per week to the pupil
9 at the pupil's home or otherwise apart from the general school population under the
10 supervision of a certificated teacher.

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

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

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

16 ~~(v) A pupil enrolled in an alternative or disciplinary education program described in section~~
17 ~~25 shall be counted in membership in the district, the public school academy, or the~~
18 ~~education achievement system that is educating the pupil.~~²⁶

²⁴ Verify reference after renumbering.

²⁵ This reference to time may be inconsistent with the policy of this draft.

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

(x)²⁸ For a public school academy that has been in operation for at least 2 years and that suspended operations for at least 1 semester and is resuming operations, membership is the sum of the product of ~~.90~~ **.85** times the number of full-time equated pupils in grades K to 12 actually enrolled and in regular daily attendance on the first pupil membership count day or supplemental count day, whichever is first, occurring after operations resume, plus the product of .10 times the final audited count from the most recent pupil membership count day or supplemental count day that occurred before suspending operations, as determined by the superintendent, **PLUS .05 TIMES THE FINAL AUDITED COUNT FROM THE MOST RECENT PERFORMANCE COUNT DAY, AS DETERMINED BY THE SUPERINTENDENT.**

~~(y)²⁹ If a district's membership for a particular fiscal year, as otherwise calculated under this subsection, would be less than 1,550 pupils and the district has 4.5 or fewer pupils per square mile, as determined by the department, and, beginning in 2007-2008, if the district does not~~

²⁶ Section 25 no longer describes an alternative or disciplinary education program.

²⁷ This subsection is covered in section 25.

²⁸ This subsection may require revision.

²⁹ This is designed for a specific district.

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1 ~~receive funding under section 22d(2), the district's membership shall be considered to be the~~
2 ~~membership figure calculated under this subdivision. If a district educates and counts in its~~
3 ~~membership pupils in grades 9 to 12 who reside in a contiguous district that does not operate~~
4 ~~grades 9 to 12 and if 1 or both of the affected districts request the department to use the~~
5 ~~determination allowed under this sentence, the department shall include the square mileage~~
6 ~~of both districts in determining the number of pupils per square mile for each of the districts~~
7 ~~for the purposes of this subdivision. The membership figure calculated under this subdivision~~
8 ~~is the greater of the following:~~

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

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

15 ~~(z) If a public school academy that is not in its first or second year of operation closes at the~~
16 ~~end of a school year and does not reopen for the next school year, the department shall adjust~~
17 ~~the membership count of the district or the education achievement system in which a former~~
18 ~~pupil of the public school academy enrolls and is in regular daily attendance for the next~~
19 ~~school year to ensure that the district or the education achievement system receives the same~~

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~~amount of membership aid for the pupil as if the pupil were counted in the district or the
education achievement system on the supplemental count day of the preceding school year.~~³⁰

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

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

(cc)³¹ For the first year in which a pupil is counted in membership on the pupil membership count day in a middle college program, the membership is the average of the full-time equated membership on the pupil membership count day and on the supplemental count day for the current school year, as determined by the department. If a pupil was counted by the operating district on the immediately preceding supplemental count day, the pupil shall be excluded from the district's immediately preceding supplemental count for purposes of determining the district's membership.

³⁰ The policy of this subsection is now part of section 25.

³¹ This subsection may require revision.

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

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

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

(A) THE STATE ACADEMIC STANDARDS EMBEDDED IN AN ONLINE COURSE;

(B) THE ONLINE COURSE CONTENT OUTLINE;

(C) THE ONLINE COURSE REQUIRED ASSESSMENTS;

(D) THE ONLINE COURSE REQUIRED PREREQUISITES;

(E) EXPECTATIONS FOR ACTUAL INSTRUCTOR³² CONTACT TIME WITH THE ONLINE LEARNING PUPIL AND OTHER PUPIL-TO-INSTRUCTOR COMMUNICATIONS; AND

(F) ACADEMIC SUPPORT AVAILABLE TO THE ONLINE LEARNING PUPIL.

³² This term is intended to include all forms of instructors, including adjunct instructors, as defined and allowed in HB 5923.

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(6) "ONLINE COURSE" MEANS A COURSE OF STUDY THAT GENERATES A CREDIT, PARTIAL CREDIT OR A GRADE, PROVIDED IN AN INTERACTIVE COMPUTER-BASED AND INTERNET-CONNECTED LEARNING ENVIRONMENT, IN WHICH PUPILS ARE SEPARATED FROM THEIR INSTRUCTOR BY TIME OR LOCATION, OR BOTH, AND IN WHICH AN INSTRUCTOR IS RESPONSIBLE FOR PROVIDING INSTRUCTION, DIAGNOSING LEARNING NEEDS, ASSESSING PUPIL LEARNING, PRESCRIBING INTERVENTION STRATEGIES, REPORTING OUTCOMES, AND EVALUATING THE EFFECTS OF INSTRUCTION AND SUPPORT STRATEGIES.

(7) "ONLINE LEARNING PUPIL" MEANS A PUPIL ENROLLED IN ONE OR MORE ONLINE COURSES.

(8) "PERFORMANCE COUNT DAY" MEANS THE DAY ON WHICH THE PERFORMANCE COUNT IS CONDUCTED UNDER SECTION 6E.

~~(5)~~ (9) "Public school academy" means that term as defined in the revised school code.

~~(6)~~ (10) "Pupil"³³ means a person in membership in a public school A MICHIGAN RESIDENT ENROLLED IN A DISTRICT IN KINDERGARTEN THROUGH GRADE 12. A district must have the approval of the pupil's district of residence to count the pupil in membership, except approval by the pupil's district of residence is not required for any of the following:

³³ The definitions of the "membership" and "pupil" were circular. The exceptions for "pupil" were mostly the same as the exceptions or clarifications of "membership."

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

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

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

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

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

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

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~~(i) “At school” means in a classroom, elsewhere on school premises, on a school bus or other school-related vehicle, or at a school-sponsored activity or event whether or not it is held on school premises.~~

~~(ii) “Serious assault” means an act that constitutes a felony violation of chapter XI of the Michigan penal code, 1931 PA 328, MCL 750.81 to 750.90g, or that constitutes an assault and infliction of serious or aggravated injury under section 81a of the Michigan penal code, 1931 PA 328, MCL 750.81a.~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~(7)~~ (11)³⁴ "Pupil membership count day" of a district or intermediate district means:

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

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

(i) Fourth Wednesday in July.

³⁴ This section is referenced throughout the act; changes may be necessary to ensure the references reflect the new numbering.

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1 (ii) First Wednesday in October.

2 (iii) Second Wednesday in February.

3 (iv) Fourth Wednesday in April.

4 ~~(8) (12)~~ “Pupils in grades K to 12 actually enrolled and in regular daily attendance
5 **RECEIVING INSTRUCTION**” means pupils in grades K to 12 in attendance and receiving
6 instruction in all classes **OR COURSES, INCLUDING ONLINE COURSES**, for which
7 they are enrolled **FROM THE DATE OF ENTRY UNTIL THE DATE OF**
8 **WITHDRAWAL** ~~on the pupil membership count day or the supplemental count day, as~~
9 ~~applicable.~~ **THE DATE OF WITHDRAWAL SHALL MEAN THE DAY THE PUPIL**
10 **PERMANENTLY LEAVES THE SCHOOL OR THE DATE IT IS OFFICIALLY**
11 **KNOWN THAT THE PUPIL HAS LEFT OR HAS BEEN LEGALLY EXCUSED.**
12 **HOWEVER, A PUPIL, REGARDLESS OF AGE, WHO HAS NOT RECEIVED**
13 **INSTRUCTION³⁵ FOR 15 CONSECUTIVE SCHOOL DAYS SHALL BE DROPPED**
14 **FROM THE ROLL AND CLASSIFIED AS WITHDRAWN.** ~~Except as otherwise~~
15 ~~provided in this subsection, a pupil who is absent from any of the classes in which the pupil~~
16 ~~is enrolled on the pupil membership count day or supplemental count day and who does not~~
17 ~~attend each of those classes during the 10 consecutive school days immediately following the~~
18 ~~pupil membership count day or supplemental count day, except for a pupil who has been~~
19 ~~excused by the district, shall not be counted as 1.0 full-time equated membership. A pupil~~

³⁵ Many other states that use similar language are much more limiting to time and space, and therefore have a long list of exemptions, such as being confined to home or hospital. The use of the phrase “received instruction” is much broader and can include situations where the pupil is confined to home, hospital or another remote setting.

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~~who is excused from attendance on the pupil membership count day or supplemental count day and who fails to attend each of the classes in which the pupil is enrolled within 30 calendar days after the pupil membership count day or supplemental count day shall not be counted as 1.0 full time equated membership. In addition, a pupil who was enrolled and in attendance in a district, an intermediate district, a public school academy, or the education achievement system before the pupil membership count day or supplemental count day of a particular year but was expelled or suspended on the pupil membership count day or supplemental count day shall only be counted as 1.0 full time equated membership if the pupil resumed attendance in the district, intermediate district, public school academy, or education achievement system within 45 days after the pupil membership count day or supplemental count day of that particular year. Pupils not counted as 1.0 full time equated membership due to an absence from a class shall be counted as a prorated membership for the classes the pupil attended. For purposes of this subsection, “class”³⁶ means a period of time in 1 day when pupils and a certificated teacher or legally qualified substitute teacher are together and instruction is taking place.~~

~~(9)~~ (13) “Rule” means a rule promulgated pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

~~(10)~~ (14) “The revised school code” means 1976 PA 451, MCL 380.1 to 380.1852.

³⁶ Does this term need to be replaced or the definition of class moved to an area where it has broader meaning for the entire act.

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~~(11) “School district of the first class”, “first class school district”, and “district of the first class” mean a district that had at least 60,000 pupils in membership for the immediately preceding fiscal year.~~³⁷

~~(12)~~ **(15)** “School fiscal year” means a fiscal year that commences July 1 and continues through June 30.

~~(13)~~ **(16)** “State board” means the state board of education.

~~(14)~~ **(17)** “Superintendent”, unless the context clearly refers to a district or intermediate district superintendent, means the superintendent of public instruction described in section 3 of article VIII of the state constitution of 1963.

~~(15)~~ **(18)** “Supplemental count day” means the day on which the supplemental pupil count is conducted under section 6a.

~~(16)~~ **(19)** “Tuition pupil” means a pupil of school age attending school in a district other than the pupil’s district of residence for whom tuition may be charged. Tuition pupil does not include a pupil who is a special education pupil or a pupil described in subsection (6)(c) to (o)³⁸. A pupil’s district of residence shall not require a high school tuition pupil, as provided under section 111, to attend another school district after the pupil has been assigned to a school district.

³⁷ Is this definition necessary any longer?

³⁸ Verify references are still accurate.

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(17) (20) “State school aid fund” means the state school aid fund established in section 11 of article IX of the state constitution of 1963.

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

(19) (22) ~~“Textbook”~~ **“COURSE CONTENT”** means a book, electronic book, or other instructional print or electronic resource that is selected and approved by the governing board of a district or, for an achievement school, by the chancellor of the achievement authority and that contains a presentation of principles of a subject, or that is a literary work relevant to the study of a subject required for the use of classroom pupils, or another type of course material that forms the basis of classroom instruction.³⁹

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

388.1606a Supplemental pupil count.
Sec. 6a.⁴⁰

Except as otherwise provided in this act, in addition to the pupil membership count day, there shall be a supplemental pupil count of the number of full-time equated pupils in grades K-12 actually enrolled and in regular daily attendance **RECEIVING INSTRUCTION** in a district or intermediate district on the second Wednesday in February or, for a district that is not in session on that day due to conditions not within the control of school authorities, with the

³⁹ This definition infers there will be a “book” and it will be used in a “classroom”. The narrow application of these terms is in conflict with revisions to this act.

⁴⁰ This section may need to be updated, pending changes to section 25.

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1 approval of the superintendent, the immediately following day on which the district is in
2 session. For the purposes of this act, the day on which the supplemental pupil count is
3 conducted is the supplemental count day.

4 **388.1606b Enrollment of nonresident pupil; counting pupil in membership; adjustment**
5 **of educating district's pupil count.**

6 ~~Sec. 6b.~~

7 ~~(1) A district enrolling a nonresident pupil with the approval of the pupil's district of~~
8 ~~residence may count the pupil in membership in a school year if the approval of the pupil's~~
9 ~~district of residence is received before the end of that school year.~~

10 ~~(2) If the approval described in subsection (1) is received by the educating district at any time~~
11 ~~before the end of its school year, the department shall adjust the educating district's pupil~~
12 ~~count for the pupil membership count day or the supplemental count day of that school year,~~
13 ~~or both as necessary to ensure that the pupil is counted in membership in the educating~~
14 ~~district for those pupil counts for which the pupil was enrolled and in attendance.~~⁴¹

15 **388.1606e PERFORMANCE COUNT DAY⁴²**
16 **SEC. 6E.**

17 **(1) FOR THE 2014-2015 SCHOOL AND EACH SUBSEQUENT SCHOOL YEAR, ON**
18 **THE FINAL DAY OF INSTRUCTION FOR A SCHOOL YEAR OR THE COURSE,**
19 **INCLUDING ONLINE COURSES, THERE SHALL BE A PERFORMANCE COUNT**

⁴¹ The policy of this subsection is now part of section 25.

⁴² The terminology, exact testing method and various other issues may need to be altered from this version to conform to the Michigan Council on Educator Effectiveness's proposal.

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1 DAY OF THE FINAL SCORE OF PUPILS IN MEMBERSHIP OF A DISTRICT OR
2 INTERMEDIATE DISTRICT.

3 (2) FOR THE 2014-2015 SCHOOL AND EACH SUBSEQUENT SCHOOL YEAR,
4 NOT LATER THAN THE FIFTH WEDNESDAY AFTER THE PUPIL
5 MEMBERSHIP COUNT DAY, A DISTRICT OR INTERMEDIATE DISTRICT
6 SHALL PROVIDE TO THE CENTER AND THE INTERMEDIATE
7 SUPERINTENDENT, THE BASELINE SCORE AND GROWTH SCORE ON THE
8 STANDARDIZED ASSESSMENT SELECTED BY THE DISTRICT OR
9 INTERMEDIATE DISTRICT FOR EACH PUPIL IN THE MEMBERSHIP OF THE
10 DISTRICT OR INTERMEDIATE DISTRICT.

11 (3) FOR THE 2014-2015 SCHOOL AND EACH SUBSEQUENT SCHOOL YEAR, ON
12 THE EIGHTH WEDNESDAY AFTER THE FINAL DAY OF INSTRUCTION FOR A
13 SCHOOL YEAR, A DISTRICT OR INTERMEDIATE DISTRICT SHALL PROVIDE
14 TO THE CENTER AND THE INTERMEDIATE SUPERINTENDENT, THE FINAL
15 SCORE OF EACH PUPIL IN THE MEMBERSHIP OF THE DISTRICT OR
16 INTERMEDIATE DISTRICT.

17 (4) THE DEPARTMENT SHALL ISSUE A POLICY IDENTIFYING ALL
18 ASSESSMENTS APPROVED BY THE DEPARTMENT OF GRADE-APPROPRIATE
19 BASIC EDUCATION SKILLS. THE DEPARTMENT POLICY UNDER THIS
20 SUBSECTION SHALL INCLUDE OFF-THE-SHELF ASSESSMENTS.

21 (5) THE CENTER SHALL CALCULATE THE NUMBER OF PUPILS WHO HAVE
22 ACHIEVED ONE YEAR'S GROWTH BASED ON THE DATA SUBMITTED BY

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1 EACH DISTRICT OR INTERMEDIATE DISTRICT. THE CENTER SHALL
2 INFORM THE DEPARTMENT OF THE PERCENTAGE OF PUPILS WHO
3 ACHIEVED ONE YEAR'S GROWTH FOR EACH DISTRICT OR INTERMEDIATE
4 DISTRICT.

5 (6) IF THE DISTRICT OR INTERMEDIATE DISTRICT DOES NOT ACHIEVE
6 GROWTH FOR ALL THE DISTRICT OR INTERMEDIATE DISTRICT'S PUPILS,
7 THEN THE DEPARTMENT SHALL DEDUCT FROM FUTURE PAYMENTS TO
8 THE DISTRICT OR INTERMEDIATE DISTRICT, THE PROPORTIONAL
9 FOUNDATION ALLOWANCE FOR THE DISTRICT OR INTERMEDIATE
10 DISTRICT'S PUPILS WHO DID NOT ACHIEVE THE REQUIRED
11 PERFORMANCE.

12 (7) EACH DISTRICT OR INTERMEDIATE DISTRICT SHALL BE RESPONSIBLE
13 FOR SUBMITTING THE INFORMATION REQUIRED UNDER THIS SECTION TO
14 THE CENTER.

15 **388.1606F ENROLLMENT DISTRICT**
16 **SEC. 6F**

17 (1) EXCEPT AS OTHERWISE PROVIDE IN THIS ACT OR THE REVISED
18 SCHOOL CODE, A PUPIL SHALL DESIGNATE ONE OF THE PUPIL'S
19 EDUCATING DISTRICTS TO BE THE PUPIL'S ENROLLMENT DISTRICT. A

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**PUPIL MAY RECEIVE INSTRUCTION FROM MORE THAN ONE DISTRICT OR
INTERMEDIATE DISTRICT.⁴³**

**(2) FOR EACH PUPIL ENROLLED, THE ENROLLMENT DISTRICT SHALL DO
ALL OF THE FOLLOWING:**

(A) VERIFY THE PUPIL IS A RESIDENT OF THIS STATE;

**(B) IDENTIFY THE PUPIL'S ELIGIBILITY FOR ANY ADDITIONAL
EDUCATIONAL SERVICES FUNDED BY THE MICHIGAN PUBLIC
EDUCATION FINANCE ACT, INCLUDING, BUT NOT LIMITED TO AT-
RISK FUNDING, SPECIAL EDUCATION SERVICES, AND ENGLISH
LANGUAGE LEARNER SERVICES.**

(C) MAINTAIN RECORDS OF THE PUPIL;

**(D) IN COOPERATION WITH THE PUPIL AND PARENTS, PROVIDE
COUNSELING SERVICES, WHICH MAY INCLUDE THE CREATION AND
MAINTAINENCE OF A PERSONALIZED EDUCATION PLAN FOR THE
PUPIL;**

(E) FURNISH THE CENTER WITH ALL REQUIRED DATA;

**(F) GRANT DIPLOMAS AS ALLOWED UNDER THE REVISED SCHOOL
CODE;**

**(G) ACCEPT ALL CREDITS EARNED BY THE PUPIL AT ANY DISTRICT OR
INTERMEDIATE DISTRICT;**

⁴³ The enrollment district is not required to act as the fiscal agent for the pupil. The definition of membership already allows for the educating district to count a pupil as part of its membership, thus allowing the educating district to receive full or proportional foundation allowance for each pupil in membership of the educating district. However, since the enrollment district may enter into contracts with other districts, it does have the ability to act as a fiscal agent.

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(H) ALLOW THE PUPIL TO TAKE A COURSE OR ONLINE COURSE FROM
ANY DISTRICT OR INTERMEDIATE DISTRICT IN THE STATE; AND

(I) ADMINISTER THE PUPIL GROWTH AND ASSESSMENT TOOL FOR ITS
ENROLLED PUPILS. THE PUPIL GROWTH AND ASSESSMENT TOOL
WILL BE BASED ON THE RECOMMENDATION FROM THE MICHIGAN
COUNCIL FOR EDUCATOR EFFECTIVENESS.⁴⁴

(J) ADMINISTER THE MICHIGAN MERIT EXAM, AS REQUIRED UNDER
SECTION 104B.

(4) AN ENROLLMENT DISTRICT MAY DO ANY OF THE FOLLOWING:

(A) DIRECTLY OFFER COURSES, INCLUDING ONLINE COURSES, TO
PUPILS; AND

(B) ENTER INTO CONTRACTS WITH OTHER DISTRICTS, INTERMEDIATE
DISTRICTS, OR OTHER ENTITIES THAT OFFER COURSES, INCLUDING
ONLINE COURSES, TO THE ENROLLING DISTRICT'S PUPILS.

388.1607 Expenditures included in costs for school operating purposes.
Sec. 7.

Costs for school operating purposes include all expenditures necessary to carry out the
powers of the district or intermediate district under the revised school code.

388.1608b Public school academy district code; assignment.
Sec. 8b.

⁴⁴ This function may be better left to each educating district providing instruction to each pupil, which may or may not be the pupil's enrollment district.

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(1) The department shall assign a district code to each public school academy that is authorized under the revised school code and is eligible to receive funding under this act within 30 days after a contract is submitted to the 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 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 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 for the public school academies in excess of 100.

388.1611 Appropriations.
Sec. 11.

(1) Subject to subsection (3), for the fiscal year ending September 30, 2012, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,010,210,400.00 from the state school aid fund and the sum of \$78,642,400.00 from the general fund. Subject to subsection (3), for the fiscal year ending

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September 30, 2013, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,961,087,100.00 from the state school aid fund and the sum of \$282,400,000.00 from the general fund. In addition, all other available federal funds, except those otherwise appropriated under section 11p, are appropriated each fiscal year for the fiscal year ending September 30, 2012 and for the fiscal year ending September 30, 2013.

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

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

388.1611a.amended School aid stabilization fund; creation; deposit; expenditure; investment; money remaining at close of fiscal year; shortfall; full funding; transfer of amount.
Sec. 11a.

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

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

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

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

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

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

388.1611f Payments to non-plaintiff districts pursuant to Durant v State of Michigan; payments for fiscal year ending September 30, 2008; submission of waiver resolution; creation of obligation or liability; offer of settlement and compromise; payment date; use of payments; form and substance of resolution; early intervening program.
Sec. 11f.

(1) From the appropriations under section 11, there is allocated for the purposes of this section an amount not to exceed \$32,000,000.00 for the fiscal year ending September 30, 2008. Payments under this section will cease after September 30, 2008. These allocations are for paying the amounts described in subsection (4) to districts and intermediate districts, other than those receiving a lump sum payment under subsection (2), that were not plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492 and that, on or before March 2, 1998, submitted to the state treasurer a board resolution waiving any right or interest the district or intermediate district has or may have in any claim or litigation based on or arising out of any claim or potential claim through September 30, 1997 that is or was similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan. The waiver resolution shall be in form and substance as required under subsection (7). The state treasurer

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1 is authorized to accept such a waiver resolution on behalf of this state. The amounts
2 described in this subsection represent offers of settlement and compromise of any claim or
3 claims that were or could have been asserted by these districts and intermediate districts, as
4 described in this subsection.

5 (2) In addition to any other money appropriated under this act, there was appropriated from
6 the state school aid fund an amount not to exceed \$1,700,000.00 for the fiscal year ending
7 September 30, 1999. This appropriation was for paying the amounts described in this
8 subsection to districts and intermediate districts that were not plaintiffs in the consolidated
9 cases known as Durant v State of Michigan; that, on or before March 2, 1998, submitted to
10 the state treasurer a board resolution waiving any right or interest the district or intermediate
11 district had or may have had in any claim or litigation based on or arising out of any claim or
12 potential claim through September 30, 1997 that is or was similar to the claims asserted by
13 the plaintiffs in the consolidated cases known as Durant v State of Michigan; and for which
14 the total amount listed in section 11h and paid under this section was less than \$75,000.00.

15 For a district or intermediate district qualifying for a payment under this subsection, the
16 entire amount listed for the district or intermediate district in section 11h was paid in a lump
17 sum on November 15, 1998 or on the next business day following that date. The amounts
18 paid under this subsection represent offers of settlement and compromise of any claim or
19 claims that were or could have been asserted by these districts and intermediate districts, as
20 described in this subsection.

21 (3) This section does not create any obligation or liability of this state to any district or
22 intermediate district that does not submit a waiver resolution described in this section. This

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section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

(4) The amount paid each fiscal year to each district or intermediate district under subsection (1) shall be 1/20 of the total amount listed in section 11h for each listed district or intermediate district that qualifies for a payment under subsection (1). The amounts listed in section 11h and paid in part under this subsection and in a lump sum under subsection (2) are offers of settlement and compromise to each of these districts or intermediate districts to resolve, in their entirety, any claim or claims that these districts or intermediate districts may have asserted for violations of section 29 of article IX of the state constitution of 1963 through September 30, 1997, which claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as *Durant v State of Michigan*. This section, any other provision of this act, and section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute an admission of liability to the districts or intermediate districts listed in section 11h or a waiver of any defense that is or would have been available to the state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

(5) The entire amount of each payment under subsection (1) each fiscal year shall be paid on November 15 of the applicable fiscal year or on the next business day following that date.

(6) Funds paid to a district or intermediate district under this section shall be used only for textbooks, electronic instructional material, software, technology, infrastructure or

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1 infrastructure improvements, school buses, school security, training for technology, an early
2 intervening program described in subsection (8), or to pay debt service on voter-approved
3 bonds issued by the district or intermediate district before the effective date of this section.

4 For intermediate districts only, funds paid under this section may also be used for other
5 nonrecurring instructional expenditures including, but not limited to, nonrecurring
6 instructional expenditures for vocational education, or for debt service for acquisition of
7 technology for academic support services. Funds received by an intermediate district under
8 this section may be used for projects conducted for the benefit of its constituent districts at
9 the discretion of the intermediate board. To the extent payments under this section are used
10 by a district or intermediate district to pay debt service on debt payable from millage
11 revenues, and to the extent permitted by law, the district or intermediate district may make a
12 corresponding reduction in the number of mills levied for that debt service.

13 (7) The resolution to be adopted and submitted by a district or intermediate district under this
14 section and section 11g shall read as follows:

15 "Whereas, the board of _____ (name of district or intermediate district)
16 desires to settle and compromise, in their entirety, any claim or claims that the district (or
17 intermediate district) has or had for violations of section 29 of article IX of the state
18 constitution of 1963, which claim or claims are or were similar to the claims asserted by the
19 plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme
20 court docket no. 104458-104492.

21 Whereas, the district (or intermediate district) agrees to settle and compromise these claims
22 for the consideration described in sections 11f and 11g of the state school aid act of 1979,

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1 1979 PA 94, MCL 388.1611f and 388.1611g, and in the amount specified for the district (or
2 intermediate district) in section 11h of the state school aid act of 1979, 1979 PA 94, MCL
3 388.1611h.

4 Whereas, the board of _____ (name of district or intermediate district) is
5 authorized to adopt this resolution.

6 Now, therefore, be it resolved as follows:

7 1. The board of _____ (name of district or intermediate district) waives
8 any right or interest it may have in any claim or potential claim through September 30, 1997
9 relating to the amount of funding the district or intermediate district is, or may have been,
10 entitled to receive under the state school aid act of 1979, 1979 PA 94, MCL 388.1601 to
11 388.1772, or any other source of state funding, by reason of the application of section 29 of
12 article IX of the state constitution of 1963, which claims or potential claims are or were
13 similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v
14 State of Michigan, Michigan supreme court docket no. 104458-104492.

15 2. The board of _____ (name of district or intermediate district) directs its
16 secretary to submit a certified copy of this resolution to the state treasurer no later than 5 p.m.
17 eastern standard time on March 2, 1998, and agrees that it will not take any action to amend
18 or rescind this resolution.

19 3. The board of _____ (name of district or intermediate district) expressly
20 agrees and understands that, if it takes any action to amend or rescind this resolution, the
21 state, its agencies, employees, and agents shall have available to them any privilege,

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immunity, and/or defense that would otherwise have been available had the claims or potential claims been actually litigated in any forum.

4. This resolution is contingent on continued payments by the state each fiscal year as determined under sections 11f and 11g of the state school aid act of 1979, 1979 PA 94, MCL 388.1611f and 388.1611g. However, this resolution shall be an irrevocable waiver of any claim to amounts actually received by the school district or intermediate school district under sections 11f and 11g of the state school aid act of 1979."

(8) An early intervening program that uses funds received under this section shall meet either or both of the following:

(a) Shall monitor individual pupil learning for pupils in grades K to 3 and provide specific support or learning strategies to pupils in grades K to 3 as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

(b) Shall provide early intervening strategies for pupils in grades K to 3 using school-wide systems of academic and behavioral supports and shall be scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A school-wide system of academic and behavioral support should be based on a

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1 support team available to the classroom teachers. The members of this team could include the
2 principal, special education staff, reading teachers, and other appropriate personnel who
3 would be available to systematically study the needs of the individual child and work with
4 the teacher to match instruction to the needs of the individual child.

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

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

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

20 (7) For 2012-2013, in addition to the appropriations in section 11, there is appropriated from
21 the school aid stabilization fund to the state school aid fund the amount necessary to fully
22 fund the allocations under this article.

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

388.1611g.amended Allocations; payments to nonplaintiff districts pursuant to Durant v State of Michigan; payments for fiscal years ending September 30, 2013 through September 30, 2015; waiver resolution; offers of settlement and compromise; creation of obligation or liability; calculation of amount; payment date; use of funds; reduction in number of mills levied for debt service; pledge or assignment of payments.
Sec. 11g.

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

(2) This section does not create any obligation or liability of this state to any district or intermediate district that does not submit a waiver resolution described in section 11f. This section and any other provision of this article are not intended to admit liability or waive any defense that is or would be available to this state or its agencies, employees, or agents in any

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litigation or future litigation with a district or intermediate district regarding these claims or potential claims.

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

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

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

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

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

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

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

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

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

388.1611h Amounts to districts for settlement, compromise, and resolution of claims pursuant to Durant v State of Michigan; section not to be construed as admission of liability or waiver of defense.
Sec. 11h.

(1) For the purposes of sections 11f and 11g, the following amounts are offered to each district or intermediate district to settle, compromise, and resolve, in their entirety, any claim or claims that those districts or intermediate districts may have asserted for violations of section 29 of article IX of the state constitution of 1963 through September 30, 1997, which claims are or were similar to the claims asserted by the plaintiffs in the consolidated cases known as Durant v State of Michigan, Michigan supreme court docket no. 104458-104492:

CODE NAME	AMOUNT
02010 Autrain-Onota Public Schools	\$ 14,622
02020 Burt Township School District	\$ 6,744
02070 Munising Public Schools	\$ 185,461
02080 Superior Central School District	\$ 96,734
03000 Allegan Intermediate District	\$ 648,801
03010 Plainwell Community Schools	\$ 741,425

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03020	Otsego Public Schools	\$ 540,058
03030	Allegan Public Schools	\$ 926,426
03040	Wayland Union Schools	\$ 731,677
03050	Fennville Public Schools	\$ 579,056
03060	Martin Public Schools	\$ 139,670
03070	Hopkins Public Schools	\$ 255,685
03100	Hamilton Community Schools	\$ 401,023
03440	Ganges School District #4	\$ 2,201
04000	Alpena-Montmorency-Alcona Intermediate	\$ 726,402
04010	Alpena Public Schools	\$ 1,042,911
05010	Alba Public Schools	\$ 42,367
05035	Central Lake Public Schools	\$ 69,082
05040	Bellaire Public Schools	\$ 167,614
05060	Elk Rapids Schools	\$ 357,615
05065	Ellsworth Community Schools	\$ 21,150
05070	Mancelona Public Schools	\$ 285,764
06010	Arenac Eastern School District	\$ 79,078
06050	Standish Sterling School District	\$ 317,341
07020	Baraga Township School District	\$ 216,490
07040	L'Anse Area Schools	\$ 263,107
08000	Barry Intermediate District	\$ 390,738
08010	Delton-Kellogg School District	\$ 254,518
08030	Hastings Area School District	\$ 615,970
08050	Thornapple-Kellogg School District	\$ 794,355
09000	Bay Arenac Intermediate District	\$ 3,690,121
09010	Bay City School District	\$ 2,957,596
09030	Bangor Township Schools	\$ 690,490
09090	Pinconning Area Schools	\$ 437,605
10015	Benzie County Central Schools	\$ 469,507
10025	Frankfort-Elberta Area Schools	\$ 74,090
11000	Berrien Intermediate District	\$ 4,488,648
11010	Benton Harbor Area Schools	\$ 1,588,343
11030	Lakeshore School District	\$ 505,985
11160	Galien Township School District	\$ 148,305
11200	New Buffalo Area School District	\$ 295,255
11210	Brandywine Public School District	\$ 430,713
11240	Berrien Springs Public School District	\$ 1,020,853
11250	Eau Claire Public Schools	\$ 295,326
11300	Niles Community School District	\$ 1,886,362
11310	Buchanan Community School District	\$ 415,327
11320	Watervliet School District	\$ 333,411
11330	Coloma Community Schools	\$ 518,321
11670	Hagar Township School District #6	\$ 3,558
12000	Branch Intermediate District	\$ 1,591,244
12010	Coldwater Community Schools	\$ 533,753
12020	Bronson Community School District	\$ 100,766
12040	Quincy Community School District	\$ 118,640
13000	Calhoun Intermediate District	\$ 2,099,031
13010	Albion Public Schools	\$ 682,812
13020	Battle Creek Public Schools	\$ 4,924,981
13050	Athens Area Schools	\$ 239,614
13070	Harper Creek Community Schools	\$ 737,397
13080	Homer Community Schools	\$ 243,747
13090	Lakeview School District	\$ 672,056
13095	Mar Lee School District	\$ 22,341
13110	Marshall Public Schools	\$ 499,126

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13120	Pennfield School District	\$ 295,615
13130	Tekonsha Community Schools	\$ 84,152
13135	Union City Community School District	\$ 261,232
14000	Lewis Cass Intermediate District	\$ 1,156,252
14010	Cassopolis Public Schools	\$ 359,167
14020	Dowagiac Union Schools	\$ 886,692
14030	Edwardsburg Public Schools	\$ 278,671
14050	Marcellus Community Schools	\$ 133,119
15000	Charlevoix Emmet Intermediate District	\$ 2,656,494
15010	Beaver Island Community Schools	\$ 5,291
15020	Boyne City Public School District	\$ 340,838
15030	Boyne Falls Public School District	\$ 46,285
15060	East Jordan Public School District	\$ 124,290
16000	Cheboygan Otsego Presque Isle ISD	\$ 484,651
16015	Cheboygan Area Schools	\$ 600,684
16050	Inland Lakes School District	\$ 121,570
16070	Mackinaw City Public Schools	\$ 10,133
16100	Wolverine Community School District	\$ 36,114
17000	Eastern Upper Peninsula ISD	\$ 686,688
17010	Sault Ste Marie Area Schools	\$ 1,375,408
17050	Detour Area Schools	\$ 91,341
17090	Pickford Public Schools	\$ 50,020
17110	Rudyard Area Schools	\$ 167,700
17140	Brimley Area Schools	\$ 339,116
17160	Whitefish Schools	\$ 7,565
18000	Clare Gladwin Intermediate District	\$ 824,976
18010	Clare Public Schools	\$ 283,169
18020	Farwell Area Schools	\$ 435,856
18060	Harrison Community Schools	\$ 548,716
19000	Clinton Intermediate District	\$ 1,408,672
19010	Dewitt Public Schools	\$ 460,423
19070	Fowler Public Schools	\$ 73,794
19100	Bath Community Schools	\$ 207,492
19120	Ovid Elsie Area Schools	\$ 421,074
19125	Pewamo Westphalia Community Schools	\$ 123,323
19140	St. Johns Public Schools	\$ 916,394
20015	Crawford Ausable Schools	\$ 400,397
21000	Delta Schoolcraft Intermediate District	\$ 751,556
21010	Escanaba Area Public Schools	\$ 970,743
21025	Gladstone Area Schools	\$ 394,007
21060	Rapid River Public Schools	\$ 95,894
21065	Big Bay De Noc School District	\$ 76,026
21090	Bark River Harris School District	\$ 157,932
21135	Mid Peninsula School District	\$ 70,668
22000	Dickinson-Iron Intermediate District	\$ 886,487
22010	Iron Mountain City School District	\$ 235,977
22025	Norway Vulcan Area Schools	\$ 106,885
22030	Breitung Township School District	\$ 373,341
22045	North Dickinson County School District	\$ 108,610
23000	Eaton Intermediate District	\$ 1,122,375
23010	Bellevue Community School District	\$ 259,295
23030	Charlotte Public Schools	\$ 931,778
23050	Eaton Rapids Public Schools	\$ 933,405
23060	Grand Ledge Public Schools	\$ 1,871,628
23065	Maple Valley School District	\$ 406,606
23080	Olivet Community Schools	\$ 273,708

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23090	Pottersville Public Schools	\$ 223,936
24020	Harbor Springs School District	\$ 129,569
24030	Littlefield Public School District	\$ 79,810
24040	Pellston Public School District	\$ 87,279
24070	Petoskey Public Schools	\$ 324,563
25000	Genesee Intermediate District	\$ 6,300,676
25010	Flint City School District	\$ 18,747,097
25040	Mt. Morris Consolidated Schools	\$ 1,121,625
25060	Bendle Public Schools	\$ 404,192
25070	Genesee School District	\$ 231,806
25100	Fenton Area Public Schools	\$ 1,111,528
25110	Kearsley Community Schools	\$ 947,009
25120	Flushing Community Schools	\$ 973,174
25130	Atherton Community School District	\$ 299,766
25140	Davison Community Schools	\$ 1,194,861
25150	Clio Area School District	\$ 861,180
25180	Swartz Creek Community Schools	\$ 1,281,780
25200	Lake Fenton Schools	\$ 459,138
25210	Westwood Heights School District	\$ 433,487
25230	Bentley Community School District	\$ 416,919
25240	Beecher Community School District	\$ 1,684,881
25250	Linden Community School District	\$ 693,553
25260	Montrose Community Schools	\$ 803,839
25280	Lakeville Community School District	\$ 821,048
26010	Beaverton Rural Schools	\$ 401,648
26040	Gladwin Community Schools	\$ 427,002
27000	Gogebic Ontonagon Intermediate District	\$ 558,679
27010	Bessemer City School District	\$ 93,392
27020	Ironwood Area Schools	\$ 358,358
27060	Marenisco School District	\$ 13,053
27070	Wakefield Township School District	\$ 76,782
27080	Watersmeet Township School District	\$ 49,036
28000	Traverse Bay Intermediate District	\$ 4,179,332
28010	Traverse City School District	\$ 2,902,639
28035	Buckley Community School District	\$ 85,755
28090	Kingsley Area School	\$ 233,898
29000	Gratiot-Isabella RESD	\$ 470,134
29010	Alma Public Schools	\$ 694,386
29020	Ashley Community Schools	\$ 74,662
29040	Breckenridge Community Schools	\$ 304,118
29050	Fulton Schools	\$ 149,274
29060	Ithaca Public Schools	\$ 471,693
29100	St. Louis Public Schools	\$ 421,142
30000	Hillsdale Intermediate District	\$ 1,766,059
30010	Camden Frontier Schools	\$ 87,548
30020	Hillsdale Community Public Schools	\$ 391,242
30030	Jonesville Community Schools	\$ 109,455
30040	Litchfield Community Schools	\$ 167,255
30050	North Adams-Jerome Public Schools	\$ 61,387
30060	Pittsford Area Schools	\$ 202,030
30070	Reading Community Schools	\$ 128,460
30080	Waldron Area Schools	\$ 98,856
31000	Copper Country Intermediate District	\$ 874,467
31010	Hancock Public Schools	\$ 177,175
31020	Adams Township School District	\$ 20,756
31030	Calumet Public Schools	\$ 314,749

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31050	Chassell Township School District	\$ 627
31100	Osceola Township School District	\$ 3,877
31110	Houghton-Portage Township Schools	\$ 176,454
31130	Lake Linden Hubbell School District	\$ 98,547
32000	Huron Intermediate District	\$ 1,188,316
32010	Bad Axe Public Schools	\$ 163,568
32030	Caseville Public Schools	\$ 29,891
32060	Harbor Beach Community Schools	\$ 129,415
32090	Owendale Gagetown Area School District	\$ 49,577
32130	Port Hope Community Schools	\$ 373
32170	Ubyly Community Schools	\$ 103,432
33000	Ingham Intermediate District	\$ 9,528,160
33020	Lansing Public School District	\$ 13,878,055
33040	Dansville Agricultural School	\$ 231,154
33060	Haslett Public Schools	\$ 533,512
33070	Holt Public Schools	\$ 1,436,837
33100	Leslie Public Schools	\$ 487,249
33130	Mason Public Schools	\$ 1,242,161
33200	Stockbridge Community Schools	\$ 538,077
33220	Webberville Community Schools	\$ 160,090
33230	Williamston Community Schools	\$ 286,724
34000	Ionia Intermediate District	\$ 889,225
34010	Ionia Public Schools	\$ 1,442,559
34040	Palo Community School District	\$ 22,056
34080	Belding Area School District	\$ 590,288
34090	Lakewood Public Schools	\$ 621,134
34110	Portland Public School District	\$ 512,174
34120	Saranac Community Schools	\$ 222,518
35000	Iosco Intermediate District	\$ 746,867
35010	Oscoda Area Schools	\$ 586,953
35020	Hale Area Schools	\$ 117,632
35040	Whittemore Prescott Area School District	\$ 327,352
36015	Forest Park School District	\$ 104,179
36025	West Iron County School District	\$ 291,224
37010	Mt. Pleasant City School District	\$ 1,661,159
37040	Beal City School	\$ 94,455
37060	Shepherd Public School District	\$ 537,492
38000	Jackson Intermediate District	\$ 5,867,626
38010	Western School District	\$ 368,913
38020	Vandercook Lake Public Schools	\$ 182,732
38040	Columbia School District	\$ 272,872
38050	Grass Lake Community Schools	\$ 112,948
38080	Concord Community Schools	\$ 136,334
38090	East Jackson Public Schools	\$ 262,531
38100	Hanover Horton Schools	\$ 210,862
38120	Michigan Center School District	\$ 254,956
38130	Napoleon Community Schools	\$ 162,981
38140	Northwest School District	\$ 557,439
38150	Springport Public Schools	\$ 112,368
38170	Jackson Public Schools	\$ 4,007,741
39000	Kalamazoo Valley Intermediate District	\$ 2,294,305
39010	Kalamazoo City School District	\$ 4,620,814
39020	Climax Scotts Community Schools	\$ 141,525
39050	Galesburg Augusta Community Schools	\$ 491,658
39065	Gull Lake Community Schools	\$ 664,438
39130	Parchment School District	\$ 413,278

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39160	Schoolcraft Community Schools	\$ 278,974
39170	Vicksburg Community Schools	\$ 606,035
40020	Forest Area Community School District	\$ 249,638
40040	Kalkaska Public Schools	\$ 536,507
41000	Kent Intermediate District	\$ 1,018,499
41010	Grand Rapids City School District	\$ 30,052,399
41020	Godwin Heights Public Schools	\$ 776,787
41025	Northview Public School District	\$ 1,463,294
41026	Wyoming Public Schools	\$ 3,510,038
41070	Cedar Springs Public Schools	\$ 1,194,520
41080	Comstock Park Public Schools	\$ 735,314
41120	Godfrey Lee Public School District	\$ 625,281
41130	Grandville Public Schools	\$ 2,285,726
41140	Kelloggsville Public Schools	\$ 457,811
41150	Kent City Community Schools	\$ 634,852
41170	Lowell Area School District	\$ 1,191,193
41210	Rockford Public Schools	\$ 1,800,045
41240	Sparta Area Schools	\$ 1,572,479
43040	Baldwin Community Schools	\$ 301,981
44000	Lapeer Intermediate District	\$ 1,257,237
44010	Lapeer Community Schools	\$ 1,606,732
44020	Almont Community Schools	\$ 195,065
44050	Dryden Community Schools	\$ 123,137
44060	Imlay City Community Schools	\$ 650,688
44090	North Branch Area Schools	\$ 361,607
45010	Glen Lake Community School District	\$ 147,578
45020	Leland Public School District	\$ 74,798
45040	Northport Public School District	\$ 103,011
46000	Lenawee Intermediate District	\$ 3,474,431
46010	Adrian City School District	\$ 1,749,075
46020	Addison Community Schools	\$ 228,919
46040	Blissfield Community Schools	\$ 216,378
46050	Britton Macon Area School District	\$ 48,992
46060	Clinton Community Schools	\$ 156,385
46070	Deerfield Public Schools	\$ 63,324
46080	Hudson Area Schools	\$ 206,641
46090	Madison School District	\$ 254,199
46100	Morenci Area Schools	\$ 175,792
46110	Onsted Community Schools	\$ 204,754
46130	Sand Creek Community Schools	\$ 180,402
46140	Tecumseh Public Schools	\$ 564,716
47000	Livingston Intermediate District	\$ 3,740,653
47010	Brighton Area Schools	\$ 1,608,320
47030	Fowlerville Community Schools	\$ 458,044
47060	Hartland Consolidated Schools	\$ 638,713
47070	Howell Public Schools	\$ 1,500,542
47080	Pinckney Community Schools	\$ 585,950
48040	Tahquamenon Area Schools	\$ 267,875
49010	St. Ignace City School District	\$ 199,400
49040	Les Cheneaux Community School District	\$ 79,470
49055	Engadine Consolidated Schools	\$ 48,728
49070	Moran Township School District	\$ 1,018
49110	Mackinac Island Public Schools	\$ 19,763
50000	Macomb Intermediate School	\$ 20,272,402
50030	Roseville Community Schools	\$ 2,720,948
50040	Anchor Bay School District	\$ 1,402,309

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50050	Armada Area Schools	\$ 511,195
50070	Clintondale Community Schools	\$ 1,493,807
50080	Chippewa Valley Schools	\$ 2,743,571
50130	Lakeview Public Schools	\$ 1,303,122
50170	New Haven Community Schools	\$ 443,394
50180	Richmond Community Schools	\$ 714,909
50190	Romeo Community Schools	\$ 1,416,793
51000	Manistee Intermediate District	\$ 805,187
51020	Bear Lake School District	\$ 68,270
51045	Kaleva Norman - Dickson Schools	\$ 143,635
51060	Onkama Consolidated Schools	\$ 10,726
51070	Manistee Area Public Schools	\$ 309,900
52000	Marquette Alger Intermediate District	\$ 931,342
52015	N.I.C.E. Community Schools	\$ 487,900
52040	Gwinn Area Community Schools	\$ 686,265
52090	Negaunee Public Schools	\$ 360,838
52100	Powell Township School District	\$ 26,655
52110	Republic Michigamme Schools	\$ 111,822
52160	Wells Township School District	\$ 4,936
52170	Marquette City School District	\$ 1,176,918
52180	Ishpeming Public School District	\$ 369,755
53000	Mason Lake Intermediate District	\$ 1,418,466
53010	Mason County Central School District	\$ 270,895
53020	Mason County Eastern School District	\$ 100,000
53030	Freesoil Community School District	\$ 28,616
53040	Ludington Area School District	\$ 553,370
54000	Mecosta Osceola Intermediate District	\$ 1,144,797
54010	Big Rapids Public Schools	\$ 301,222
54025	Chippewa Hills School District	\$ 603,473
54040	Morley Stanwood Community Schools	\$ 298,110
55000	Menominee Intermediate District	\$ 596,813
55010	Carney Nadeau Public Schools	\$ 36,825
55100	Menominee Area Public Schools	\$ 410,849
55115	North Central Area Schools	\$ 79,050
55120	Stephenson Area Public Schools	\$ 146,858
56000	Midland Intermediate District	\$ 778,082
56020	Bullock Creek School District	\$ 815,270
56030	Coleman Community School District	\$ 405,291
56050	Meridian Public Schools	\$ 847,821
57010	Falmouth Elementary School District	\$ 11,423
57020	Lake City Area School District	\$ 144,279
57030	McBain Agricultural School District	\$ 148,767
58000	Monroe Intermediate District	\$ 5,938,669
58020	Airport Community School District	\$ 968,294
58030	Bedford Public School District	\$ 814,625
58050	Dundee Community Schools	\$ 290,343
58070	Ida Public School District	\$ 904,674
58080	Jefferson Schools-Monroe County	\$ 1,122,705
58090	Mason Consolidated School District	\$ 404,108
58100	Summerfield School District	\$ 196,514
58110	Whiteford Agricultural School District	\$ 171,481
59000	Montcalm Area Intermediate District	\$ 2,405,905
59020	Carson City Crystal Area School District	\$ 248,985
59045	Montabella Community School District	\$ 235,193
59070	Greenville Public Schools	\$ 937,756
59080	Tri County Area Schools	\$ 309,365

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59090	Lakeview Community Schools	\$ 317,348
59125	Central Montcalm Public Schools	\$ 488,104
59150	Vestaburg Community Schools	\$ 142,375
60010	Atlanta Community Schools	\$ 102,771
60020	Hillman Community Schools	\$ 89,566
61000	Muskegon Intermediate District	\$ 1,704,192
61010	Muskegon City School District	\$ 7,333,232
61020	Muskegon Heights School District	\$ 1,665,615
61060	Mona Shores School District	\$ 924,108
61065	Oakridge Public Schools	\$ 516,766
61080	Fruitport Community Schools	\$ 1,340,081
61120	Holton Public Schools	\$ 404,703
61180	Montague Area Public Schools	\$ 353,974
61190	Orchard View Schools	\$ 835,211
61210	Ravenna Public Schools	\$ 289,731
61220	Reeths Puffer Schools	\$ 1,362,629
61230	North Muskegon Public Schools	\$ 104,428
61240	Whitehall School District	\$ 566,527
62000	Newaygo Intermediate District	\$ 2,002,463
62040	Fremont Public School District	\$ 413,415
62050	Grant Public School District	\$ 408,836
62060	Hesperia Community School District	\$ 258,339
62070	Newaygo Public School District	\$ 808,680
62080	Pineview School District	\$ 6,754
62090	White Cloud Public Schools	\$ 326,623
62470	Big Jackson School District	\$ 4,683
63080	Bloomfield Hills School District	\$ 6,277,282
63090	Clarenceville School District	\$ 1,050,868
63110	Oxford Area Community School District	\$ 1,064,497
63130	Hazel Park City School District	\$ 4,502,785
63180	Brandon School District	\$ 1,573,574
63190	Clarkston Community School District	\$ 2,599,329
63210	Holly Area School District	\$ 1,652,532
63250	Oak Park City School District	\$ 2,742,617
63300	Waterford School District	\$ 7,891,782
64000	Oceana Intermediate District	\$ 459,987
64040	Hart Public School District	\$ 492,658
64070	Pentwater Public School District	\$ 50,550
64080	Shelby Public Schools	\$ 308,687
64090	Walkerville Rural Community Schools	\$ 178,928
65045	West Branch-Rose City Area Schools	\$ 597,592
66045	Ewen-Trout Creek Consolidated Schools	\$ 125,613
66050	Ontonagon Area Schools	\$ 117,972
66070	White Pine School District	\$ 38,434
67020	Evart Public Schools	\$ 222,644
67050	Marion Public Schools	\$ 120,994
67055	Pine River Area Schools	\$ 210,897
67060	Reed City Area Public Schools	\$ 225,449
68010	Mio Au Sable Schools	\$ 188,436
68030	Fairview Area School District	\$ 53,298
69020	Gaylord Community Schools	\$ 361,967
69030	Johannesburg-Lewiston Schools	\$ 302,444
69040	Vanderbilt Area School	\$ 78,924
70000	Ottawa Intermediate District	\$ 3,134,623
70040	Allendale Public School District	\$ 304,155
70120	Coopersville Public School District	\$ 547,307

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70175	Jenison Public Schools	\$ 1,174,903
70190	Hudsonville Public School District	\$ 642,115
70300	Spring Lake Public School District	\$ 654,764
71050	Onaway Area Community School District	\$ 62,371
71060	Posen Cons School District	\$ 89,023
71080	Rogers City Area Schools	\$ 98,801
72000	C O O R Intermediate District	\$ 1,535,012
72010	Gerrish Higgins School District	\$ 315,748
73000	Saginaw Intermediate District	\$ 3,752,177
73010	Saginaw City School District	\$ 9,709,110
73030	Carrollton School District	\$ 757,628
73080	Buena Vista School District	\$ 774,237
73110	Chesaning Union Schools	\$ 586,935
73170	Birch Run Area School District	\$ 442,083
73180	Bridgeport-Saulding Community Schools	\$ 947,910
73200	Freeland Community School District	\$ 245,297
73210	Hemlock Public School District	\$ 463,950
73230	Merrill Community School District	\$ 313,949
73240	St. Charles Community Schools	\$ 217,281
73255	Swan Valley School District	\$ 404,732
74000	St. Clair Intermediate District	\$ 2,495,753
74010	Port Huron Area School District	\$ 5,768,925
74030	Algonac Community School District	\$ 683,103
74040	Capac Community School District	\$ 637,134
74100	Marysville Public School District	\$ 541,674
74120	Memphis Community Schools	\$ 236,433
74130	Yale Public Schools	\$ 364,744
75000	St. Joseph Intermediate District	\$ 1,557,997
75010	Sturgis Public School District	\$ 667,172
75020	Burr Oak Community School District	\$ 31,806
75030	Centreville Public Schools	\$ 239,843
75040	Colon Community School District	\$ 136,247
75050	Constantine Public School District	\$ 295,041
75060	Mendon Community School District	\$ 220,774
75070	White Pigeon Community School District	\$ 166,233
75080	Three Rivers Community Schools	\$ 903,838
75100	Nottawa Community School	\$ 30,147
76000	Sanilac Intermediate District	\$ 694,073
76060	Brown City Community School District	\$ 174,912
76070	Carsonville-Port Sanilac School District	\$ 93,165
76080	Croswell Lexington Community Schools	\$ 410,871
76090	Deckerville Community School District	\$ 118,766
76140	Marlette Community Schools	\$ 284,291
76180	Peck Community School District	\$ 35,198
76210	Sandusky Community School District	\$ 308,221
77010	Manistique Area Schools	\$ 310,466
78000	Shiawassee RESD	\$ 3,184,986
78020	Byron Area Schools	\$ 191,551
78030	Durand Area Schools	\$ 540,453
78040	Laingsburg Community School District	\$ 114,818
78060	Morrice Area Schools	\$ 85,394
78070	New Lothrop Area Public School District	\$ 105,582
78080	Perry Public School District	\$ 273,749
78100	Corunna Public School District	\$ 454,571
78110	Owosso Public Schools	\$ 885,887
79000	Tuscola Intermediate District	\$ 1,095,027

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79010	Akron Fairgrove Schools	\$ 76,917
79020	Caro Community Schools	\$ 476,124
79030	Cass City Public Schools	\$ 250,135
79080	Kingston Community School District	\$ 27,113
79090	Mayville Community School District	\$ 267,475
79100	Millington Community Schools	\$ 258,045
79110	Reese Public Schools	\$ 164,035
79145	Unionville Sebawaing Area Schools	\$ 98,025
79150	Vassar Public Schools	\$ 271,839
80000	Van Buren Intermediate District	\$ 3,864,085
80010	South Haven Public Schools	\$ 619,864
80020	Bangor Public Schools	\$ 246,071
80040	Covert Public Schools	\$ 179,845
80050	Decatur Public Schools	\$ 214,070
80090	Bloomington Public School District	\$ 303,179
80110	Gobles Public School District	\$ 145,320
80120	Hartford Public School District	\$ 475,713
80130	Lawrence Public School District	\$ 94,596
80140	Lawton Community School District	\$ 190,087
80150	Mattawan Consolidated School District	\$ 312,724
80160	Paw Paw Public School District	\$ 301,501
81000	Washtenaw Intermediate District	\$ 2,724,063
81040	Chelsea School District	\$ 518,995
81050	Dexter Community School District	\$ 962,834
81070	Lincoln Consolidated School District	\$ 1,492,337
81080	Manchester Community School District	\$ 472,632
81100	Milan Area Schools	\$ 572,621
81120	Saline Area School District	\$ 1,624,108
81140	Whitmore Lake Public School District	\$ 496,133
81150	Willow Run Community Schools	\$ 2,071,518
82000	Wayne Intermediate District	\$ 8,287,172
82010	Detroit City School District	\$ 118,608,866
82040	Dearborn Heights School District #7	\$ 849,305
82045	Melvindale Allen Park Schools	\$ 836,448
82050	Garden City School District	\$ 5,839,085
82060	Hamtramck Public Schools	\$ 1,734,517
82070	Highland Park City Schools	\$ 1,875,555
82080	Inkster City School District	\$ 1,252,453
82090	Lincoln Park Public Schools	\$ 2,194,776
82110	Redford Union School District	\$ 5,630,439
82120	River Rouge City Schools	\$ 885,742
82130	Romulus Community Schools	\$ 2,366,586
82150	Taylor School District	\$ 6,396,657
82160	Wayne-Westland Community School District	\$ 14,003,645
82170	Wyandotte City School District	\$ 3,732,656
82180	Flat Rock Community Schools	\$ 549,211
82240	Westwood Community Schools	\$ 1,762,599
82250	Ecorse Public School District	\$ 656,734
82340	Huron School District	\$ 1,302,779
82405	Southgate Community School District	\$ 1,037,284
82430	Van Buren Public Schools	\$ 3,312,445
83000	Wexford Missaukee Intermediate District	\$ 1,625,243
83010	Cadillac Area Public Schools	\$ 468,432
83060	Manton Consolidated Schools	\$ 118,182
83070	Mesick Consolidated School District	\$ 88,208

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(2) This section, any other provision of this act, or section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute an admission of liability to the districts designated in this section in any litigation or future litigation with a district or intermediate district. In addition, this section, any other provision of this act, or section 353e of the management and budget act, 1984 PA 431, MCL 18.1353e, shall not be construed to constitute a waiver of any defense that is or would have been available to this state or its agencies, employees, or agents in any litigation or future litigation with a district or intermediate district.

388.1611i Borrowing money and issuing bonds.
Sec. 11i.

(1) In addition to any other authority granted under law, an eligible district or intermediate district may borrow from the Michigan municipal bond authority created under the shared credit rating act, 1985 PA 227, MCL 141.1051 to 141.1077, an amount equal to 1/2 of the amount listed for the district or intermediate district in section 11h, in anticipation of the receipt of the payments appropriated under section 11g, and may authorize by resolution of its governing body and issue its bonds to evidence its obligations to the Michigan municipal bond authority on the terms and with those provisions as are provided by resolution of the board of the district or intermediate district and as are acceptable to the Michigan municipal bond authority if the bonds are accompanied by an opinion of bond counsel acceptable to the Michigan municipal bond authority to the effect that the interest on the bonds is excluded from gross income for federal income tax purposes. For the purposes of this section, an eligible district or intermediate district is a district or intermediate district, other than a

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1 district or intermediate district that receives a lump sum payment under section 11f(2), that
2 qualifies to receive funds under sections 11f and 11g and that notifies the department of
3 treasury not later than 5 p.m. eastern daylight time on June 30, 1998, in the form and manner
4 prescribed by the department of treasury, that the district or intermediate district will borrow
5 money and issue bonds under this section or is a district, other than a district that receives a
6 lump sum payment under section 11f(2), that qualifies to receive funds under sections 11f
7 and 11g, that has a membership of less than 2,000 full-time equated pupils, that has not
8 submitted to the department of treasury a letter stating its intent not to borrow from the
9 Michigan municipal bond authority, and that notified the department of treasury not later
10 than 5 p.m. eastern daylight time on July 14, 1998, in the form and manner prescribed by the
11 department of treasury, that the district will borrow money and issue bonds under this
12 section. A district or intermediate district may pledge and assign to the Michigan municipal
13 bond authority, as security for the bonds, all of the payments appropriated to it under section
14 11g but may not otherwise pledge or assign those payments. Bonds issued under this section
15 are not subject to the municipal finance act, 1943 PA 202, MCL 131.1 to 139.3.

16 (2) Proceeds of bonds issued under this section shall be made available to districts and
17 intermediate districts on or after November 15, 1998. Each district and intermediate district
18 shall use proceeds of bonds issued by it under this section only for a purpose for which bonds
19 may be issued under section 1351a of the revised school code, MCL 380.1351a.

20 (3) Bonds issued under this section do not constitute a general obligation or debt of a district
21 or intermediate district within the meaning of any constitutional or statutory debt limitation.

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(4) This section shall be construed as cumulative authority for the exercise of the powers granted in this section and shall not be construed to repeal any existing law. The purpose of this section is to create full and complete additional and alternate methods for the exercise of existing powers, and the powers conferred by this section are not affected or limited by any other statute or by any charter or incorporating document.

(5) A pledge made by a district or intermediate district under this section is valid and binding from the time the pledge is made. The revenue or other money pledged under this section and thereafter received by a district or intermediate district is immediately subject to the lien of the pledge without physical delivery of the revenue or money or any further act. The lien of such a pledge is valid and binding against a party having a claim of any kind in tort, contract, or otherwise against the district or intermediate district, irrespective of whether that party has notice of the pledge. The resolution or any other instrument by which a pledge is created is not required to be filed or recorded in order to establish and perfect a lien or security interest in the property pledged.

(6) Bonds issued under this section are not in any way a debt or liability of this state; do not create or constitute any indebtedness, liability, or obligation of this state; are not and do not constitute a pledge of the faith and credit of this state; and shall contain on their face a statement to that effect.

388.1611j.amended School loan bond redemption fund; allocation.
Sec. 11j.

From the appropriation in section 11, there is allocated an amount not to exceed \$120,390,000.00 for 2012-2013 for payments to the school loan bond redemption fund in the

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department of treasury on behalf of districts and intermediate districts. Notwithstanding section 11 or any other provision of this act, funds allocated under this section are not subject to proration and shall be paid in full.

388.1611k.amended School loan revolving fund; appropriation; definition.
Sec. 11k.

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

388.1611m Fiscal year cash-flow borrowing costs; allocation.
Sec. 11m.

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

388.1611q Additional federal education jobs funding.
Sec. 11q.

(1) From the federal funds appropriated under section 11, there is allocated an amount estimated at \$4,700,000.00 for 2011-2012, which represents additional federal education jobs funding that was redistributed subsequent to the initial award to this state under section 101

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of title I of Public Law 111-226 in 2010-2011. This money is allocated solely for the purposes identified in that section of federal law as that section was in effect in 2011.

(2) Funds under this section shall be allocated based on the eligible district's or public school academy's relative proportion of the funding received under former section 11p as that section was in effect for 2010-2011.

(3) A recipient of funding under this section shall meet all eligibility and reporting requirements specified under former section 11p as that section was in effect for 2010-2011.

388.1611t.added Legislative intent to change name of state school aid fund to "comprehensive education fund."

~~Sec. 11t.~~

~~It is the intent of the legislature to enact legislation as necessary to change the name of the state school aid fund to the "comprehensive education fund".~~

388.1611u.added Examination of funding structure; legislative intent.

~~Sec. 11u.~~

~~It is the intent of the legislature to examine the existing structure of funding under this article and to determine to what extent, if any, categorical funding under this article may instead be used for funding foundation allowances and other basic per pupil payments.~~

388.1612.amended Appropriations for fiscal year ending September 30, 2014; adjustment of amounts.

~~Sec. 12.~~

It is the intent of the legislature to appropriate and allocate for the fiscal year ending September 30, 2014 the same amounts of money from the same sources for the same

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purposes as are appropriated and allocated under this article for the fiscal year ending September 30, 2013, as adjusted for changes in pupil membership, taxable values, special education costs, interest costs, and available revenue. These adjustments will be determined after the January 2013 consensus revenue estimating conference.

388.1613 Apportionments and limitations of apportionments; basis; counting pupil membership and professionals.
Sec. 13.⁴⁵

Except as otherwise provided in this act, the apportionments and limitations of the apportionments made under this act shall be made on the membership and number of teachers and other professionals approved by the superintendent employed as of the pupil membership count day of each year and on the taxable value and the operating millage of each district for the calendar year. In addition, a district maintaining school during the entire year, as provided in section 1561 of the revised school code, MCL 380.1561, shall count memberships and educational personnel pursuant to rules promulgated by the superintendent and shall report to the center as required by state and federal law.

388.1614 Defective data; duties of department.
Sec. 14.

If the data from an intermediate district or district upon which a statement of the amount to be disbursed or paid are determined to be defective or incomplete, making it impracticable to ascertain the apportionment to be disbursed or paid, the department shall withhold the amount of the apportionment that cannot be ascertained until the department is able to

⁴⁵ This subsection may require revision.

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1 ascertain by the best evidence available the facts upon which the ratio and amount of the
2 apportionment depend, and then shall make the apportionment accordingly.

3 **388.1615 Apportionment of deficiency; state aid overpayments to districts; deduction**
4 **due to adjustment as result of audit or incorrect payment; funding expenditures caused**
5 **by write-off of prior year accruals; additional appropriation.**
6 Sec. 15.

7 (1) If a district or intermediate district fails to receive its proper apportionment, the
8 department, upon satisfactory proof that the district or intermediate district was entitled
9 justly, shall apportion the deficiency in the next apportionment. Subject to subsections (2)
10 and (3), if a district or intermediate district has received more than its proper apportionment,
11 the department, upon satisfactory proof, shall deduct the excess in the next apportionment.

12 Notwithstanding any other provision in this article, state aid overpayments to a district, other
13 than overpayments in payments for special education or special education transportation,
14 may be recovered from any payment made under this article other than a special education or
15 special education transportation payment, from the proceeds of a loan to the district under the
16 emergency municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds
17 of millage levied or pledged under section 1211 of the revised school code, MCL 380.1211.

18 State aid overpayments made in special education or special education transportation
19 payments may be recovered from subsequent special education or special education
20 transportation payments, from the proceeds of a loan to the district under the emergency
21 municipal loan act, 1980 PA 243, MCL 141.931 to 141.942, or from the proceeds of millage
22 levied or pledged under section 1211 of the revised school code, MCL 380.1211.

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

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

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

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

388.1617a Withholding payment district or intermediate district entitled to receive under act; extent; plan for financing outstanding obligation defaulted upon by district or intermediate district; use of amounts withheld; agreement assigning or pledging payment; effect of appointment of emergency manager; indebtedness of state not created; "trustee of a pooled arrangement" defined; approval or disapproval within 10 days after receipt.
Sec. 17a.

(1) The department may withhold all or part of any payment that a district or intermediate district is entitled to receive under this act to the extent the withholdings are a component part of a plan, developed and implemented pursuant to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, or other statutory authority, for financing an outstanding obligation upon which the district or intermediate district defaulted. Amounts withheld shall be used to pay, on behalf of the district or intermediate district, unpaid amounts or subsequently due amounts, or both, of principal and interest on the outstanding obligation upon which the district or intermediate district defaulted.

(2) The state treasurer may withhold all or part of any payment that a district or intermediate district is entitled to receive under this act to the extent authorized or required under section 15 of the school bond qualification, approval, and loan act, 2005 PA 92, MCL 388.1935.

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(3) Under an agreement entered into by a district or intermediate district assigning all or a portion of the payment that it is eligible to receive under this act to the Michigan finance authority or to the trustee of a pooled arrangement or pledging the amount for payment of an obligation it incurred with the Michigan finance authority or with the trustee of a pooled arrangement, the state treasurer shall transmit to the Michigan finance authority or a trustee designated by the Michigan finance authority or to the trustee of a pooled arrangement the amount of the payment that is assigned or pledged under the agreement.

(4) If a district or intermediate district for which an emergency manager has been appointed pursuant to the local government and school district fiscal accountability act, 2011 PA 4, MCL 141.1501 to 141.1531⁴⁶, or that has an approved deficit elimination plan under section 102, enters into or has entered into an agreement described in subsection (3) pursuant to section 1225(2) of the revised school code, MCL 380.1225, whether the obligation was issued before or after the effective date of this subsection, the portion of state school aid paid or to be paid on behalf of the district or intermediate district directly to the Michigan finance authority, or to a trustee designated by the Michigan finance authority, for the sole purpose of paying the principal of and interest on the obligation is subject to a lien and trust that is a statutory lien and trust, paramount and superior to all other liens and interests of any kind, for the sole purpose of paying the principal of and interest on the obligation. The statutory lien and trust applies to the state school aid received or to be received by the Michigan finance authority, or trustee designated by the Michigan finance authority, on behalf of the district or intermediate district, immediately upon the later of the effective date of this subsection or the

⁴⁶ Reference to PA 4 will need to be updated.

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time when the state school aid is allocated to the district or intermediate district, but is subject to any subsequent reduction of the state school aid allocation by operation of law or executive order. The lien and trust imposed by this section with respect to state school aid has a priority as established in the agreement, except that the agreement shall not impair any existing lien and trust previously created pursuant to this section, including any lien and trust applicable to a multi-year repayment agreement under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225. Except as otherwise provided in this subsection, the lien and trust created under this subsection for the benefit of holders of the obligation issued pursuant to this section is valid and binding against a party having a claim of any kind in tort, contract, or otherwise against the district or intermediate district that has issued the obligation secured by a pledge of state school aid pursuant to this section, regardless of whether that party has notice of the pledge. A pledge made pursuant to this section for the benefit of the holders of obligations or others is perfected without delivery, recording, or notice. The state school aid paid or to be paid on behalf of a district or intermediate district to the Michigan finance authority, or trustee designated by the Michigan finance authority, shall be held in trust for the sole benefit of the holders of the obligation issued pursuant to this section or section 1225 and is exempt from being levied upon, taken, sequestered, or applied toward paying the debts or liabilities of the district or intermediate district other than for payment of the obligation to which the lien applies. However, nothing in this subsection alters the ability of the state treasurer to withhold state school aid from a district or intermediate district as provided by law.

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

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

(7) As used in this section, "trustee of a pooled arrangement" means the trustee of a trust approved by the state treasurer and, subject to the conditions and requirements of that approval, established for the purpose of offering for sale, as part of a pooled arrangement, certificates representing undivided interests in notes issued by districts or intermediate districts under section 1225 of the revised school code, 1976 PA 451, MCL 380.1225.

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

388.1617b Amounts to be distributed in installments to districts; electronic files; payments; warrant; adjustments; grant payments; installment schedule; advance release of funds.
Sec. 17b.

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(1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, June 20, July 20, and August 20, the department shall prepare electronic files of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the electronic files to the state treasurer, and the state treasurer shall pay the installments on each of those dates or, if the date is not a business day, on the next business day following that date. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 1/11. A district or intermediate district shall accrue the payments received in July and August to the school fiscal year ending the immediately preceding June 30.

(2) The state treasurer shall make payment under this section by drawing a warrant in favor of the treasurer of each district or intermediate district for the amount payable to the district or intermediate district according to the electronic files and delivering the warrant to the treasurer of each district or intermediate district, or if the state treasurer receives a written request by the treasurer of the district or intermediate district specifying an account, by electronic funds transfer to that account of the amount payable to the district or intermediate district according to the electronic files. The department may make adjustments in payments made under this section through additional payments when changes in law or errors in computation cause the regularly scheduled payment to be less than the amount to which the district or intermediate district is entitled pursuant to this act.

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(3) Except as otherwise provided in this act, grant payments to districts and intermediate districts under this act shall be paid according to the installment schedule under subsection (1).

(4) Upon the written request of a district or intermediate district and the submission of proof satisfactory to the department of a need of a temporary and nonrecurring nature, the superintendent, with the written concurrence of the state treasurer and the state budget director, may authorize an advance release of funds due a district or intermediate district under this act. An advance authorized under this subsection shall not cause funds to be paid to a district or intermediate district more than 30 days earlier than the established payment date for those funds.

388.1618 Application of money received under article; determining reasonableness of expenditures; withholding apportionment for violation; availability of budget revisions on website; audit; reports; submission of annual comprehensive financial data; Michigan public school accounting manual chart of accounts; retention of property by public school academy; failure to comply with subsections (4), (5), (6), and (7); report online learning per-pupil costs; report to legislature.
Sec. 18.

(1) Except as provided in another section of this article, each district or other entity shall apply the money received by the district or entity under this article to salaries and other compensation of teachers and other employees, tuition, transportation, lighting, heating, ventilation, water service, the purchase of textbooks **COURSE CONTENT**, other supplies, and any other school operating expenditures defined in section 7. However, not more than 20% of the total amount received by a district or intermediate district under this article may be transferred by the board to either the capital projects fund or to the debt retirement fund

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for debt service. The money shall not be applied or taken for a purpose other than as provided in this section. The department shall determine the reasonableness of expenditures and may withhold from a recipient of funds under this article the apportionment otherwise due upon a violation by the recipient.

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

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

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

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

(A) Salaries and wages.

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

(C) Retirement benefit costs.

(D) All other personnel costs.

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

(A) Instruction.

(B) Support services.

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1 (C) Business and administration.

2 (D) Operations and maintenance.

3 (c) Links to all of the following:

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

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

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

10 (iv) The bids required under section 5 of the public employee health benefits act, 2007 PA
11 106, MCL 124.75.

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

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

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

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

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

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(a) The department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually at the expense of the district or intermediate district, as applicable, by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city.

(b) If a district operates in a single building with fewer than 700 full-time equated pupils, if the district has stable membership, and if the error rate of the immediately preceding 2 pupil accounting field audits of the district is less than 2%, the district may have a pupil accounting field audit conducted biennially but must continue to have desk audits for each pupil count.

The auditor must document compliance with the audit cycle in the pupil auditing manual. As used in this subdivision, "stable membership" means that the district's membership for the current fiscal year varies from the district's membership for the immediately preceding fiscal year by less than 5%.

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

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

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

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

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

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

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

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

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

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

(6) By ~~September 30~~ **NOVEMBER 15** of each year, each district and intermediate district shall ~~file with the department~~ **INCLUDE WITH ITS ANNUAL COMPREHENSIVE FINANCIAL DATA REPORT UNDER SUBSECTION (5) THE NECESSARY INFORMATION FOR THE CENTER TO EXTRACT THE DISTRICT OR INTERMEDIATE DISTRICT'S** the special education actual cost report, known as "SE-4096", ~~on a form and in the manner prescribed by the department.~~ **THE CENTER SHALL PROVIDE THE DEPARTMENT THE SPECIAL EDUCATION ACTUAL COST REPORT, KNOWN AS "SE-4096" FOR EACH DISTRICT OR INTERMEDIATE DISTRICT.**

(7) By ~~October 7~~ **NOVEMBER 15** of each year, each district and intermediate district shall ~~file with the center~~ **INCLUDE WITH ITS ANNUAL COMPREHENSIVE FINANCIAL DATA REPORT UNDER SUBSECTION (5) THE NECESSARY INFORMATION FOR THE CENTER TO EXTRACT THE DISTRICT OR INTERMEDIATE DISTRICT'S** the transportation expenditure report, known as "SE-4094", ~~on a form and in the manner prescribed by the center.~~⁴⁷

⁴⁷ This is an attempt to combine 3 financial reports into one submission by the districts to one state agency. This is a recommendation of the Michigan Association of School Administrators (MASA): "Collect information on FID to avoid duplication."

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

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

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

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

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

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

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

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

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

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

~~(g) Facilities costs.~~

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

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

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

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

~~(c) Any conclusions concerning factors or characteristics of online learning programs that make a difference in the costs of operating the programs.⁴⁸~~

388.1618a Grant funds to be expended by end of school year; effect of funds not expended; return of unexpended funds.

Sec. 18a.

Grant funds awarded and allotted to a district, intermediate district, or other entity, unless otherwise specified in this act, shall be expended by the grant recipient before the end of the school fiscal year immediately following the fiscal year in which the funds are received. If a grant recipient does not expend the funds received under this act before the end of the fiscal year in which the funds are received, the grant recipient shall submit a report to the department not later than November 1 after the fiscal year in which the funds are received indicating whether it expects to expend those funds during the fiscal year in which the report is submitted. A recipient of a grant shall return any unexpended grant funds to the department

⁴⁸ The dates in these subsections are prior to October 1, 2013 and these reports are not necessary on an annual basis.

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1 in the manner prescribed by the department not later than September 30 after the fiscal year
2 in which the funds are received.

3 **388.1618b Property of public school academy to be transferred to this state.**
4 Sec. 18b.

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

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

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

11 (c) The public school academy's contract has not been reissued by the authorizing body.

12 (2) Property required to be transferred to this state under this section includes title to all real
13 and personal property, interests in real or personal property, and other assets owned by the
14 public school academy corporation that were substantially acquired with funds appropriated
15 under this act.

16 (3) The state treasurer, or his or her designee, is authorized to dispose of property transferred
17 to this state under this section. Except as otherwise provided in this section, the state
18 treasurer shall deposit in the state school aid fund any money included in that property and
19 the net proceeds from the sale of the property or interests in property, after payment by the
20 state treasurer of any public school academy debt secured by the property or interest in
21 property.

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

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

388.1618c.amended Contract between public school academy, achievement authority, or achievement school and third party.
Sec. 18c.

Any contract, mortgage, loan, or other instrument of indebtedness entered into by a public school academy, the achievement authority, or an achievement school receiving funds under this act and a third party does not constitute an obligation, either general, special, or moral, of this state or of an authorizing body. The full faith and credit or the taxing power of this state or any agency of this state, or the full faith and credit of an authorizing body, shall not be pledged for the payment of any contract, mortgage, loan, or other instrument of indebtedness entered into by a public school academy, the achievement authority, or an achievement school.

388.1619.amended Compliance with reporting requirements specified in state and federal law; report of graduation and dropout rates; educational personnel; information relating to safety practices and criminal incidents; failure to comply with certain requirements; list of schools or districts failing to make adequate yearly progress; appeal of determination; publication of list; legislative intent to implement statewide standard reporting requirements.
Sec. 19.

(1) A district or intermediate district shall comply with all applicable reporting requirements specified in state and federal law. Data provided to the center, in a form and manner

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1 prescribed by the center, shall be aggregated and disaggregated as required by state and
2 federal law. **THE DATA SHALL BE DISAGGREGATED FOR EACH PUPIL AND**
3 **THE CENTER SHALL PROVIDE THE PUPIL'S PARENTS ACCESS TO THE**
4 **PUPIL'S DISAGGREGATED DATA.** In addition, a district or intermediate district shall
5 cooperate with all measures taken by the center to establish and maintain a statewide P-20
6 longitudinal data system.

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

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

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

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

(6) Before publishing a list of schools or districts determined to have failed to make adequate yearly progress as required by the no child left behind act of 2001, Public Law 107-110, the department shall allow a school or district to appeal that determination. The department shall consider and act upon the appeal within 30 days after it is submitted and shall not publish the list until after all appeals have been considered and decided.

(7) THE CENTER AND THE DEPARTMENT SHALL ENSURE THAT ALL DATA REQUIREMENTS PLACED ON DISTRICTS OR INTERMEDIATE DISTRICTS CAN BE MET WITH THE EXPECTATION THAT A PUPIL WILL RECEIVE INSTRUCTION FROM MULTIPLE DISTRICTS OR INTERMEDIATE DISTRICTS.

~~(7) It is the intent of the legislature to implement not later than 2014-2015 statewide standard reporting requirements for education data approved by the department in conjunction with the center. The department shall work with the center, intermediate districts, districts, and other interested stakeholders to develop recommendations on the implementation of this policy change. A district or intermediate district shall implement the statewide standard~~

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~~reporting requirements not later than 2014 2015 or when a district or intermediate district
updates its education data reporting system, whichever is later.~~⁴⁹

**388.1620.amended Foundation allowance; calculations allocations; adjustments;
definitions.
Sec. 20.**

(1) For 2011-2012, and for 2012-2013, the basic foundation allowance is \$8,019.00.

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

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

(a) 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 sum of the district's foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic

⁴⁹ All "intent of Legislature" language has been removed, except for Section 12.

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1 foundation allowance minus \$20.00) times (the difference between the district's foundation
2 allowance for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the
3 total dollar amount of all adjustments made from 2006-2007 to the immediately preceding
4 state fiscal year in the lowest foundation allowance among all districts) divided by the
5 difference between the basic foundation allowance for the current state fiscal year and the
6 sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the
7 immediately preceding state fiscal year in the lowest foundation allowance among all
8 districts]. For 2011-2012, for a district that had a foundation allowance for the immediately
9 preceding state fiscal year that was at least equal to the sum of \$7,108.00 plus the total dollar
10 amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal
11 year in the lowest foundation allowance among all districts, but less than the basic foundation
12 allowance for the immediately preceding state fiscal year, the district shall receive a
13 foundation allowance in an amount equal to the district's foundation allowance for 2010-
14 2011, minus \$470.00. Except as otherwise provided in subdivision (h), for 2012-2013, for a
15 district that had a foundation allowance for the immediately preceding state fiscal year that
16 was at least equal to the sum of \$7,108.00 plus the total dollar amount of all adjustments
17 made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation
18 allowance among all districts, but less than the basic foundation allowance for the
19 immediately preceding state fiscal year, the district shall receive a foundation allowance in an
20 amount equal to the district's foundation allowance for the immediately preceding state fiscal
21 year. However, the foundation allowance for a district that had less than the basic foundation

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allowance for the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

(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 the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance for 2011-2012 in an amount equal to the district's foundation allowance for 2010-2011, minus \$470.00. For 2012-2013, 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 the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance for 2012-2013 in an amount equal to the district's foundation allowance for the immediately preceding state fiscal year.

(c) Except as otherwise provided in subdivision (d), for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided in subdivision (d),

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1 for 2011-2012, for a district that in the 1994-1995 state fiscal year had a foundation
2 allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to
3 the district's foundation allowance for the 2010-2011 fiscal year minus \$470.00. For 2012-
4 2013, except as otherwise provided in subdivision (d), for a district that in the 1994-1995
5 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation
6 allowance is an amount equal to the district's foundation allowance for the immediately
7 preceding state fiscal year.

8 (d) For a district that in the 1994-95 state fiscal year had a foundation allowance greater than
9 \$6,500.00 and that had a foundation allowance for the 2009-2010 state fiscal year, as
10 otherwise calculated under this section, that was less than the basic foundation allowance, the
11 district's foundation allowance for 2011-2012 and each succeeding fiscal year shall be
12 considered to be an amount equal to the basic foundation allowance.

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

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

20 (g) For a district that received a payment under section 22c as that section was in effect for
21 2006-2007, the district's 2006-2007 foundation allowance shall be considered to have been
22 an amount equal to the sum of the district's actual 2006-2007 foundation allowance as

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otherwise calculated under this section plus the per pupil amount of the district's equity payment for 2006-2007 under section 22c as that section was in effect for 2006-2007.

(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 to \$6,966.00.

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

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

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

15 (6) Except as otherwise provided in this subsection, for pupils in membership, other than
16 special education pupils, in a public school academy, the allocation calculated under this
17 section is an amount per membership pupil other than special education pupils in the public
18 school academy equal to the foundation allowance of the district in which the public school
19 academy is located or the state maximum public school academy allocation, whichever is
20 less. However, a public school academy that had an allocation under this subsection before
21 2009-2010 that was equal to the sum of the local school operating revenue per membership
22 pupil other than special education pupils for the district in which the public school academy

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1 is located and the state portion of that district's foundation allowance shall not have that
2 allocation reduced as a result of the 2010 amendment to this subsection. Notwithstanding
3 section 101, for a public school academy that begins operations after the pupil membership
4 count day, the amount per membership pupil calculated under this subsection shall be
5 adjusted by multiplying that amount per membership pupil by the number of hours of pupil
6 instruction provided by the public school academy after it begins operations, as determined
7 by the department, divided by the minimum number of hours⁵⁰ of pupil instruction required
8 under section 101(3). The result of this calculation shall not exceed the amount per
9 membership pupil otherwise calculated under this subsection.

10 (7) Except as otherwise provided in this subsection, for pupils attending an achievement
11 school and in membership in the education achievement system, other than special education
12 pupils, the allocation calculated under this section is an amount per membership pupil other
13 than special education pupils equal to the foundation allowance of the district in which the
14 achievement school is located, not to exceed the basic foundation allowance.

15 Notwithstanding section 101, for an achievement school that begins operation after the pupil
16 membership count day, the amount per membership pupil calculated under this subsection
17 shall be adjusted by multiplying that amount per membership pupil by the number of hours
18 of pupil instruction provided by the achievement school after it begins operations, as
19 determined by the department, divided by the minimum number of hours of pupil instruction
20 required under section 101(3). The result of this calculation shall not exceed the amount per
21 membership pupil otherwise calculated under this subsection. For the purposes of this

⁵⁰ This phrase is used 17 times within the act and may be inconsistent with some of the revisions.

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subsection, if a public school is transferred from a district to the state school reform/redesign district or the achievement authority under section 1280c of the revised school code, that public school is considered to be an achievement school within the education achievement system and not a school that is part of a district, and a pupil attending that public school is considered to be in membership in the education achievement system and not in membership in the district that operated the school before the transfer.

(8) ~~Subject~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION AND SUBJECT** to subsection (4), for a district that is formed or reconfigured after June 1, 2002 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district who reside in the geographic area of each of the original or affected districts. **FOR A DISTRICT THAT IS FORMED OR RECONFIGURED BY CONSOLIDATION OF 2 OR MORE DISTRICTS AFTER JANUARY 1, 2014, THE RESULTING DISTRICT'S FOUNDATION ALLOWANCE UNDER THIS SECTION BEGINNING AFTER THE EFFECTIVE DATE OF THE CONSOLIDATION SHALL BE AN AMOUNT EQUAL TO THE GREATEST FOUNDATION ALLOWANCE AMONG ALL OF THE ORIGINAL OR AFFECTIVE DISTRICTS, CALCULATED AS PROVIDED IN THIS DISTRICT.**⁵¹

⁵¹ Advice from State Budget Office?

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

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

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

(a) The pupil membership factor shall be computed by dividing the estimated membership in the school year ending in the current state fiscal year, excluding intermediate district membership, by the estimated membership for the school year ending in the subsequent state fiscal year, excluding intermediate district membership. If a consensus membership factor is not determined at the revenue estimating conference, the 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.

(b) The revenue adjustment factor shall be computed by dividing the sum of the estimated total state school aid fund revenue for the subsequent state fiscal year plus the estimated total state school aid fund revenue for the current state fiscal year, adjusted for any change in the rate or base of a tax the proceeds of which are deposited in that fund and excluding money transferred into that fund from the countercyclical budget and economic stabilization fund under the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594, by the sum

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1 of the estimated total school aid fund revenue for the current state fiscal year plus the
2 estimated total state school aid fund revenue for the immediately preceding state fiscal year,
3 adjusted for any change in the rate or base of a tax the proceeds of which are deposited in
4 that fund. If a consensus revenue factor is not determined at the revenue estimating
5 conference, the principals of the revenue estimating conference shall report their estimates to
6 the house and senate subcommittees responsible for school aid appropriations not later than 7
7 days after the conclusion of the revenue conference.

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

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

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1 ~~result of this adjustment an amount that exceeds 50% of the amount the district received as a~~
2 ~~result of this adjustment for 2010-2011. This adjustment shall not be made after 2011-2012.~~

3 ~~(13) For a district in which an industrial facilities exemption certificate that abated taxes on~~
4 ~~property with a state equalized valuation greater than the total state equalized valuation of the~~
5 ~~district at the time the certificate was issued or \$700,000,000.00, whichever is greater, was~~
6 ~~issued under 1974 PA 198, MCL 207.551 to 207.572, before the calculation of the district's~~
7 ~~1994-95 foundation allowance, the district's foundation allowance for 2002-2003 is an~~
8 ~~amount equal to the sum of the district's foundation allowance for 2002-2003, as otherwise~~
9 ~~calculated under this section, plus \$250.00. A district receiving an adjustment under this~~
10 ~~subsection shall not receive as a result of this adjustment an amount that exceeds 50% of the~~
11 ~~amount the district received as a result of this adjustment for 2010-2011. This adjustment~~
12 ~~shall not be made after 2011-2012.~~

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

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~~allowance 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 attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan. A district receiving an adjustment under this subsection shall not receive as a result of this adjustment an amount that exceeds 68.5% of the amount the district received as a result of this adjustment for 2010-2011.~~⁵²

~~(15) For a district that levied 1.9 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district~~

⁵² These subsections seem to be for specific districts and not follow the general policy of Prop A or Governor Snyder's education message. These have been removed, until there is a better policy rationale to keep them.

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1 ~~receiving an adjustment under this subsection shall not receive more than \$800,000.00 for a~~
2 ~~fiscal year as a result of this adjustment. A district receiving an adjustment under this~~
3 ~~subsection shall not receive as a result of this adjustment an amount that exceeds 50% of the~~
4 ~~amount the district received as a result of this adjustment for 2010-2011. This adjustment~~
5 ~~shall not be made after 2011-2012.~~

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

15 (17)⁵³ Payments to districts, public school academies, or the education achievement system
16 shall not be made under this section. Rather, the calculations under this section shall be used
17 to determine the amount of state payments under section 22b.

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

21 (19) As used in this section:

⁵³ Subsection need to be renumbered.

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

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

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

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

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

(h) "Maximum public school academy allocation", except as otherwise provided in this subdivision, means the maximum per-pupil allocation as calculated by adding the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately

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preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$20.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding 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 per-pupil allocation among all public school academies) 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 per-pupil allocation among all public school academies]. For 2011-2012 and 2012-2013, maximum public school academy allocation means \$7,110.00.

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

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

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

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

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

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

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

388.1620d.amended Requirements for final determination under MCL 388.1620 and former section 388.1620a.
Sec. 20d.⁵⁴

~~In making the final determination required under former section 20a of a district's combined state and local revenue per membership pupil in 1993-94 and in making calculations under section 20 for 2012-2013, the department and the department of treasury shall comply with all of the following:~~

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

⁵⁴ Is this section necessary any longer?

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

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

388.1621b Tuition and fee support for pupil attending postsecondary institution.
Sec. 21b.

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(1) Subject to subsections (2) and (3), a district shall use funds received under section 22a or 22b to support the attendance of a district pupil at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913.

(2) To the extent required under subsection (3), a district shall pay tuition and mandatory course fees, material fees, and registration fees required by an eligible postsecondary institution for enrollment in an eligible course. A district also shall pay any late fees charged by an eligible postsecondary institution due to the district's failure to make a required payment according to the timetable prescribed by the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913. A district is not required to pay transportation costs, parking costs, or activity fees.

(3) A district shall pay to the eligible postsecondary institution on behalf of an eligible student an amount equal to the lesser of the amount of the eligible charges described in subsection (2) or the prorated percentage of the state portion of the foundation allowance paid or calculated, as applicable, on behalf of that eligible student under section 20, with the proration based on the proportion of the school year that the eligible student attends the postsecondary institution. A district may pay more money to an eligible postsecondary institution on behalf of an eligible student than required under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and may use local school operating revenue for that purpose. An eligible student is responsible for payment of

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the remainder of the costs associated with his or her postsecondary enrollment that exceed the amount the district is required to pay under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and that are not paid by the district. As used in this subsection, “local school operating revenue” means that term as defined in section 20.

(4) As used in this section, “eligible course”⁵⁵, “eligible student”, and “eligible postsecondary institution” mean those terms as defined in section 3 of the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3 of the career and technical preparation act, 2000 PA 258, MCL 388.1903, as applicable.

388.1621f ONLINE LEARNING OPTIONS
Sec. 21f.

(1) A DISTRICT OR INTERMEDIATE DISTRICT MAY PROVIDE ONE OR MORE ONLINE COURSES DIRECTLY OR MAY ENTER INTO A CONTRACT WITH A THIRD PARTY TO OFFER ONE OR MORE ONLINE COURSES.

(2) A PUPIL MAY ENROLL IN ONE OR MORE ONLINE COURSES IN ANY DISTRICT OR INTERMEDIATE DISTRICT OF THE STATE.

(A) IF THE PUPIL IS A NONRESIDENT PUPIL, THEN THE PUPIL IS SUBJECT TO THE ENROLLMENT PROCEDURES IN SECTION 105.

⁵⁵ North Carolina seems to be quite limiting to eligible courses that are college or career pathways. Michigan’s postsecondary act is limiting, but perhaps could be even more limiting to career or college pathway courses. Secondly, a requirement that the postsecondary institution have at least one articulation agreement with a 4-year institution for the eligible course would make sense. With that requirement, the pupil will have greater assurances that the course will count for credit at least one 4-year institution. These changes are outside the scope of the Michigan Education Finance Project.

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(B) THE PUPIL SHALL MEET ALL PREREQUISITES OF THE ONLINE COURSE,
AS IDENTIFIED IN THE ONLINE COURSE SYLLABUS AS DETERMINED BY
THE EDUCATING DISTRICT.

(C) THE EDUCATING DISTRICT MAY NOT TO ENROLL THE PUPIL IF ANY OF
THE FOLLOWING APPLY, AS DETERMINED BY THE EDUCATING DISTRICT:

(i) THE PUPIL HAS PREVIOUSLY GAINED THE CREDIT, PARTIAL
CREDIT OR CREDITS EMBODIED IN THE ONLINE COURSE;

(ii) THE ONLINE COURSE DOES NOT ALLOW THE PUPIL TO ACHIEVE
ACADEMIC GROWTH; OR

(iii) THE ONLINE COURSE IS INCONSISTENT WITH THE REMAINING
GRADUATION REQUIREMENTS OF THE PUPIL.

(3) IN ORDER TO OFFER OR PROVIDE AN ONLINE COURSE, A DISTRICT OR
INTERMEDIATE DISTRICT SHALL DO ALL OF THE FOLLOWING:

(A) FOR EACH ONLINE COURSE OFFERED OR PROVIDED, FURNISH THE
DEPARTMENT AN ONLINE COURSE SYLLABUS, IN A FORM PRESCRIBED BY
THE DEPARTMENT;

(B) COMPLY WITH THE ENROLLMENT PROCEDURES IN SECTION 105 FOR
NONRESIDENT PUPILS.

(c) OFFER ONLINE COURSES ON AN OPEN ENTRY AND EXIT METHOD.

(4) A DISTRICT OR INTERMEDIATE DISTRICT SHALL NOT PROHIBIT A
PUPIL FROM APPLYING TO ENROLL OR ENROLLING IN AN ONLINE
COURSE.

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**(5) FOR AN ONLINE COURSE, THE EDUCATING DISTRICT SHALL RECEIVE
PAYMENT AS FOLLOWS:**

**(A) 50% UPON AN ONLINE LEARNING PUPIL ENROLLING IN AN ONLINE
COURSE; AND**

**(B) IF THE ONLINE LEARNING PUPIL DEMONSTRATES PROFICIENCY, AS
DETERMINED BY THE ONLINE COURSE SYLLABUS, THE EDUCATING
DISTRICT SHALL RECEIVE 40%; OR IF THE ONLINE LEARNING PUPIL
DEMONSTRATES MASTERY⁵⁶, AS DETERMINED BY THE ONLINE COURSE
SYLLABUS, THE REMAINING 50%.**

**(6) THE DEPARTMENT SHALL PUBLISH ELECTRONICALLY A LIST OF ALL
ONLINE COURSES OFFERED BY DISTRICTS AND INTERMEDIATE
DISTRICTS.**

**(7) A PUPIL MAY ENROLL IN AN ONLINE COURSE AT ANY POINT IN THE
SCHOOL YEAR.**

**(8) AN ONLINE LEARNING PUPIL SHALL HAVE THE SAME RIGHTS AND
ACCESS TO TECHNOLOGY IN A DISTRICT OR INTERMEDIATE DISTRICT AS
ALL OTHER PUPILS.**

**(9) AS USED IN THIS SECTION, "OPEN ENTRY AND EXIT METHOD"
MEANS A METHOD OF INSTRUCTIONAL DELIVERY THAT ALLOWS FOR
FLEXIBLE SCHEDULING IN RESPONSE TO INDIVIDUAL PUPIL NEEDS OR**

⁵⁶ Most other state statutes simply require "completion", the goal here is to require something greater than mere completion, and provide payment for something greater than merely "proficiency," which seemingly means a "C-."

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**REQUIREMENTS AND DEMONSTRATED COMPETENCY WHEN KNOWLEDGE
AND SKILLS HAVE BEEN MASTERED AND THAT PROVIDES PUPILS WITH
ALL OF THE FOLLOWING:**

(A) THE FLEXIBILITY TO BEGIN OR END STUDY AT ANY TIME.

**(B) THE ABILITY TO PROGRESS THROUGH COURSE MATERIAL AT THE
PUPIL'S PACE.**

**(C) A MECHANISM TO DEMONSTRATE COMPETENCY WHEN KNOWLEDGE
AND SKILLS HAVE BEEN MASTERED.**

**388.1621g EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP
Sec. 21g.**

**(1) A PUPIL WHO HAS SUCCESSFULLY COMPLETED ALL OF THE CREDIT
REQUIREMENTS OF THE MICHIGAN MERIT STANDARD, AS PROVIDED IN
THE REVISED SCHOOL CODE, IN LESS THAN EIGHT SEMESTERS OF HIGH
SCHOOL MAY APPLY FOR AN EARLY GRADUATION ACHIEVEMENT
SCHOLARSHIP.**

**(2) THE PUPIL MAY EARN A SCHOLARSHIP IN THE AMOUNT OF \$2,500 FOR
EACH SEMESTER THE PUPIL GRADUATES EARLY. A PUPIL MAY EARN A
MAXIMUM OF \$10,000 UNDER THIS SECTION.**

**(3) IN ORDER TO RECEIVE AN EARLY GRADUATION ACHIEVEMENT
SCHOLARSHIP, THE PUPIL SHALL APPLY TO THE DEPARTMENT FOR AN
EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP, IN A FORM
PRESCRIBED BY THE DEPARTMENT.**

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(4) UPON APPLICATION BY THE PUPIL, IN A FORM PRESCRIBED BY THE DEPARTMENT, AND VERIFICATION OF THE PUPIL'S ENROLLMENT IN AN ACCREDITED INSTITUTION OF HIGHER EDUCATION, THE DEPARTMENT SHALL ISSUE A JOINT CHECK TO THE PUPIL AND THE ACCREDITED INSTITUTION OF HIGHER EDUCATION FOR THE LESSER AMOUNT OF:

(A) TUITION AMOUNT FOR THAT SEMESTER OF EDUCATION AT THE ACCREDITED INSTITUTION OF HIGHER EDUCATION; OR

(B) THE MAXIMUM AMOUNT OF THE PUPIL'S EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP.

(5) THE PUPIL MAY CONTINUE TO APPLY FOR VERIFICATION OF ENROLLMENT UNTIL THE FULL AMOUNT OF THE PUPIL'S EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP HAS BEEN USED.

(6) AN EARLY GRADUATION ACHIEVEMENT SCHOLARSHIP MAY BE USED AT ANY ACCREDITED INSTITUTION OF HIGHER EDUCATION.

388.1622a Allocation for 2011-2012 and 2012-2013; payments to districts and qualifying public school academies; definitions.
Sec. 22a.

(1) From the appropriation in section 11, there is allocated an amount not to exceed \$5,776,000,000.00 for 2011-2012 and there is allocated an amount not to exceed \$5,712,000,000.00 for 2012-2013 for payments to districts and qualifying public school academies to guarantee each district and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under

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1 section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX
2 of the state constitution of 1963, this guarantee does not apply to a district in a year in which
3 the district levies a millage rate for school district operating purposes less than it levied in
4 1994. However, subsection (2) applies to calculating the payments under this section. Funds
5 allocated under this section that are not expended in the state fiscal year for which they were
6 allocated, as determined by the department, may be used to supplement the allocations under
7 sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal
8 year.

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

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

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(b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00, the state payment under this subsection shall be the sum of the amount calculated under subdivision (a) plus the amount calculated under this subdivision. The amount calculated under this subdivision shall be equal to the difference between the district's 1994-95 foundation allowance minus \$6,500.00 and the current year hold harmless school operating taxes per pupil. If the result of the calculation under subdivision (a) is negative, the negative amount shall be an offset against any state payment calculated under this subdivision. If the result of a calculation under this subdivision is negative, there shall not be a state payment or a deduction under this subdivision. The taxable values per membership pupil used in the calculations under this subdivision are as adjusted by ad valorem property tax revenue captured under tax increment financing acts divided by the district's membership.

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

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

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the

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average of the 1994-95 foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

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

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

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

(ii) Before January 1, 2011, the owner of a natural-gas-powered power plant located in a renaissance zone within the district's geographic boundaries for 2009 and 2010 appealed to

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1 the Michigan tax tribunal an order of the state tax commission for tax years 2009 and 2010
2 pursuant to section 154 of the general property tax act, 1893 PA 206, MCL 211.154, and
3 appealed to the state tax commission the 2011 classification and valuation of the power plant.

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

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

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

16 (7) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1 **388.1622b.amended Allocations for 2011-2012 and 2012-2013; discretionary**
2 **nonmandated payments; duties of district; purchase of software; payments for**
3 **litigation costs; allegation of unfunded constitutional requirement; escrowed funds as**
4 **work project; purpose; determination; review of claim by local claims review board;**
5 **removal to court of appeals; payment provisions; "title XIX" defined; report to**
6 **legislature identifying amount of savings.**
7 Sec. 22b.

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

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

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

21 (a) Administer in each grade level that it operates in grades 1 to 5 **11 a COMPUTER-**
22 **ADAPTIVE** standardized **GROWTH** assessment⁵⁷ approved by the department of grade-
23 appropriate basic educational skills. A district may use the Michigan literacy progress profile

⁵⁷ The MAP and Achievement Series tests are computer-adaptive tests. This is not intended to be a major policy change, but is intended to move the assessment from paper to computer-based and be consistent with any proposals by the Michigan Council for Educator Effectiveness. Additional changes may be necessary to clarify which district or districts are required to administer this test and to ensure that districts offering only courses and not full grades would be required to comply with this subsection.

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1 to satisfy this requirement for grades 1 to 3. Also, if the revised school code is amended to
2 require annual assessments at additional grade levels, in order to receive an allocation under
3 this section each district shall comply with that requirement.

4 (b) Comply with sections 1278a and 1278b of the revised school code, MCL 380.1278a and
5 380.1278b.

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

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

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

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

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

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(7) It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by an entity receiving funds under this article that challenges the legislative determination of the adequacy of this funding or alleges that there exists an unfunded constitutional requirement, the state budget director may escrow or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the claim before making any payments to districts under subsection (2). If funds are escrowed, the escrowed 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 litigation. The work project shall be completed upon resolution of the litigation.

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

(9) If a claim is made in court that challenges the legislative determination of the adequacy of funding for this state's constitutional obligations or alleges that there exists an unfunded constitutional requirement, any interested party may seek an expedited review of the claim by the local claims review board. If the claim exceeds \$10,000,000.00, this state may remove

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1 the action to the court of appeals, and the court of appeals shall have and shall exercise
2 jurisdiction over the claim.

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

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

21 (12) Not later than January 1, 2013, the department shall submit a report to the legislature
22 identifying the amount of the savings that the department has calculated as having been

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achieved due to the revised number of instructional hours used to calculate full-time equated memberships for kindergarten pupils under section 6(4)(r) as amended by 2011 PA 62.⁵⁸

388.1622d.amended Supplemental payments to rural districts.
Sec. 22d.

(1) From the appropriation in section 11, an amount not to exceed \$2,025,000.00 is allocated each fiscal year for 2011-2012 and for 2012-2013 for supplemental payments to rural districts under this section.

(2) From the allocation under subsection (1), there is allocated each fiscal year for 2011-2012 and for 2012-2013 an amount not to exceed \$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 any other public school building.

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

(3) The amount of the additional funding to each eligible district under subsection (2) shall be determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan shall be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each

⁵⁸ Is this subsection necessary? If so, verify the reference to 6(4)(r)

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eligible district, and develop and agree on a spending plan that distributes the available funding under subsection (2) to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under subsection (2) and shall be paid to the eligible districts in the same manner as payments under section 22b.

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

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

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

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

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

388.1622f.amended Incentive payments to districts meeting best practices; definitions; dashboard or report card; submission of false information; allocation of unexpended amounts.

Sec. 22f.

(1) From the appropriation in section 11, there is allocated for 2012-2013 an amount not to exceed \$80,000,000.00 to provide incentive payments to districts that meet best practices

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under this section. Payments received under this section may be used for any purpose for which payments under sections 22a and 22b may be used.

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

(a) If a district provides medical, pharmacy, dental, vision, disability, long-term care, or any other type of benefit that would constitute a health care services benefit, to employees and their dependents, the district is the policyholder for each of its insurance policies that covers 1 or more of these benefits. A district that does not directly employ its staff is considered to have satisfied this requirement.

(b) The district has obtained competitive bids on the provision of pupil transportation, food service, custodial, or 1 or more other noninstructional services for 2012-2013.

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

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

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

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- (i) Supports attendance of district pupils under the postsecondary enrollment options act, MCL 388.511 to 388.524, or 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 instructional programs **COURSES** or blended learning opportunities to all eligible pupils. In order to satisfy this requirement, districts must make all eligible pupils and their parents or guardians aware of these opportunities. ~~For the purposes of this subdivision:~~
- ~~(i) "Blended learning" means a hybrid instructional delivery model where pupils are provided face to face instruction, in part at a supervised school facility away from home and partially through computer-based and internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.~~

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~~(ii) "Online instructional program" means a course of study that generates a credit or a grade, provided in an interactive computer based and internet connected learning environment, in which pupils are separated from their teachers by time or location, or both, and in which a Michigan certificated teacher is responsible for providing direct instruction, diagnosing learning needs, assessing pupil learning, prescribing intervention strategies, reporting outcomes, and evaluating the effects of instruction and support strategies.⁵⁹~~

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

(vi) General fund balance.

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

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

⁵⁹ These definitions were altered and moved to the definitional section.

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(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 2013-2014.

(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 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.

388.1622g.added Competitive assistance grants to districts and intermediate districts.
Sec. 22g.

(1) From the funds appropriated in section 11, there is allocated for 2012-2013 only an amount not to exceed \$10,000,000.00 for competitive assistance grants to districts and intermediate districts. Money allocated in this section represents a portion of the year-end state school aid fund balance for 2011-2012.

(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 or the consolidation of districts or intermediate districts. Grant funding shall be available for consolidations that occur on or after June 1, 2012. The department shall develop an application process and method of grant distribution. However, a district or intermediate district is not eligible to receive funding

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1 under this section if the district or intermediate district receives a grant from the competitive
2 grant assistance program in the department of treasury appropriations for 2012-2013 under
3 section 951 of article VIII of ~~Enrolled House Bill No. 5365 of the 96th Legislature~~ **2012 PA**
4 **200.**

5 **388.1622h Distressed district student transition grants.** ⁶⁰
6 Sec. 22h.

7 ~~(1) From the state school aid fund money appropriated in section 11, there is allocated for~~
8 ~~2011-2012 only an amount not to exceed \$4,000,000.00 for distressed district student~~
9 ~~transition grants under this section. The department shall pay these grants to districts that~~
10 ~~qualify under subsection (2) or a district or intermediate district that qualifies under~~
11 ~~subsection (3). The amount of a distressed district student transition grant is an amount equal~~
12 ~~to \$4,000.00 per qualifying pupil, adjusted by the pupil's full time equated status as affected~~
13 ~~by the membership definition under section 6(4).~~

14 ~~(2) A district qualifies for a distressed district student transition grant under this subsection if~~
15 ~~the district enrolls 1 or more qualifying pupils in the district. All of the following apply to a~~
16 ~~grant to a district that qualifies under this subsection:~~

17 ~~(a) In order to be eligible for a grant, the district shall allow enrollment of qualifying pupils~~
18 ~~in the district beginning by not later than March 5, 2012.~~

19 ~~(b) The total amount of the district's grant is the per pupil amount described in subsection (1)~~
20 ~~multiplied by the number of full time equated qualifying pupils who are actually enrolled and~~
21 ~~in regular daily attendance in the district in grades K to 12 on March 22, 2012, as reported to~~

⁶⁰ It appears this section was for Highland Park. All dates in this subsection are prior to October 1, 2013.

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~~the center for educational performance and information by not later than May 2, 2012. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit.~~

~~(c) The district is not required to have the approval of the distressed district to enroll a qualifying pupil and receive a grant for the pupil under this subsection.~~

~~(d) The district offering to enroll qualifying pupils under this subsection may limit the number of qualifying pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll a qualifying pupil.~~

~~(e) A qualifying pupil shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a qualifying pupil if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intradistrict choice school or program to which the applicant applies.~~

~~(f) A qualifying pupil shall not be granted or refused enrollment based on age, except that a district may refuse to admit a qualifying pupil applying for a program that is not appropriate for the age of the applicant.~~

~~(g) A qualifying pupil shall not be granted or refused enrollment based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.~~

~~(h) A district may refuse to enroll a qualifying pupil if any of the following are met:~~

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1 ~~(i) The qualifying pupil is, or has been within the preceding 2 years, suspended from another~~
2 ~~school.~~

3 ~~(ii) The qualifying pupil, at any time before enrolling under this section, has been expelled~~
4 ~~from another school.~~

5 ~~(iii) The qualifying pupil, at any time before enrolling under this section, has been convicted~~
6 ~~of a felony.~~

7 ~~(3) A district or intermediate district qualifies for a distressed district student transition grant~~
8 ~~under this subsection if the district or intermediate district is a party to a memorandum of~~
9 ~~agreement with a distressed district that has an emergency manager appointed for the~~
10 ~~distressed district under the local government and school district fiscal accountability act,~~
11 ~~2011 PA 4, MCL 141.1501 to 141.1531, and the memorandum of agreement makes the other~~
12 ~~district or intermediate district the managing district for the distressed district and meets the~~
13 ~~other requirements under this subsection. All of the following apply to a grant under this~~
14 ~~subsection:~~

15 ~~(a) The memorandum of agreement must meet all of the following requirements:~~

16 ~~(i) Transfers the functions of managing the distressed district to the managing district and~~
17 ~~specifies the powers, duties, rights, obligations, functions, and responsibilities that are~~
18 ~~transferred to the managing district and the services to be provided by the managing district.~~

19 ~~(ii) Ensures payment for the personnel of the distressed district as necessary for the education~~
20 ~~of the pupils who are counted in the distressed district under subdivision (b) for the~~
21 ~~remainder of the 2011-2012 school year.~~

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~~(iii) Both the identity of the managing district and the content of the memorandum of agreement are approved by the state treasurer.~~

~~(iv) If the memorandum of agreement makes an intermediate district the managing district for the distressed district, the distressed district is located within that intermediate district.~~

~~(b) The total amount of the managing district's grant under this subsection is the per pupil amount described in subsection (1) multiplied by the number of full-time equated qualifying pupils who remain enrolled in the distressed district and who are actually enrolled and in regular daily attendance in the distressed district in grades K to 12 on March 22, 2012, as reported by the managing district to the center for educational performance and information by not later than May 2, 2012. All pupil counts used in this subsection are as determined by the department and calculated by adding the number of pupils registered for attendance as defined by rules promulgated by the superintendent, and as corrected by a subsequent department audit.~~

~~(4) Notwithstanding section 17b, grant payments under this section shall be paid on a schedule and in a manner determined by the department.~~

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

~~(a) "Distressed district" means a district that meets all of the following:~~

~~(i) Is located in a county with a population in excess of 800,000 as of the most recent decennial census.~~

~~(ii) Has received a deferred adjustment under section 15(2).~~

~~(iii) Levies a sinking fund tax under section 1212 of the revised school code, MCL 380.1212, of more than 4.5 mills.~~

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~~(b) "Qualifying pupil" means a pupil who was counted in membership in a distressed district on the 2012 supplemental count day.~~

388.1622i.added Technology infrastructure grants to districts or intermediate districts.
Sec. 22i.

(1) From the funds appropriated in section 11, there is allocated for 2012-2013 an amount not to exceed \$50,000,000.00 for technology infrastructure grants to districts or to intermediate districts on behalf of their constituent districts. Funds received under this section shall be used for access to a computer-adaptive test or for the development or improvement of a district's technology infrastructure, including, but not limited to, hardware and software, in preparation for the planned implementation in 2014-2015 of online growth assessments.

(2) The department shall develop a competitive application process and method of grant distribution. The department may consult with the department of technology, management, and budget during the grant process and grant distribution. Grants to districts shall not exceed \$2,000,000.00 per district. A grant to an intermediate district on behalf of its constituent districts shall not exceed \$2,000,000.00 per constituent district. To receive a grant under this section, an intermediate district shall demonstrate that a grant awarded to the intermediate district on behalf of its constituent districts would provide savings compared to providing grants to individual districts.

388.1622j.added Incentive payments for student performance.⁶¹
Sec. 22j.

⁶¹ This section remains in the draft, but it is expected to be replaced in school year 2014-15 with the performance count day and related growth/testing requirements.

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

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

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

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

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

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

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

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

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

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

(b) The department shall then calculate a district average for this metric for the 2010-2011 school year by totaling the number of points for all pupils in grades 3 to 8 under subdivision

(a) and dividing that total by the number of those pupils.

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Calculate a statewide average for all districts operating a high school of the linear regression of the percentage of high school pupils testing as proficient in all tested subject

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1 areas on state assessments of high school pupils on school year over the 4-year period ending
2 with the 2010-2011 school year, as adjusted for changes in cut scores most recently adopted
3 for the Michigan merit examination as the base year for all comparisons.

4 (c) A district is a qualifying district for the payment under this subsection if the district's
5 linear regression over the 4-year period ending with the 2010-2011 school year under
6 subdivision (a) is at least equal to the statewide average linear regression over the 4-year
7 period ending with the base year under subdivision (b), and the district's linear regression
8 over the 4-year period ending with the 2010-2011 school year under subdivision (a) is
9 positive, and the district tested 95% of high school pupils in each tested subject on the
10 Michigan merit examination, and the district had at least 20 full academic year pupils take all
11 tested subjects on the Michigan merit examination over each of the most recent 4 years.

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

15 **388.1622k FUNDING FOR DISTRICTS THAT OPERATE SCHOOLS WITH NO**
16 **MORE THAN A 2-WEEK BREAK.**⁶²
17 Sec. 22k.

18 **(1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR**
19 **2012-2013 AN AMOUNT NOT TO EXCEED \$10,000,000⁶³ TO PROVIDE**
20 **INCENTIVE PAYMENTS TO DISTRICT OR INTERMEDIATE DISTRICTS THAT**

⁶² Research is clear that “summer loss” is a significant barrier to pupil growth and achievement. This problem is exacerbated in economically disadvantage families. This section attempts to provide districts an incentive to remove the long summer break.

⁶³ This is merely a placeholder dollar amount.

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1 **CREATE A SCHOOL CALENDAR THAT MINIMIZES BREAKS LONGER THAN**
2 **TWO WEEKS. PAYMENTS RECEIVED UNDER THIS SECTION MAY BE USED**
3 **FOR ANY PURPOSE FOR WHICH PAYMENTS UNDER SECTIONS 22A AND 22B**
4 **MAY BE USED.**

5 **(2) THE AMOUNT OF THE INCENTIVE PAYMENT UNDER THIS SECTION IS**
6 **AN AMOUNT EQUAL TO \$10.00⁶⁴ PER PUPIL. A DISTRICT OR INTERMEDIATE**
7 **DISTRICT SHALL RECEIVE AN INCENTIVE PAYMENT UNDER THIS SECTION**
8 **IF THE DISTRICT OPERATES A CALENDAR WITH NO MORE THAN TWO**
9 **WEEKS OF TIME BETWEEN INSTRUCTION DURING THE COURSE OF THE**
10 **SCHOOL YEAR.**

11 **(3) A DISTRICT OR INTERMEDIATE DISTRICT THAT OPERATES A SCHOOL**
12 **CALENDAR IN ACCORDANCE WITH THIS SECTION SHALL APPLY FOR A**
13 **WAIVER OF THE COMMON SCHOOL CALENDAR REQUIREMENTS UNDER**
14 **SECTION 1284A OF THE REVISED SCHOOL CODE. OPERATION OF A**
15 **SCHOOL CALENDAR IS ACCORDANCE WITH THIS SECTION SHALL**
16 **QUALIFY AS SUFFICIENT JUSTIFICATION FOR ISSUANCE OF THE WAIVER**
17 **BY THE SUPERINDENT.**

18 **388.1622I FUNDING FOR ENROLLMENT DISTRICT**
19 **Sec. 22I**

⁶⁴ This is merely a placeholder dollar amount.

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(1) FROM THE APPROPRIATION IN SECTION 11, THERE IS ALLOCATED FOR 2012-2013 AN AMOUNT NOT TO EXCEED \$30,000,000⁶⁵ TO ENROLLMENT DISTRICTS IN THIS STATES.

(2) THE AMOUNT OF THE PAYMENT UNDER THIS SECTION IS AN AMOUNT EQUAL TO \$20.00⁶⁶ PER PUPIL.

388.1624.amended Allocations for 2012-2013; payments for educating students assigned by court or department of human services; definitions; funding for department-approved on-grounds educational program; special education pupils funded under MCL 388.1653a.
Sec. 24.

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

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

⁶⁵ This is merely a placeholder dollar amount.

⁶⁶ This is merely a placeholder dollar amount.

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

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

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

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

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388.1624a.amended Allocations for 2012-2013; payments to intermediate districts for pupils placed in juvenile justice service facilities.
Sec. 24a.

From the appropriation in section 11, there is allocated an amount not to exceed \$2,135,800.00 for 2012-2013 for payments to intermediate districts for pupils who are placed in juvenile justice service facilities operated by the department of human services. Each intermediate district shall receive an amount equal to the state share of those costs that are clearly and directly attributable to the educational programs for pupils placed in facilities described in this section that are located within the intermediate district's boundaries. The intermediate districts receiving payments under this section shall cooperate with the department of human services to ensure that all funding allocated under this section is utilized by the intermediate district and department of human services for educational programs for pupils described in this section. Pupils described in this section are not eligible to be funded under section 24. However, a program responsibility or other fiscal responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

388.1624b Parents or legal guardian residing in different districts; enrollment of child.
Sec. 24b.

For the purposes of this act, without regard to whether a parent or legal guardian has custody of the child, if a child's parents, or a child's parent or parents and the child's legal guardian, reside in different districts and if the child meets the applicable age requirements, the child may enroll in a district in which either of the child's parents resides, or in which the child's

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1 legal guardian resides. When a child described in this section enrolls in a district under this
2 section, that district is the child's district of residence for the purposes of this act.

3 **388.1624c.amended Allocations for 2012-2013; payments to districts for pupils enrolled**
4 **in youth challenge program.**
5 Sec. 24c.

6 From the appropriation in section 11, there is allocated an amount not to exceed
7 \$1,500,000.00 for 2012-2013 for payments to districts for pupils who are enrolled in a
8 nationally administered community-based education and youth mentoring program, known as
9 the youth challenge program, that is located within the district and is administered by the
10 department of military and veterans affairs. Both of the following apply to a district receiving
11 payments under this section:

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

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

17 **388.1625.amended Enrollment of pupil in district or intermediate district after pupil**
18 **membership count day; report of information to department; duties of department;**
19 **changes in calculation of state school aid under subsection (1); notice; information to be**
20 **provided to department; "educating district or intermediate district" defined.**
21 Sec. 25.

22 **AVERAGE DAILY MEMBERSHIP EQUALS THE SUM FOR ALL PUPILS OF THE**
23 **NUMBER OF DAYS OF THE SCHOOL YEAR EACH PUPIL IS ENROLLED IN**

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1 THE DISTRICT OR INTERMEDIATE DISTRICT'S SCHOOLS DIVIDED BY THE
2 NUMBER OF DAYS THE SCHOOLS ARE IN SESSION. A PUPIL SHALL NOT BE
3 COUNTED AS MORE THAN 1.0 FULL-TIME EQUATED MEMBERSHIP IN
4 AVERAGE DAILY MEMBERSHIP UNDER THIS SECTION. WHEN THE INITIAL
5 TOTAL AVERAGE DAILY MEMBERSHIP EXCEEDS 1.0 FOR A PUPIL
6 ENROLLED IN MORE THAN ONE DISTRICT OR INTERMEDIATE DISTRICT
7 DURING THE SCHOOL YEAR, EACH DISTRICT OR INTERMEDIATE
8 DISTRICT'S AVERAGE DAILY MEMBERSHIP SHALL BE REDUCED
9 PROPORTIONATELY.

10 ~~(1) If a pupil enrolls in a district or intermediate district after the pupil membership count day~~
11 ~~and, due to the pupil's enrollment and attendance status as of the pupil membership count~~
12 ~~day, the pupil was not counted in membership in the educating district or intermediate~~
13 ~~district, the educating district or intermediate district shall report the enrollment and~~
14 ~~attendance information to the department. If the pupil transfers from another district or~~
15 ~~intermediate district, the educating district or intermediate district also shall report the~~
16 ~~enrollment and attendance information to that other district or intermediate district. Upon~~
17 ~~receipt of enrollment information under this subsection indicating that a pupil has enrolled~~
18 ~~and is in attendance in an educating district or intermediate district as described in this~~
19 ~~subsection, the department shall do both of the following:~~

20 ~~(a) Adjust the membership calculation for each district or intermediate district in which the~~
21 ~~pupil was previously counted in membership or that previously received an adjustment in its~~
22 ~~membership calculation under this section due to the pupil's enrollment and attendance, if~~

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~~any, so that the district's or intermediate district's membership is prorated to allow the district or intermediate district to receive for each school day in which the pupil was enrolled and in attendance in the district an amount equal to 1/180 of the foundation allowance or per pupil payment as calculated under section 20 for the district or intermediate district. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4).~~

~~(b) Include in the membership calculation for the educating district or intermediate district for each school day in which the pupil is enrolled and is in attendance in the educating district or intermediate district, not to exceed a number of school days equal to the difference between 180 and the number of school days in which the pupil was reported under this section as previously enrolled in 1 or more other districts or intermediate districts, an amount equal to 1/180 of the foundation allowance or per pupil payment as calculated under section 20 for the educating district or intermediate district. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4).~~

~~(2) The changes in calculation of state school aid required under subsection (1) shall take effect as of the date that the pupil becomes enrolled and in attendance in the educating district or intermediate district, and the department shall base all subsequent payments under this act for the fiscal year to the affected districts or intermediate districts on this recalculation of state school aid.~~

~~(3) If a pupil enrolls in an educating district or intermediate district as described in subsection (1), if adjustments are made in calculations pursuant to subsection (1) due to that enrollment,~~

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1 ~~and if the pupil subsequently ceases to be enrolled and in attendance in the educating district~~
2 ~~or intermediate district, the educating district or intermediate district that received an~~
3 ~~adjustment in its membership calculation under subsection (1) shall notify the department of~~
4 ~~the last date of the pupil's enrollment and attendance in the educating district or intermediate~~
5 ~~district and the number of days the pupil was enrolled in the educating district or~~
6 ~~intermediate district.~~

7 ~~(4) If a pupil enrolls in an educating district or intermediate district as described in subsection~~
8 ~~(1), the district or intermediate district in which the pupil is counted in membership or~~
9 ~~another educating district or intermediate district that received an adjustment in its~~
10 ~~membership calculation under subsection (1), if any, and the educating district or~~
11 ~~intermediate district shall provide to the department all information the department requires~~
12 ~~to comply with this section.~~

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

17 **388.1626 Receipt or reduction of funds by district or intermediate district.**
18 **Sec. 26.**

19 A district or intermediate district receiving money pursuant to 1975 PA 197, MCL 125.1651
20 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to
21 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
22 the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or

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1 the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, shall
2 have its funds received under section 22b, 56, or 62 reduced by an amount equal to the added
3 local money.

4 **388.1626a Reimbursements to districts and intermediate districts under MCL 125.2692;**
5 **time of allocations; reimbursement to public libraries.**
6 Sec. 26a.

7 (1) From the state school aid fund appropriation in section 11, there is allocated an amount
8 not to exceed \$25,137,500.00 for 2011-2012 and an amount not to exceed \$26,300,000.00 for
9 2012-2013 to reimburse districts and intermediate districts pursuant to section 12 of the
10 Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2012. The
11 allocations shall be made not later than 60 days after the department of treasury certifies to
12 the department and to the state budget director that the department of treasury has received
13 all necessary information to properly determine the amounts due to each eligible recipient.
14 (2) In addition to the allocation under subsection (1), from the general fund money
15 appropriated under section 11, there is allocated an amount not to exceed \$1,500,000.00 for
16 2012-2013 to reimburse public libraries pursuant to section 12 of the Michigan renaissance
17 zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2012. The allocations shall be
18 made not later than 60 days after the department of treasury certifies to the department and to
19 the state budget director that the department of treasury has received all necessary
20 information to properly determine the amounts due to each eligible recipient.

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388.1626b Payments in lieu of tax obligation pursuant to MCL 324.2154; payments to districts, intermediate districts, and community college districts.
Sec. 26b.

(1) From the appropriation in section 11, there is allocated for 2011-2012 an amount not to exceed \$3,000,500.00, and there is allocated for 2012-2013 an amount not to exceed \$3,169,500.00, for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

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

388.1626c Promise zone fund.
Sec. 26c.

(1) From the appropriation in section 11, there is allocated an amount not to exceed \$276,800.00 for 2011-2012 and an amount not to exceed \$347,800.00 for 2012-2013 to the promise zone fund created in subsection (3).

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

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

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

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

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

388.1631a.amended Funding to eligible districts, public school academies, and education achievement system; additional allowance; number of pupils meeting criteria for free breakfast, lunch, or milk; early intervening program; "at-risk pupil" defined; anti-bullying or crisis intervention program.
Sec. 31a.

(1) From the state school aid fund money appropriated in section 11, there is allocated for 2012-2013 an amount not to exceed \$317,695,500.00 for payments to eligible districts, eligible public school academies, and the education achievement system under this section. Subject to subsection (14), the amount of the additional allowance under this section, other than funding under subsection (6) or (7), shall be based on the number of actual pupils in membership in the district or public school academy or the education achievement system who met the income eligibility criteria for free breakfast, lunch, or milk in the immediately

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preceding state fiscal year, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769i, and reported to the ~~department~~ **CENTER**⁶⁷ 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~~ **CENTER** not later than the fifth Wednesday after the pupil membership count day.

(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 per membership pupil in the current state fiscal

⁶⁷ This is a recommendation of the Michigan Association of School Administrators (MASA): "Information should be pulled in the Fall CEPI Collection." Identical changes are made throughout this section.

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

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

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

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1 lunch, or milk, as determined under the Richard B. Russell national school lunch act and as
2 reported to the ~~department~~ **CENTER** not later than the fifth Wednesday after the pupil
3 membership count day of the current fiscal year and adjusted not later than December 31 of
4 the current fiscal year, an amount per pupil equal to 11.5% of the public school academy's or
5 the education achievement system's per membership pupil amount calculated under section
6 20 for the current state fiscal year.

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

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regular school hours or by adding extra school days to the school year and may include, but are not limited to, tutorial services, early childhood programs to serve children age 0 to 5, and reading programs as described in former section 32f as in effect for 2001-2002. A tutorial method may be conducted with paraprofessionals working under the supervision of a certificated teacher. The ratio of pupils to paraprofessionals shall be between 10:1 and 15:1. Only 1 certificated teacher is required to supervise instruction using a tutorial method. As used in this subsection, "to supplant another program" means to take the place of a previously existing instructional program or direct noninstructional services funded from a funding source other than funding under this section.

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

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

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

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

20 (8) Each district or public school academy receiving funds under this section and the
21 education achievement system shall submit to the department⁶⁸ by July 15 of each fiscal year

⁶⁸ Is this report necessary? Should the report be submitted to the center?

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

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

19 (10) Subject to subsections (5), (6), (7), (12), and (13), any district may use up to 100% of
20 the funds it receives under this section to reduce the ratio of pupils to teachers in grades K-
21 12, or any combination of those grades, in school buildings in which the percentage of pupils
22 described in subsection (1) exceeds the district's aggregate percentage of those pupils.

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

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

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

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

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

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

(b) Provides early intervening strategies using school-wide systems of academic and behavioral supports and is scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A school-wide system of academic and behavioral support should be based on a support team available to the classroom teachers. The members of this team could include the principal, special

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1 education staff, reading teachers, and other appropriate personnel who would be available to
2 systematically study the needs of the individual child and work with the teacher to match
3 instruction to the needs of the individual child.

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

11 (15) If a district is formed by consolidation after June 1, 1995, and if 1 or more of the
12 original districts was not eligible before the consolidation for an additional allowance under
13 this section, the amount of the additional allowance under this section for the consolidated
14 district shall be based on the number of pupils described in subsection (1) enrolled in the
15 consolidated district who reside in the territory of an original district that was eligible before
16 the consolidation for an additional allowance under this section.

17 (16) As used in this section, "at-risk pupil" means a pupil for whom the district has
18 documentation that the pupil meets at least 2 of the following criteria: is a victim of child
19 abuse or neglect; is below grade level in English language and communication skills or
20 mathematics; is a pregnant teenager or teenage parent; is eligible for a federal free or
21 reduced-price lunch subsidy; has atypical behavior or attendance patterns; or has a family
22 history of school failure, incarceration, or substance abuse. For pupils for whom the results of

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at least the applicable Michigan education assessment program (MEAP) test have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve at least a score of level 2 on the most recent MEAP English language arts, mathematics, science test, or social studies for which results for the pupil have been received. For pupils for whom the results of the Michigan merit examination have been received, at-risk pupil also includes a pupil who does not meet the other criteria under this subsection but who did not achieve proficiency on the reading component of the most recent Michigan merit examination for which results for the pupil have been received, did not achieve proficiency on the mathematics component of the most recent Michigan merit examination for which results for the pupil have been received, or did not achieve basic competency on the science component 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.

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

388.1631d.amended Reimbursement to districts providing school lunch programs.
Sec. 31d.

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

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

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

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

(5) From the federal funds appropriated in section 11, there is allocated for 2012-2013 all available federal funding, estimated at \$400,000,000.00, for the national school lunch program and all available federal funding, estimated at \$2,506,000.00, for the emergency food assistance program.

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

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(7) In purchasing food for a school lunch 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.

388.1631f.amended Breakfast program costs; reimbursement payments.
Sec. 31f.

(1) From the appropriations in section 11, there is allocated an amount not to exceed \$9,625,000.00 for 2012-2013 for the purpose of making payments to districts to reimburse for the cost of providing breakfast.

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

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

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

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

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(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.

388.1632d.amended Great start readiness programs; competitive grant payments; evaluation; comprehensive part-day, school-day, or GSRP/head start blended programs; application for funding; form and manner; contract with for-profit or nonprofit preschool center providers; report; definitions; tuition rate sliding scale; transfer of funding.

Sec. 32d.

(1) From the funds appropriated in section 11, there is allocated to eligible intermediate districts and consortia of intermediate districts for great start readiness programs an amount not to exceed \$109,275,000.00 for 2012-2013. Funds allocated under this section shall be used to provide part-day, school-day, or GSRP/head start blended comprehensive free compensatory classroom programs designed to do 1 or both of the following:

(a) Improve the readiness and subsequent achievement of educationally disadvantaged children as defined by the department who will be at least 4, but less than 5 years of age, as of December 1 of the school year in which the programs are offered, and who meet the participant eligibility and prioritization guidelines as defined by the state board.

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

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(2) Funds allocated under this section shall be allocated to intermediate districts or consortia of intermediate districts. An intermediate district or consortium of intermediate districts receiving funding under this section shall act as the fiduciary for the great start readiness programs. For 2012-2013, the fiduciary intermediate districts and consortia of intermediate districts shall allocate the funding under this section as follows:

(a) An amount not to exceed \$100,400,000.00 allocated to intermediate districts and consortia of intermediate districts as directed by the department based on the formula in section 39. In order to be eligible to receive funds allocated under this subdivision from an intermediate district or consortium of intermediate districts, a district or consortium of districts shall comply with this section and section 39.

(b) An amount not to exceed \$8,875,000.00 allocated in grants to competitive great start readiness programs as directed by the department based on the grant award process in section 321. In order to be eligible to receive funds allocated under this section from an intermediate district or consortium of intermediate districts, a competitive great start readiness program shall comply with this section and section 321.

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

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

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

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

7 (c) Nutritional services for all program participants.

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

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

11 (f) Active and continuous involvement of the parents or guardians of the program
12 participants.

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

15 (h) Participation in a multidistrict, multiagency, school readiness advisory committee that
16 provides for the involvement of classroom teachers, parents or guardians of program
17 participants, and community, volunteer, and social service agencies and organizations, as
18 appropriate. The advisory committee annually shall review the program components listed in
19 this subsection and make recommendations for changes to the great start readiness program
20 for which it is an advisory committee.

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

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

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

(b) Ensure that more than 75% of the children participating in an eligible great start readiness program are children who live with families with a household income that is equal to or less than 300% of the federal poverty level.

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

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

endorsement are required. This provision does not apply to a district, intermediate district, or

competitive program that subcontracts with an eligible child development program. In that

situation, a teacher must have a valid Michigan teaching certificate with an early childhood

(ZA or ZS) endorsement, a valid Michigan elementary teaching certificate with a child

development associate credential, or a bachelor's degree in child development with

specialization in preschool teaching. However, if an applicant demonstrates to the department

that it is unable to fully comply with this subparagraph after making reasonable efforts to

comply, teachers who have significant but incomplete training in early childhood education

or child development may be used if the applicant provides to the department, and the

department approves, a plan for each teacher to come into compliance with the standards in

this subparagraph. A teacher's compliance plan must be completed within 2 years of the date

of employment. Progress toward completion of the compliance plan shall consist of at least 2

courses per calendar year.

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

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

(6) For a grant recipient that enrolls pupils in a school-day program funded under this section, each child enrolled in the school-day program shall be counted as 2 children served by the program for purposes of determining the number of children to be served and for

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1 determining the amount of the grant award. A grant award shall not be increased solely on
2 the basis of providing a school-day program.

3 (7) An intermediate district or consortium of intermediate districts receiving a grant under
4 this section may contract with for-profit or nonprofit preschool center providers that meet all
5 requirements of subsection (4) and retain for administrative services an amount equal to not
6 more than 5% of the grant amount. An intermediate district, consortium of intermediate
7 districts, or competitive grant program may expend not more than 10% of the total grant
8 amount for administration of the program.

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

14 (9) A recipient of funds under this section shall report to the department in a form and
15 manner prescribed by the department the number of children participating in the program
16 who meet the income or other eligibility criteria prescribed by the department and the total
17 number of children participating in the program. For children participating in the program
18 who meet the income or other eligibility criteria specified under subsection (5)(b), a recipient
19 shall also report whether or not a parent is available to provide care based on employment
20 status. For the purposes of this subsection, "employment status" shall be defined by the
21 department of human services in a manner consistent with maximizing the amount of

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1 spending that may be claimed for temporary assistance for needy families maintenance of
2 effort purposes.

3 (10) As used in this section:

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

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

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

13 (11) A grant recipient receiving funds under this section is encouraged to establish a sliding
14 scale of tuition rates based upon a child's family income for the purpose of expanding eligible
15 programs under this section. A grant recipient may charge tuition for programs provided
16 under this section according to that sliding scale of tuition rates on a uniform basis for any
17 child who does not meet the program eligibility requirements under this section.

18 (12) The department shall develop a plan for a multiyear phased-in approach to transfer
19 funding for great start readiness programs under this section into an early childhood block
20 grant program, along with funding for great start collaboratives under section 32b and
21 funding for great parents, great start programs under section 32j. The early childhood block
22 grant program will allocate funds to intermediate districts and consortia of intermediate

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districts to act as fiduciaries and provide administration of regional early childhood programs in conjunction with their regional great start collaborative to improve program quality, evaluation, and efficiency for early childhood programs. The department shall work with intermediate districts, districts, great start collaboratives, and the early childhood investment corporation to establish a revised funding formula, application process, program criteria, and data reporting requirements.

388.1632g Kindergarten entry status assessment; improvement of quality ratings of early childhood providers; allocations.
Sec. 32g.

(1) From the general fund money appropriated in section 11, there is allocated for 2011-2012 only an amount not to exceed \$12,500,000.00 for the purposes described in this section.

(2) From the money allocated under subsection (1), an amount not to exceed \$3,250,000.00 for 2011-2012 is allocated to the department for the implementation of a kindergarten entry status assessment. Funds allocated under this subsection shall be used for the following purposes:

(a) Professional development for trainers, schools, and kindergarten teachers.

(b) Purchasing the license for the assessment tool and the online system for entering assessment findings, and other integration costs with the existing P-20 longitudinal data system.

(c) Outreach and education for parents and families.

(d) Project implementation and management.

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(3) From the money allocated under subsection (1), an amount not to exceed \$9,250,000.00 for 2011-2012 is allocated to the department for the provision of services to early childhood providers in meeting additional criteria to strive for higher quality ratings under the office of great start tiered quality rating and improvement system. Funds allocated under this subsection shall be used for the following purposes:

(a) Hiring and training of raters and quality improvement specialists.

(b) Alignment of state licensing, Michigan early learning standards, and the state professional registry.

(c) Comprehensive assessment of settings across multiple quality indicators, including early childhood educator qualifications, quality improvement planning, and support, for at least 1/3 of early learning settings.

(d) Purchase of educational rating tools.

(e) Creation of a data system tracking the supply of high-quality early learning settings that links high-need children with quality settings.

(f) Family and parent education.

(g) Evaluation.

(h) Quality improvement funds.

(4) Not later than June 1, 2013, the department shall report to the house and senate appropriations subcommittees on state school aid the status of implementing the kindergarten assessment tool described under subsection (2) and the efforts to improve quality ratings of early childhood providers described under subsection (3). In addition, the department shall

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report on its planned activities for statewide implementation and quality improvement for the next fiscal year.

(5) The funds allocated under this section are a work project appropriation, and the funds are carried forward into the following fiscal year. The purpose of the work project is to continue to implement and expand the projects described under subsections (2) and (3). The estimated completion date of the work project is September 30, 2015.

388.1632l Competitive grants under section 32d.
Sec. 32l.

(1) The department shall establish a diverse interagency committee to review the applications for competitive grants under section 32d. The committee shall be composed of representatives of the department, appropriate community, volunteer, and social service agencies and organizations, and parents.

(2) The superintendent shall award the competitive grants under section 32d to applicants that are in compliance with that section and shall give priority for awarding the competitive grants to programs that offer or contract with another nonprofit or for-profit early childhood program to provide supplementary day care and thereby offers full-day programs as part of its early childhood development program.

(3) The superintendent may award competitive grants under section 32d at whatever level the superintendent determines appropriate. However, the amount of a competitive grant under that section, when combined with other sources of state revenue for this program, shall not exceed \$3,400.00 per participating child or the cost of the program, whichever is less.

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(4) All grant awards under this section are contingent on the availability of funds and documented evidence of grantee compliance with early childhood standards of quality for prekindergarten, as approved by the state board, and with all operational, fiscal, administrative, and other program requirements.

(5) Except as otherwise provided in this subsection, an applicant that received a grant under this section for the immediately preceding fiscal year shall receive priority for funding under this section. However, after 3 fiscal years of continuous funding, an applicant is required to compete openly with new programs and other programs completing their third year.

(6) Notwithstanding section 17b, competitive grant payments to eligible entities under section 32d shall be paid on a schedule and in a manner determined by the department.

388.1632p.added Early childhood funding; block grants; report; carrying over unexpended funds.
Sec. 32p.

(1) From the school aid fund appropriation in section 11, there is allocated an amount not to exceed \$10,900,000.00 for 2012-2013 for the purpose of providing early childhood funding to intermediate school districts in block grants. The funding provided to each intermediate district under this section shall be equal to the sum of all funding allocated under former sections 32b and 32j, as those sections were in effect for 2011-2012. In order to receive funding under this section, each intermediate district shall provide an application to the office of great start not later than August 15, 2012, indicating the activities planned to be provided and children served under the block grant.

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(2) Each intermediate district or consortium of intermediate districts that receives funding under this section shall convene a local great start collaborative and a parent coalition to address the availability of the following 6 components of a great start system in its communities: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care. The goal of a local great start collaborative is to ensure that every child in the community is ready for kindergarten. Each local great start collaborative shall ensure the coordination and expansion of infrastructure or programming to support high-quality early childhood and childcare programs. An intermediate district or consortium of intermediate districts may reconstitute its local great start collaborative if that collaborative is found to be ineffective.

(3) Not later than December 1, 2013, each intermediate district shall provide a report to the department detailing the activities actually provided during 2012-2013 and the children actually served. The department shall compile and summarize these reports and submit its summary to the house and senate appropriations subcommittees on school aid and to the house and senate fiscal agencies. The block grants allocated under this section implement legislative intent language for this purpose enacted in 2011 PA 62.

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

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388.1639.amended Receipt of funds under MCL 388.1632d; preapplication; final application for approval; distribution in decreasing order of concentration of eligible children; priority in funding; supplementary day care; additional eligible children.
Sec. 39.

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

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

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

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

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

(2) An applicant receiving funds under section 32d shall also submit a final application for approval, in a form and manner prescribed by the department, by a date specified by the

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department, that details how the applicant complies with the program components established by the department pursuant to section 32d.

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

(4) The initial allocation for each fiscal year to each eligible applicant under section 32d shall be determined by multiplying the number of children determined by the formula under subsection (3) or the number of children the applicant indicates it will be able to serve under subsection (1)(c), whichever is less, by \$3,400.00 and shall be distributed among applicants in decreasing order of concentration of eligible children as determined by the formula under subsection (3). If the number of children an applicant indicates it will be able to serve under subsection (1)(c) includes children able to be served in a school-day program, then the number able to be served in a school-day program shall be doubled for the purposes of making this calculation of the lesser of the number of children determined by the formula under subsection (3) and the number of children the applicant indicates it will be able to serve under subsection (1)(c) and determining the amount of the initial allocation to the

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1 applicant under section 32d. A district may contract with a head start agency to serve
2 children enrolled in head start with a school-day program by blending head start funds with a
3 part-day great start readiness program allocation. All head start and great start readiness
4 program policies and regulations apply to the blended program.

5 (5) If funds allocated for eligible applicants in section 32d remain after the initial allocation
6 under subsection (4), the allocation under this subsection shall be distributed to each eligible
7 applicant under section 32d in decreasing order of concentration of eligible children as
8 determined by the formula under subsection (3). The allocation shall be determined by
9 multiplying the number of children each district within the applicant's service area served in
10 the immediately preceding fiscal year or the number of children the applicant indicates it will
11 be able to serve under subsection (1)(c), whichever is less, minus the number of children for
12 which the applicant received funding in subsection (4) by \$3,400.00.

13 (6) If funds allocated for eligible applicants in section 32d remain after the allocations under
14 subsections (4) and (5), remaining funds shall be distributed to each eligible applicant under
15 section 32d in decreasing order of concentration of eligible children as determined by the
16 formula under subsection (3). If the number of children the applicant indicates it will be able
17 to serve under subsection (1)(c) exceeds the number of children for which funds have been
18 received under subsections (4) and (5), the allocation under this subsection shall be
19 determined by multiplying the number of children the applicant indicates it will be able to
20 serve under subsection (1)(c) less the number of children for which funds have been received
21 under subsections (4) and (5) by \$3,400.00 until the funds allocated for eligible applicants in
22 section 32d are distributed.

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

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

388.1639a.amended Allocation of federal funds; definitions.
Sec. 39a.

(1) From the federal funds appropriated in section 11, there is allocated for 2012-2013 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$812,328,500.00, for the federal programs under the no child left behind act of 2001, Public Law 107-110. These funds are allocated as follows:

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

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

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

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

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

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

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

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

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

(j) An amount estimated at \$40,050,000.00 for the purpose of providing high-quality extended learning opportunities, after school and during the summer, for children in low-

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performing schools, funded from DED-OESE, twenty-first century community learning center funds.

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

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

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

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

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

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

(3) To the extent allowed under federal law, the funds allocated under subsection (1)(g), (h), and (k) may be used for 1 or more reading improvement programs that meet at least 1 of the following:

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

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

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

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

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

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

(6) As used in this section:

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

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

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- 1 (c) "DED-OVAE" means the DED office of vocational and adult education.
- 2 (d) "HHS" means the United States department of health and human services.
- 3 (e) "HHS-ACF" means the HHS administration for children and families.

4 **388.1651a Allocations for reimbursement to districts and intermediate districts for**
5 **special education programs, services, and personnel, certain net tuition payments, and**
6 **programs for pupils eligible for special education programs; allocation of state and**
7 **federal funds; reimbursement; total approved costs; adjustments; rights, benefits, and**
8 **tenure of transferred personnel; refund; foundation allowance; order of expenditures;**
9 **responsibility for added costs for pupil enrolled in public school academy which is**
10 **outside intermediate school district where pupil resides.**

11 Sec. 51a.

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

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intermediate districts, tuition payments, gifts and contributions from individuals or other entities, or federal funds that may be available for this purpose, as determined by the intermediate district plan prepared pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. All federal funds allocated under this section in excess of those allocated under this section for 2002-2003 may be distributed in accordance with the flexible funding provisions of the individuals with disabilities education act, Public Law 108-446, including, but not limited to, 34 CFR 300.206 and 300.208. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(2) From the funds allocated under subsection (1), there is allocated the amount necessary, estimated at \$247,500,000.00 for 2011-2012 and estimated at \$257,400,000.00 for 2012-2013, for payments toward reimbursing districts and intermediate districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Allocations under this subsection shall be made as follows:

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

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

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

(3) From the funds allocated under subsection (1), there is allocated each fiscal year for 2011-2012 and for 2012-2013 an amount not to exceed \$1,000,000.00 to make payments to districts and intermediate districts under this subsection. If the amount allocated to a district or intermediate district for a fiscal year under subsection (2)(b) is less than the sum of the amounts allocated to the district or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the district or intermediate district for the fiscal year an amount equal to that difference, adjusted by applying the same proration factor that was used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's or intermediate district's necessary costs of special education used in calculations for the fiscal year. This adjustment is to reflect reductions in special education program operations or services between 1996-97 and subsequent fiscal years. Adjustments for reductions in special

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education program operations or services shall be made in a manner determined by the department and shall include adjustments for program or service shifts.

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

(5) State funds shall be allocated on a total approved cost basis. Federal funds shall be allocated under applicable federal requirements, except that an amount not to exceed \$3,500,000.00 may be allocated by the department each fiscal year for 2011-2012 and for 2012-2013 to districts, intermediate districts, or other eligible entities on a competitive grant basis for programs, equipment, and services that the department determines to be designed to benefit or improve special education on a statewide scale.

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

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

(a) "Total approved costs of special education" shall be determined in a manner specified by the department and may include indirect costs, but shall not exceed 115% of approved direct costs for section 52 and section 53a programs. The total approved costs include salary and other compensation for all approved special education personnel for the program, including payments for social security and medicare and public school employee retirement system contributions. The total approved costs do not include salaries or other compensation paid to administrative personnel who are not special education personnel as defined in section 6 of the revised school code, MCL 380.6. Costs reimbursed by federal funds, other than those federal funds included in the allocation made under this article, are not included. Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services

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provided to youth placed in child caring institutions or juvenile detention programs approved by the department to provide an on-grounds education program.

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

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

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

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

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

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

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

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

(11) From the funds allocated in subsection (1), there is allocated the amount necessary, estimated at \$5,300,000.00 for 2011-2012 and estimated at \$5,600,000.00 for 2012-2013, to pay the foundation allowances for pupils described in this subsection. The allocation to a district under this subsection shall be calculated by multiplying the number of pupils described in this subsection who are counted in membership in the district times the foundation allowance under section 20 of the pupil's district of residence, not to exceed the basic foundation allowance under section 20 for the current fiscal year, or, for a pupil described in this subsection who is counted in membership in a district that is a public school academy, times an amount equal to the amount per membership pupil under section 20(6) or,

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

(a) Pupils described in section 53a.

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

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

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

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

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

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

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

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

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

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

388.1651b Funding; compliance with rules.
Sec. 51b.

A district or intermediate district shall not receive funds under this article unless the district or intermediate district complies with rules promulgated under article 3 of the revised school code, being sections 380.1701 to 380.1766 of the Michigan Compiled Laws.

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388.1651c Reimbursement for percentage of special education and special education transportation costs.

Sec. 51c.

As required by the court in the consolidated cases known as *Durant v State of Michigan*, Michigan supreme court docket no. 104458-104492, from the allocation under section 51a(1), there is allocated each fiscal year for 2011-2012 and for 2012-2013, the amount necessary, estimated at \$648,700,000.00 for 2011-2012 and estimated at \$678,000,000.00 for 2012-2013, for payments to reimburse districts for 28.6138% of total approved costs of special education excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of special education transportation. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 22b in order to fully fund those calculated allocations for the same fiscal year.

388.1651d.amended Federally funded special education programs; distribution; payment schedule; "DED-OSERS" defined.

Sec. 51d.

(1) From the federal funds appropriated in section 11, there is allocated for each fiscal year 2011-2012 and for 2012-2013 all available federal funding, estimated at \$74,000,000.00 each fiscal year, for special education programs that are funded by federal grants. All federal funds allocated under this section shall be distributed in accordance with federal law.

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

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(2) From the federal funds allocated under subsection (1), the following amounts are allocated each fiscal year for 2011-2012 and for 2012-2013:

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

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

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

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

388.1652 Special education programs and services; reimbursement; limitation.
Sec. 52.

Reimbursement for the necessary costs of special education programs and services shall be a portion determined by the amount allocated under section 51a(1), but not to exceed 75% of the total approved costs of operating special education programs and services approved by the department and included or applying for inclusion in the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766, for special education pupils other than those programs funded under section 53a, and of the costs of summer programs and services and the costs of providing room and board for special education pupils, as approved by the department. If the state financed proportion of reimbursement of the necessary costs of a special education activity or service required by article 3 of the revised school code, MCL 380.1701 to 380.1766, which is in addition to or

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different from the special education activities or services required under sections 611 to 620 of part B of the individuals with disabilities education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, is less than the state financed proportion of the necessary costs of that activity or service in 1978-79, the portion of the amount appropriated shall be increased to reimburse that activity or service accordingly.

388.1653a.amended Special education programs and services; reimbursement of total approved costs; limitation; costs of transportation; allocation.
Sec. 53a.

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

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

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

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

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

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

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

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

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

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

388.1654.amended Intermediate district to receive amount for pupil attending Michigan schools for the deaf and blind.
Sec. 54.

Each intermediate district shall receive an amount per pupil for each pupil in attendance at the Michigan schools for the deaf and blind. The amount shall be proportionate to the total

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instructional cost at each school. Not more than \$1,688,000.00 of the allocation for 2012-2013 in section 51a(1) shall be allocated under this section.

388.1656.amended Definitions; reimbursement to intermediate districts levying millages for special education; limitation; distribution plan; computation; reimbursement equal to 2011-2012.
Sec. 56.

(1) For the purposes of this section:

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

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

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

(2) From the allocation under section 51a(1), there is allocated an amount not to exceed \$36,881,100.00 for 2012-2013 to reimburse intermediate districts levying millages for special education pursuant to part 30 of the revised school code, MCL 380.1711 to 380.1743. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by these millages and governed by the intermediate district plan adopted pursuant to article 3 of the revised school code, MCL 380.1701 to 380.1766. As a condition of

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receiving funds under this section, an intermediate district distributing any portion of special education millage funds to its constituent districts shall submit for departmental approval and implement a distribution plan.

(3) Reimbursement for those millages levied in 2010-2011 shall be made in 2011-2012 at an amount per 2010-2011 membership pupil computed by subtracting from \$174,700.00 the 2010-2011 taxable value behind each membership pupil and multiplying the resulting difference by the 2010-2011 millage levied.

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

388.1658 Special education transportation services; basis.
Sec. 58.

Allocations to districts and intermediate districts under section 51a for providing special education transportation services shall be based on data reported by the districts and intermediate districts for the current school year.

388.1661a.amended Career and technical education programs; added cost; reimbursement.
Sec. 61a.

(1) From the appropriation in section 11, there is allocated an amount not to exceed \$26,611,300.00 for 2012-2013 to reimburse on an added cost basis districts, except for a district that served as the fiscal agent for a vocational education consortium in the 1993-94 school year, and secondary area vocational-technical education centers for secondary-level career and technical education programs according to rules approved by the superintendent.

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

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

388.1662.amended Definitions; vocational-technical education programs; limitation; allocation; distribution; reimbursement equal to 2011-2012.
Sec. 62.

(1) For the purposes of this section:

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

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intermediate district or the total membership for the immediately preceding fiscal year of the area vocational-technical program.

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

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

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

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

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(2) From the appropriation in section 11, there is allocated an amount not to exceed \$9,000,000.00 for 2012-2013 to reimburse intermediate districts and area vocational-technical education programs established under section 690(3) of the revised school code, MCL 380.690, levying millages for area vocational-technical education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the funds were generated by those millages.

(3) Reimbursement for the millages levied in 2010-2011 shall be made in 2011-2012 at an amount per 2010-2011 membership pupil computed by subtracting from \$190,400.00 the 2010-2011 taxable value behind each membership pupil and multiplying the resulting difference by the 2010-2011 millage levied.

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

388.1674.amended School bus driver safety instruction; cost of instruction and driver compensation; nonspecial education auxiliary services transportation; inspection costs.
Sec. 74.

(1) From the amount appropriated in section 11, there is allocated an amount not to exceed \$3,259,900.00 for 2012-2013 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

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determined by the department not to exceed 75% of 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 the amount necessary to pay the reasonable costs of nonspecial education auxiliary services transportation provided pursuant to section 1323 of the revised school code, MCL 380.1323.

Districts funded under this subsection shall not receive funding under any other section of this article for nonspecial education auxiliary services transportation.

(4) From the funds allocated in subsection (1), there is allocated an amount not to exceed \$1,634,900.00 for 2012-2013 for reimbursement to districts and intermediate districts for costs associated with the inspection of school buses and pupil transportation vehicles by the department of state police as required under section 715a of the Michigan vehicle code, 1949 PA 300, MCL 257.715a, and section 39 of the pupil transportation act, 1990 PA 187, MCL 257.1839. The department of state police shall prepare a statement of costs attributable to each district for which bus inspections are provided and submit it to the department and to an intermediate district serving as fiduciary in a time and manner determined jointly by the department and the department of state police. Upon review and approval of the statement of cost, the department shall forward to the designated intermediate district serving as fiduciary the amount of the reimbursement on behalf of each district and intermediate district for costs

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1 detailed on the statement within 45 days after receipt of the statement. The designated
2 intermediate district shall make payment in the amount specified on the statement to the
3 department of state police within 45 days after receipt of the statement. The total
4 reimbursement of costs under this subsection shall not exceed the amount allocated under
5 this subsection. Notwithstanding section 17b, payments to eligible entities under this
6 subsection shall be paid on a schedule prescribed by the department.

7 **388.1676 Funding for transporting nonpublic school students.**
8 Sec. 76.

9 If a district received money in 1993-94 attributable to nonspecial education transportation
10 under former section 71 and that money was included in calculating the district's combined
11 state and local revenue per membership pupil in 1993-94 under section 20(21), as that section
12 was in effect for 1994-95, then the district shall use funding as calculated under section 20 as
13 the funding for transporting nonpublic school students as required under section 1321 of the
14 revised school code, MCL 380.1321.

15 **388.1681.amended Allocations to intermediate districts; amounts; expanded**
16 **professional development opportunities for teachers; consolidated, annexed, or attached**
17 **districts; report of adjustment and amount of estimated amount of increase; duties of**
18 **intermediate district; best practices incentive payment.**
19 Sec. 81.

20 (1) Except as otherwise provided in this section, from the appropriation in section 11, there is
21 allocated for 2012-2013 to the intermediate districts the sum necessary, but not to exceed
22 \$64,108,000.00, to provide state aid to intermediate districts under this section.

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

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

(4) From the allocation in subsection (1), there is allocated to an intermediate district, formed by the consolidation or annexation of 2 or more intermediate districts or the attachment of a total intermediate district to another intermediate school district or the annexation of all of the constituent K-12 districts of a previously existing intermediate school district which has disorganized, an additional allotment of \$3,500.00 each fiscal year for each intermediate district included in the new intermediate district for 3 years following consolidation, annexation, or attachment.

(5) During a fiscal year, the department shall not increase an intermediate district's allocation under subsection (1) because of an adjustment made by the department during the fiscal year in the intermediate district's taxable value for a prior year. Instead, the department shall report the adjustment and the estimated amount of the increase to the house and senate fiscal

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1 agencies and the state budget director not later than June 1 of the fiscal year, and the
2 legislature shall appropriate money for the adjustment in the next succeeding fiscal year.

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

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

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

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

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

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

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

18 (7) From the allocation in subsection (1), there is allocated an amount not to exceed
19 \$2,000,000.00 for 2012-2013 for an incentive payment to each intermediate district that
20 meets best practices as determined by the department under this subsection. The amount of
21 the incentive payment is an amount equal to 3.2% of the amount allocated to the intermediate
22 district under subsection (2). An intermediate district is eligible for an incentive payment

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under this subsection if the intermediate district satisfies at least 4 of the following requirements not later than June 1, 2013:

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

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

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

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

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

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

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- 1 (i) A list of services offered by the intermediate district that are shared by other local or
2 intermediate districts and a list of the districts or intermediate districts that participate.
- 3 (ii) The total cost savings to local or other intermediate districts that share services with the
4 intermediate district.
- 5 (iii) The number and percentage of teachers in the intermediate district service area that are
6 trained to integrate technology into the classroom.
- 7 (iv) The total funds received from levying special education and vocational education
8 millages, and the number of special education and vocational education pupils served with
9 those dollars.
- 10 (v) The number and percentage of individualized education programs developed for special
11 education pupils that contain academic goals.
- 12 (e) The intermediate district works in a consortium with 1 or more other intermediate districts
13 to develop information management system requirements and bid specifications that can be
14 used as statewide models. At a minimum, these specifications shall address pupil
15 management systems for both general and special education, learning management tools, and
16 business services.

17 **388.1682 Model intervening program for grades K to 3.**
18 **Sec. 82.**

19 From the funds allocated under section 81, an intermediate district may develop and make
20 available to districts an early intervening model program for grades K to 3. The model early
21 intervening program shall be designed to instruct classroom teachers and support staff on
22 how to monitor individual pupil learning and how to provide specific support or learning

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1 strategies to pupils as early as possible in order to reduce the need for special education
2 placement. The model program shall include literacy and numeracy supports, sensory motor
3 skill development, behavior supports, instructional consultation for teachers, and the
4 development of a parent/school learning plan. Specific support or learning strategies may
5 include support in or out of the general classroom in areas including reading, writing, math,
6 visual memory, motor skill development, behavior, or language development. These would
7 be provided based on an understanding of the individual child's learning needs.

8 **388.1691a Cessation of pilot intermediate district schools of choice program; enrollment**
9 **of nonresident pupil in district.**

10 Sec. 91a.

11 If a district allowed a nonresident pupil to enroll in the district under a pilot intermediate
12 district schools of choice program under former section 91, the district shall continue to
13 allow that pupil to enroll in the district until the pupil graduates from high school even if the
14 district ceases to participate in the pilot intermediate district schools of choice program or the
15 program is discontinued.

16 **388.1691c Transfer student; eligibility to participate in interscholastic athletic**
17 **competition.**

18 Sec. 91c.

19 A pupil who transfers to a district other than the pupil's district of residence under an
20 intermediate district schools of choice pilot program under former section 91 is ineligible to
21 participate in interscholastic athletic competition for a period of 1 semester from the date the
22 pupil transfers.

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388.1693.amended Allocation to library of Michigan; Michigan electronic library in public schools and public libraries.
Sec. 93.

From the general fund money appropriated in section 11, there is allocated for 2012-2013 an amount not to exceed \$1,304,300.00 to the library of Michigan for state aid to libraries payments to help support the provision of the Michigan electronic library in public schools and public libraries. The library of Michigan shall distribute the payments to libraries under this section pursuant to the state aid to public libraries act, 1977 PA 89, MCL 397.551 to 397.576.

388.1694a.amended Center for educational performance and information.
Sec. 94a.

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

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

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

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

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

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

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

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

(E) PROVIDE DATA IN A USEFUL MANNER TO ALLOW PARENTS AND PUPILS TO ACCESS DATA COLLECTED ON THE PUPIL. THE CENTER MAY REQUIRE THE PUPIL'S ENROLLMENT DISTRICT OR EDUCATING DISTRICT TO VERIFY THE NECESSARY INFORMATION TO COMPLY WITH FEDERAL AND STATE PRIVACY LAWS.

~~(F)~~ (F) Provide data in a useful manner to allow state and local policymakers to make informed policy decisions.

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

(H) PUBLISH A MASTER CALENDAR OF REPORTING REQUIREMENTS, WHICH SHALL INCLUDE ALL REPORTS THAT MUST BE SUBMITTED TO ANY STATE OR FEDERAL AGENCY BY DISTRICTS OR INTERMEDIATE DISTRICTS. THE SUMMARY UNDER THIS SUBSECTION SHALL INCLUDE A DESCRIPTION OF EACH REPORT, THE METHOD OF SUBMISSION REQUIRED FOR EACH REPORT, THE STATE OR FEDERAL AGENCY THAT RECEIVES AND/OR

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1 **REQUIRES THE REPORT, AND THE DUE DATE OF EACH REPORT. THIS**
2 **SUMMARY MAY BE POSTED ON THE CENTER’S WEBSITE.⁶⁹ THE MASTER**
3 **CALENDAR OF REPORTING REQUIREMENTS SHALL BE MADE AVAILABLE**
4 **IN AN ELECTRONIC FORMAT ALLOWING TRANSFER TO AN ELECTRONIC**
5 **CALENDAR, INCLUDING MICROSOFT OUTLOOK, GOOGLE CALENDAR, OR**
6 **ANY OTHER WIDELY RECOGNIZED CALENDAR MANAGEMENT SYSTEM.**
7 **THE CENTER SHALL ANNUALLY REPORT TO THE LEGISLATURE ON THE**
8 **EFFECTIVENESS OF ITS COORDINATING DATA COLLECTION AS REQUIRED**
9 **UNDER SUBSECTION (1) (A) OF THIS SECTION AND MAKE**
10 **RECOMMENDATIONS TO THE LEGISLATURE ON METHODS TO**
11 **CONSOLIDATE REPORTS AND TO FURTHER REDUCE THE REPORTING**
12 **BURDEN ON DISTRICTS AND INTERMEDIATE DISTRICTS.**

13 ~~(g)~~ **(I)** Other functions as assigned by the state budget director.

14 (2) Each state department, officer, or agency that collects information from districts,
15 intermediate districts, or postsecondary institutions as required under state or federal law
16 shall make arrangements with the center to ensure that the state department, officer, or
17 agency is in compliance with subsection (1). This subsection does not apply to information
18 collected by the department of treasury under the uniform budgeting and accounting act,
19 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal finance act, 2001 PA 34, MCL

⁶⁹ We have heard repeatedly that the districts are overburdened with reporting requirements. I have asked MDE, Budget office, CEPI, MASA, MSBO, CMU Center for Charter and the fiscal agencies. No one maintains a listing of all reports required by schools.

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141.2101 to 141.2821; the school bond qualification, approval, and loan act, 2005 PA 92,
MCL 388.1921 to 388.1939; or section 1351a of the revised school code, MCL 380.1351a.

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

(4) The center shall ensure that the P-20 longitudinal data system required under subsection

(1)(b) meets all of the following:

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

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

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

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

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

**THE DATA SHALL BE REPORTED IN A MANNER SO THAT A PUPIL'S PARENT
HAS READY ACCESS TO DATA SPECIFIC TO THE PUPIL.**

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

(g) Provides this state with the ability to meet federal and state reporting requirements.

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

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- 1 (i) Contains a unique statewide student identifier that does not permit a student to be
2 individually identified by users of the system, except as allowed by federal and state law.
- 3 (ii) Contains student-level enrollment, demographic, and program participation information.
- 4 (iii) Contains student-level information about the points at which students exit, transfer in,
5 transfer out, drop out, or complete education programs.
- 6 (iv) Has the capacity to communicate with higher education data systems.
- 7 (i) For data elements related to preschool through grade 12 only, meets all of the following:
- 8 (i) Contains yearly test records of individual students for assessments approved by DED-
9 OESE for accountability purposes under section 1111(b) of the elementary and secondary
10 education act of 1965, 20 USC 6311, including information on individual students not tested,
11 by grade and subject.
- 12 (ii) Contains student-level transcript information, including information on courses
13 completed and grades earned.
- 14 (iii) Contains student-level college readiness test scores.
- 15 (j) For data elements related to postsecondary education only:
- 16 (i) Contains data that provide information regarding the extent to which individual students
17 transition successfully from secondary school to postsecondary education, including, but not
18 limited to, all of the following:
- 19 (A) Enrollment in remedial coursework.
- 20 (B) Completion of 1 year's worth of college credit applicable to a degree within 2 years of
21 enrollment.

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

(5) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$9,218,400.00 for 2012-2013 to the department of technology, management, and budget to support the operations of the center. In addition, from the federal funds appropriated in section 11 there is allocated for 2012-2013 the amount necessary, estimated at \$193,500.00 for 2012-2013, to support the operations of the center and to establish a P-20 longitudinal data system as provided under this section in compliance with the assurance provided to the United States department of education in order to receive state fiscal stabilization funds. The center shall cooperate with the department to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state.

(6) From the funds allocated in subsection (5), there is allocated for 2012-2013 an amount not to exceed \$850,000.00 for competitive grants to support collaborative efforts on the P-20 longitudinal data system. All of the following apply to grants awarded under this subsection:

(a) The center shall award competitive grants to eligible intermediate districts or a consortium of intermediate districts based on criteria established by the center.

(b) Activities funded under the grant shall support the P-20 longitudinal data system portal and may include portal hosting, hardware and software acquisition, maintenance, enhancements, user support and related materials, and professional learning tools and activities aimed at improving the utility of the P-20 longitudinal data system.

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(c) An applicant that received a grant under this subsection for the immediately preceding fiscal year shall receive priority for funding under this section. However, after 3 fiscal years of continuous funding, an applicant is required to compete openly with new applicants.

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

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

(9) As used in this section:

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

(b) "State education agency" means the department.

388.1695.added Professional development for principals and assistant principals.
Sec. 95.

(1) From the funds appropriated in section 11, there is allocated an amount not to exceed \$1,750,000.00 for 2012-2013 for grants to districts to support professional development for principals and assistant principals in a department-approved training program for

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1 implementing educator evaluations as required under section 1249 of the revised school
2 code, MCL 380.1249.

3 (2) For 2012-2013, all districts may apply for funding under this section by a date determined
4 by the department. Beginning in 2013-2014, in a form and manner determined by the
5 department, priority will be given to districts that have new building administrators who have
6 not previously received training in programs funded under this section.

7 (3) The department shall approve training programs for the purpose of this section. The
8 department shall approve all training programs recommended by the governor's council on
9 educator effectiveness and may approve other training programs that meet department
10 criteria. At a minimum, these other programs shall meet all of the following criteria:

11 (a) Contain instructional content on methods of evaluating teachers consistently across
12 multiple grades and subjects.

13 (b) Include training on evaluation observation that is focused on reliability and bias
14 awareness and that instills skills needed for consistent, evidence-based observations.

15 (c) Incorporate the use of videos of actual lessons for applying rubrics and consistent scoring.

16 (d) Align with recommendations of the governor's council on educator effectiveness.

17 (e) Provide ongoing support to maintain inter-rater reliability. As used in this subdivision,
18 "inter-rater reliability" means a consistency of measurement from different evaluators
19 independently applying the same evaluation criteria to the same classroom observation.

20 (4) The department shall award grants to eligible districts in an amount determined by the
21 department, but not to exceed \$350.00 per participant.

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(5) A district receiving funds under this section shall use the funds only for department-approved training programs under this section.

388.1698.amended Michigan virtual university; Michigan virtual school; pilot study of new performance-based funding model; online course offerings; home-schooled or nonpublic school student; report; definitions.
Sec. 98.

(1) From the general fund money appropriated in section 11, there is allocated an amount not to exceed \$4,387,500.00 for 2012-2013 for the purposes described in this section.

(2) The Michigan virtual university shall establish the center for online learning research and innovation. The center for online learning research and innovation shall do all of the following:

(a) Support and accelerate innovation in education through the following activities:

(i) Test, evaluate, and recommend as appropriate new technology-based instructional tools and resources.

(ii) Research, design, and recommend online and blended education delivery models for use by pupils and teachers that include age-appropriate multimedia instructional content.

(iii) Research, design, and recommend competency-based online assessments.

(iv) Research, develop, and recommend annually to the department criteria by which cyber schools and online course providers should be monitored and evaluated to ensure a quality education for their pupils.

(v) Based on pupil completion and performance data reported to the department or the center for educational performance and information from cyber schools and other online course providers operating in this state, analyze the effectiveness of online learning delivery models

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1 in preparing pupils to be college- and career-ready and publish a report that highlights
2 enrollment totals, completion rates, and the overall impact on pupils. The report shall be
3 submitted to the house and senate appropriations subcommittees on state school aid, the state
4 budget director, the house and senate fiscal agencies, and the department not later than
5 December 31, 2013.

6 (vi) Design professional development services for teachers, school administrators, and school
7 board members to learn how to effectively integrate new technologies and online learning
8 into curricula and instruction.

9 (vii) Identify and share best practices for implementing online and blended education
10 delivery models with intermediate districts, districts, and public school academies to
11 accelerate the adoption of innovative education delivery models statewide.

12 (b) Provide leadership for this state's system of online and blended learning education by
13 doing the following activities:

14 (i) Develop and report policy recommendations to the governor and the legislature that
15 accelerate the expansion of effective online learning in this state's schools.

16 (ii) Provide a clearinghouse for research reports, academic studies, evaluations, and other
17 information related to online learning.

18 (iii) Promote and distribute the most current instructional design standards and guidelines for
19 online teaching.

20 (iv) In collaboration with the department and interested colleges and universities in this state,
21 recommend to the superintendent guidelines and standards for a new teacher endorsement
22 credential related to effective online and blended instruction.

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(v) Pursue public/private partnerships that include districts to study and implement competency-based technology-rich online learning models.

(vi) Convene focus groups and conduct annual surveys of teachers, administrators, pupils, parents, and others to identify barriers and opportunities related to online learning.

(vii) Produce an annual consumer awareness report for schools and parents about effective online education providers and education delivery models, performance data, cost structures, and research trends.

(3) Subject to the provisions of this subsection, from the funds allocated in subsection (1), there is allocated an amount not to exceed \$500,000.00 for 2012-2013 to the Michigan virtual school operated by the Michigan virtual university to conduct and report on a year-long pilot study of a new performance-based funding model for the Michigan virtual school. The purpose of the pilot study is to determine the merits of a payment system for online instructional programs based on pupil performance rather than solely on enrollment and attendance factors. All of the following apply to the pilot study and the funding under this subsection:

(a) The Michigan virtual school shall randomly select a minimum of 1,000 of its qualifying online course enrollments for inclusion in the pilot study. The Michigan virtual school shall issue a refund or credit to districts for all online course enrollments included in the pilot study.

(b) The Michigan virtual school shall report to the department the number of online course enrollments in the pilot study that meet the following conditions:

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- (i) The pupil successfully completed the online course as measured by assessments aligned to the course content and earned a grade or credit from the district or public school academy in which the pupil is enrolled.
- (ii) The online course is taught by a Michigan certificated teacher certified in the subject area in which the course is being offered.
- (iii) Where applicable, the online course is aligned with Michigan curriculum standards.
- (iv) The online course curriculum contains periodic online pupil assessments.
- (v) Pupils have access to the appropriate technology hardware and software necessary to take the online course.
- (vi) Parents or guardians and pupils have secure online access to review periodic pupil progress and performance data.
- (vii) The online instructor is available to interact with parents or guardians and pupils using electronic communications.
- (c) The department shall pay to Michigan virtual school from the funding under this subsection an amount not to exceed the equivalent of 1/12 of the state's minimum per pupil foundation allowance for each online course enrollment included in the pilot study that meets the conditions of subdivision (b) in the next school aid payment after the report is received by the department.
- (4) In order for the Michigan virtual university to receive any funds allocated under this section, the Michigan virtual school must maintain its accreditation status from recognized national and international accrediting entities.

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(5) The Michigan virtual school may offer online course offerings in addition to those offered in the pilot study described in subsection (3), including, but not limited to, all of the following:

(a) Information technology courses.

(b) College level equivalent courses, as defined in section 1471 of the revised school code, MCL 380.1471.

(c) Courses and dual enrollment opportunities.

(d) Programs and services for at-risk pupils.

(e) General education development test preparation courses for adjudicated youth.

(f) Special interest courses.

(g) Professional development programs for teachers, school administrators, other school employees, and school board members.

(6) If a home-schooled or nonpublic school student is a resident of a district that subscribes to services provided by the Michigan virtual school, the student may use the services provided by the Michigan virtual school to the district without charge to the student beyond what is charged to a district pupil using the same services.

(7) Not later than December 1 of each fiscal year, the Michigan virtual university shall provide a report to the house and senate appropriations subcommittees on state school aid, the state budget director, the house and senate fiscal agencies, and the department that includes at least all of the following information related to the Michigan virtual school for the preceding state fiscal year:

(a) A list of the districts served by the Michigan virtual school.

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(b) A list of online course titles available to districts.

(c) The total number of online course enrollments and information on registrations and completions by course.

(d) The overall course completion rate percentage.

(e) An analysis of the results of the pilot study described in subsection (3), including, but not limited to:

(i) A list of the districts that were selected to be part of the pilot study.

(ii) The number of successful online course completions.

(iii) A list of the courses offered in the pilot study and the completion rates for each course.

(iv) Identification of opportunities and barriers that must be addressed in order to apply online learning performance funding based on successful completions rather than enrollment and attendance for online learning offerings statewide.

(8) The governor may appoint an advisory group for the center for online learning research and innovation established under subsection (2). The members of the advisory group shall serve at the pleasure of the governor and shall serve without compensation. The purpose of the advisory group is to make recommendations to the governor, the legislature, and the president and board of the Michigan virtual university that will accelerate innovation in this state's education system in a manner that will prepare elementary and secondary students to be career and college ready and that will promote the goal of increasing the percentage of citizens of this state with high-quality degrees and credentials to at least 60% by 2025.

~~(9) As used in this section:~~

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(a) ~~"Blended learning" means a hybrid instructional delivery model where pupils are provided face-to-face instruction, in part at a supervised school facility away from home and in part through computer-based and internet-connected learning environments with some degree of pupil control over time, location, and pace of instruction.~~

(b) ~~"Cyber school" means a full-time online instructional program for pupils that may or may not require attendance at a physical school location.~~

(c) ~~"Online instructional program" means a course of study that generates a credit or a grade, provided in an interactive computer-based and internet-connected learning environment, in which pupils are separated from their teachers by time or location, or both, and in which a Michigan-certificated teacher is responsible for providing direct instruction, diagnosing learning needs, assessing pupil learning, prescribing intervention strategies, reporting outcomes, and evaluating the effects of instruction and support strategies.~~

388.1699.amended Mathematics and science centers.
Sec. 99.

(1) From the funds appropriated in section 11, there is allocated an amount not to exceed \$2,725,000.00 for 2012-2013 to support the activities and programs of mathematics and science centers and for other purposes as described in this section. In addition, from the federal funds appropriated in section 11, there is allocated for 2012-2013 an amount estimated at \$5,249,300.00 from DED-OESE, title II, mathematics and science partnership grants.

(2) Within a service area designated locally, approved by the department, and consistent with the comprehensive master plan for mathematics and science centers developed by the

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department and approved by the state board, an established mathematics and science center shall provide 2 or more of the following 6 basic services, as described in the master plan, to constituent districts and communities: leadership, pupil services, curriculum support, community involvement, professional development, and resource clearinghouse services.

(3) The department shall not award a state grant under this section to more than 1 mathematics and science center located in a designated region as prescribed in the 2007 master plan unless each of the grants serves a distinct target population or provides a service that does not duplicate another program in the designated region.

(4) As part of the technical assistance process, the department shall provide minimum standard guidelines that may be used by the mathematics and science center for providing fair access for qualified pupils and professional staff as prescribed in this section.

(5) Allocations under this section to support the activities and programs of mathematics and science centers shall be continuing support grants to all 33 established mathematics and science centers. Each established mathematics and science center that was funded in the immediately preceding fiscal year shall receive state funding in an amount equal to 100% of the amount it was allocated under this subsection for the immediately preceding fiscal year. If a center declines state funding or a center closes, the remaining money available under this section shall be distributed to the remaining centers, as determined by the department.

(6) From the funds allocated in subsection (1), there is allocated for 2012-2013 an amount not to exceed \$750,000.00 in a form and manner determined by the department to those centers able to provide curriculum and professional development support to assist districts in

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1 implementing the Michigan merit curriculum components for mathematics and science.

2 Funding under this subsection is in addition to funding allocated under subsection (5).

3 (7) From the funds allocated in subsection (1), there is allocated for 2012-2013 an amount
4 not to exceed \$100,000.00 in a form and manner determined by the department to a single
5 mathematics and science center that is a participant in the Michigan STEM partnership.

6 Funding under this subsection is in addition to funding allocated under subsection (5) and
7 shall be used for connecting mathematics and science centers for science, technology,
8 engineering, and mathematics purposes.

9 (8) In order to receive state or federal funds under this section, a grant recipient shall allow
10 access for the department or the department's designee to audit all records related to the
11 program for which it receives such funds. The grant recipient shall reimburse the state for all
12 disallowances found in the audit.

13 (9) Not later than September 30, 2013, the department shall reevaluate and update the
14 comprehensive master plan described in subsection (1).

15 (10) The department shall give preference in awarding the federal grants allocated in
16 subsection (1) to eligible existing mathematics and science centers.

17 (11) In order to receive state funds under this section, a grant recipient shall provide at least a
18 10% local match from local public or private resources for the funds received under this
19 section.

20 (12) Not later than July 1 of each year, a mathematics and science center that receives funds
21 under this section shall report to the department in a form and manner prescribed by the
22 department on the following performance measures:

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(a) Statistical change in pre- and post-assessment scores for students who enrolled in mathematics and science activities provided to districts by the mathematics and science center.

(b) Statistical change in pre- and post-assessment scores for teachers who enrolled in professional development activities provided by the mathematics and science center.

(13) As used in this section:

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

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

388.1701.amended Eligibility to receive state aid; submission of number of pupils enrolled and in regular daily attendance; certification of data; noncompliance; withholding state aid; falsification; pupil instruction; minimum number of hours or days; guidelines; waiver; counting number of hours of qualifying teacher professional development; applicability of subsections (3) and (8) to cyber school.
Sec. 101.

(1) To be eligible to receive state aid under this act, not later than the fifth Wednesday after the pupil membership count day, ~~and not later than the fifth Wednesday after the supplemental count day,~~ **AND NOT LATER THAN THE FIFTH WEDNESDAY AFTER THE PERFORMANCE COUNT DAY AS PRESCRIBED IN SECTION 6E**, each district superintendent shall submit to the center and the intermediate superintendent, in the form and manner prescribed by the center, the number of pupils enrolled and ~~in regular daily attendance~~ **RECEIVING INSTRUCTION** in the district as of the pupil membership count day⁷⁰, ~~and~~ as of the supplemental count day, as applicable, **AND AS OF THE PERFORMANCE COUNT DAY** for the current school year. In addition, a district

⁷⁰ May need to update to reflect changes in section 25.

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maintaining school during the entire year, as provided under section 1561 of the revised school code, MCL 380.1561, shall submit to the center and the intermediate superintendent, in the form and manner prescribed by the center, the number of pupils enrolled and ~~in regular daily attendance~~ **RECEIVING INSTRUCTION** in the district for the current school year pursuant to rules promulgated by the superintendent. Not later than the seventh Wednesday after the pupil membership count day, ~~and~~ not later than the sixth Wednesday after the supplemental count day, **AND NOT LATER THAN THE SEVENTH WEDNESDAY AFTER THE PERFORMANCE COUNT DAY**, the district shall certify the data in a form and manner prescribed by the center and file the certified data with the intermediate superintendent. If a district fails to submit and certify the attendance data, as required under this subsection, the center shall notify the department and state aid due to be distributed under this article shall be withheld from the defaulting district immediately, beginning with the next payment after the failure and continuing with each payment until the district complies with this subsection. If a district does not comply with this subsection by the end of the fiscal year, the district forfeits the amount withheld. A person who willfully falsifies a figure or statement in the certified and sworn copy of enrollment shall be punished in the manner prescribed by section 161.

(2) To be eligible to receive state aid under this article, not later than the twenty-fourth Wednesday after the pupil membership count day, ~~and~~ not later than the twenty-fourth Wednesday after the supplemental count day, **AND NOT LATER THAN THE TWENTY-FOURTH WEDNESDAY AFTER THE PERFORMANCE COUNT DAY**, an intermediate district shall submit to the center, in a form and manner prescribed by the

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center, the audited enrollment, ~~and~~ attendance, **AND PERFORMANCE** data for the pupils of its constituent districts and of the intermediate district. If an intermediate district fails to submit the audited data as required under this subsection, state aid due to be distributed under this article shall be withheld from the defaulting intermediate district immediately, beginning with the next payment after the failure and continuing with each payment until the intermediate district complies with this subsection. If an intermediate district does not comply with this subsection by the end of the fiscal year, the intermediate district forfeits the amount withheld.

(3) Except as otherwise provided in ~~subsection~~ **SUBSECTIONS (11) AND (12)**, all of the following apply to the provision of pupil instruction:

(a) Except as otherwise provided in this section, each district shall provide at least 1,098 hours and, beginning in 2010-2011, the required minimum number of days of pupil instruction. For 2010-2011 and for 2011-2012, the required minimum number of days of pupil instruction is 165. Beginning in 2012-2013, the required minimum number of days of pupil instruction is 170. However, beginning in 2010-2011, a district shall not provide fewer days of pupil instruction than the district provided for 2009-2010. A district may apply for a waiver under subsection (9) from the requirements of this subdivision.

(b) Except as otherwise provided in this article, a district failing to comply with the required minimum hours and days of pupil instruction under this subsection shall forfeit from its total state aid allocation an amount determined by applying a ratio of the number of hours or days the district was in noncompliance in relation to the required minimum number of hours and days under this subsection. Not later than August 1, the board of each district shall certify to

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1 the department the number of hours and, beginning in 2010-2011, days of pupil instruction in
2 the previous school year. If the district did not provide at least the required minimum number
3 of hours and days of pupil instruction under this subsection, the deduction of state aid shall
4 be made in the following fiscal year from the first payment of state school aid. A district is
5 not subject to forfeiture of funds under this subsection for a fiscal year in which a forfeiture
6 was already imposed under subsection (6).

7 (c) Hours or days lost because of strikes or teachers' conferences shall not be counted as
8 hours or days of pupil instruction.

9 (d) If a collective bargaining agreement that provides a complete school calendar is in effect
10 for employees of a district as of October 19, 2009⁷¹, and if that school calendar is not in
11 compliance with this subsection, then this subsection does not apply to that district until after
12 the expiration of that collective bargaining agreement.

13 (e) Except as otherwise provided in subdivision (f), a district not having at least 75% of the
14 district's membership in attendance on any day of pupil instruction shall receive state aid in
15 that proportion of 1/180 that the actual percent of attendance bears to the specified
16 percentage.

17 (f) At the request of a district that operates a department-approved alternative education
18 program and that does not provide instruction for pupils in all of grades K to 12, the
19 superintendent may grant a waiver from the requirements of subdivision (e) in order to
20 conduct a pilot study. The waiver shall indicate that an eligible district is subject to the
21 proration provisions of subdivision (e) only if the district does not have at least 50% of the

⁷¹ Is this subsection still necessary, i.e. is there a district still operating under a collective bargaining agreement from this date?

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1 district's membership in attendance on any day of pupil instruction. In order to be eligible for
2 this waiver, a district must maintain records to substantiate its compliance with the following
3 requirements during the pilot study:

4 (i) The district offers the minimum hours of pupil instruction as required under this section.

5 (ii) For each enrolled pupil, the district uses appropriate academic assessments to develop an
6 individual education plan that leads to a high school diploma.

7 (iii) The district tests each pupil to determine academic progress at regular intervals and
8 records the results of those tests in that pupil's individual education plan.

9 (g) The superintendent shall promulgate rules for the implementation of this subsection.

10 (4) Except as otherwise provided in this subsection, the first 6 days or the equivalent number
11 of hours for which pupil instruction is not provided because of conditions not within the
12 control of school authorities, such as severe storms, fires, epidemics, utility power
13 unavailability, water or sewer failure, or health conditions as defined by the city, county, or
14 state health authorities, shall be counted as hours and days of pupil instruction. With the
15 approval of the superintendent of public instruction, the department shall count as hours and
16 days of pupil instruction for a fiscal year not more than 6 additional days or the equivalent
17 number of additional hours for which pupil instruction is not provided in a district after April
18 1 of the applicable school year due to unusual and extenuating occurrences resulting from
19 conditions not within the control of school authorities such as those conditions described in
20 this subsection. Subsequent such hours or days shall not be counted as hours or days of pupil
21 instruction.

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(5) A district shall not forfeit part of its state aid appropriation because it adopts or has in existence an alternative scheduling program for pupils in kindergarten if the program provides at least the number of hours required under subsection (3) for a full-time equated membership for a pupil in kindergarten as provided under section 6(4).

(6) In addition to any other penalty or forfeiture under this section, if at any time the department determines that 1 or more of the following has occurred in a district, the district shall forfeit in the current fiscal year beginning in the next payment to be calculated by the department a proportion of the funds due to the district under this article that is equal to the proportion below the required minimum number of hours and days of pupil instruction under subsection (3), as specified in the following:

(a) The district fails to operate its schools for at least the required minimum number of hours and days of pupil instruction under subsection (3) in a school year, including hours and days counted under subsection (4).

(b) The board of the district takes formal action not to operate its schools for at least the required minimum number of hours and days of pupil instruction under subsection (3) in a school year, including hours and days counted under subsection (4).

(7) In providing the minimum number of hours and days of pupil instruction required under subsection (3), a district shall use the following guidelines, and a district shall maintain records to substantiate its compliance with the following guidelines:

(a) Except as otherwise provided in this subsection, a pupil must be scheduled for at least the required minimum number of hours of instruction, excluding study halls, or at least the sum

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1 of 90 hours plus the required minimum number of hours of instruction, including up to 2
2 study halls.

3 (b) The time a pupil is assigned to any tutorial activity in a block schedule may be considered
4 instructional time, unless that time is determined in an audit to be a study hall period.

5 (c) Except as otherwise provided in this subdivision, a pupil in grades 9 to 12 for whom a
6 reduced schedule is determined to be in the individual pupil's best educational interest must
7 be scheduled for a number of hours equal to at least 80% of the required minimum number of
8 hours of pupil instruction to be considered a full-time equivalent pupil. A pupil in grades 9 to
9 12 who is scheduled in a 4-block schedule may receive a reduced schedule under this
10 subsection if the pupil is scheduled for a number of hours equal to at least 75% of the
11 required minimum number of hours of pupil instruction to be considered a full-time
12 equivalent pupil.

13 (d) If a pupil in grades 9 to 12 who is enrolled in a cooperative education program or a
14 special education pupil cannot receive the required minimum number of hours of pupil
15 instruction solely because of travel time between instructional sites during the school day,
16 that travel time, up to a maximum of 3 hours per school week, shall be considered to be pupil
17 instruction time for the purpose of determining whether the pupil is receiving the required
18 minimum number of hours of pupil instruction. However, if a district demonstrates to the
19 satisfaction of the department that the travel time limitation under this subdivision would
20 create undue costs or hardship to the district, the department may consider more travel time
21 to be pupil instruction time for this purpose.

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(e) In grades 7 through 12, instructional time that is part of a junior reserve officer training corps (JROTC) program shall be considered to be pupil instruction time regardless of whether the instructor is a certificated teacher if all of the following are met:

(i) The instructor has met all of the requirements established by the United States department of defense and the applicable branch of the armed services for serving as an instructor in the junior reserve officer training corps program.

(ii) The board of the district or intermediate district employing or assigning the instructor complies with the requirements of sections 1230 and 1230a of the revised school code, MCL 380.1230 and 380.1230a, with respect to the instructor to the same extent as if employing the instructor as a regular classroom teacher.

(8) Except as otherwise provided in subsection (11), the department shall apply the guidelines under subsection (7) in calculating the full-time equivalency of pupils.

(9) Upon application by the district for a particular fiscal year, the superintendent may waive for a district the minimum number of hours and days of pupil instruction requirement of subsection (3) for a department-approved alternative education program or another innovative program approved by the department, including a 4-day school week. If a district applies for and receives a waiver under this subsection and complies with the terms of the waiver, for the fiscal year covered by the waiver the district is not subject to forfeiture under this section for the specific program covered by the waiver. If the district does not comply with the terms of the waiver, the amount of the forfeiture shall be calculated based upon a comparison of the number of hours and days of pupil instruction actually provided to the minimum number of hours and days of pupil instruction required under subsection (3). Pupils

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enrolled in a department-approved alternative education program under this subsection shall be reported to the center in a form and manner determined by the center.

(10) A district may count up to 38 hours of qualifying professional development for teachers as hours of pupil instruction. Professional development provided online is allowable and encouraged, as long as the instruction has been approved by the district. The department shall issue a list of approved online professional development providers, which shall include the Michigan virtual school. As used in this subsection, "qualifying professional development" means professional development that is focused on 1 or more of the following:

(a) Achieving or improving adequate yearly progress as defined under the no child left behind act of 2001, Public Law 107-110.

(b) Achieving accreditation or improving a school's accreditation status under section 1280 of the revised school code, MCL 380.1280.

(c) Achieving highly qualified teacher status as defined under the no child left behind act of 2001, Public Law 107-110.

(d) Integrating technology into classroom instruction.

(e) Maintaining teacher certification.

(11) Subsections (3) and (8) do not apply to a school of excellence that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551, and is in compliance with section 553a of the revised school code, MCL 380.553a.

(12) SUBSECTIONS (3) AND (8) DO NOT APPLY TO AN ONLINE COURSE.

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**388.1701a.added Enrollment of individual who has dropped out of another district;
evidence.
Sec. 101a.**

~~For 2012-2013, if a district wants to enroll an individual after the individual has dropped out
of another district and the individual's most recent educating district has failed to
immediately update the individual's status in the Michigan student data system (MSDS)
operated by the center, the district may submit evidence to the department indicating that the
individual is a dropout. The department shall review evidence submitted by a district under
this section to determine if the individual is a dropout from another district. If the department
determines that the individual is a dropout, the department shall allow the individual to be
enrolled in the new district as a pupil who has dropped out of another district.~~⁷²

**388.1702.amended Deficit budget or operating deficit prohibited; release of withheld
state aid payments; report; amount of permissible deficit; monthly monitoring report;
plan to eliminate deficit; "deficit fund balance" defined.
Sec. 102.**

(1) A district or intermediate district receiving money under this act shall not adopt or
operate under a deficit budget, and a district or intermediate district shall not incur an
operating deficit in a fund during a school fiscal year. A district or intermediate district that
has an existing deficit fund balance, that incurs a deficit fund balance in the most recently
completed school fiscal year, or that adopts a current year budget that projects a deficit fund
balance shall not be allotted or paid a further sum under this act until the district or
intermediate district submits to the department for approval a budget for the current school
fiscal year and a plan to eliminate the district's or intermediate district's deficit not later than

⁷² This section should no longer be necessary as a result of changes to section 25.

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1 the end of the second school fiscal year after the deficit was incurred or the budget projecting
2 a deficit was adopted. Withheld state aid payments shall be released after the department
3 approves the deficit reduction plan and ensures that the budget for the current school fiscal
4 year is balanced. After the department approves a district's or intermediate district's deficit
5 reduction plan, the district or intermediate district shall post the deficit elimination plan on
6 the district's or intermediate district's website.

7 (2) Not later than March 1 of each year, the department shall prepare a report of deficits
8 incurred or projected by districts and intermediate districts in the immediately preceding
9 fiscal year and the progress made in reducing those deficits and submit the report to the
10 standing committees of the legislature responsible for K-12 education legislation, the
11 appropriations subcommittees of the legislature responsible for K-12 education
12 appropriations, the house and senate fiscal agencies, the state treasurer, and the state budget
13 director. The department also shall submit quarterly interim reports concerning the progress
14 made by districts and intermediate districts in reducing those deficits. On a quarterly basis,
15 the superintendent of public instruction shall publicly present those reports to the
16 appropriations subcommittees of the legislature responsible for K-12 education
17 appropriations.

18 (3) The amount of the permissible deficit for each school fiscal year shall not exceed the
19 amount of state aid reduced by an executive order during that school fiscal year.

20 (4) A district or intermediate district that has an existing deficit fund balance, that incurs a
21 deficit fund balance in the most recently completed school fiscal year, or that adopts a current
22 year budget that projects a deficit fund balance shall submit to the department a monthly

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1 monitoring report on revenue and expenditures in a form and manner prescribed by the
2 department and shall post these reports on its website.

3 (5) If a district or intermediate district is not able to comply with the provisions of this
4 section, the district or intermediate district shall submit to the department a plan to eliminate
5 its deficit. Upon approval of the plan submitted, the superintendent of public instruction may
6 continue allotment and payment of funds under this act, extend the period of time in which a
7 district or intermediate district has to eliminate its deficit, and set special conditions that the
8 district or intermediate district must meet during the period of the extension. After the
9 department approves a district's or intermediate district's deficit reduction plan under this
10 subsection, the district or intermediate district shall post the deficit elimination plan on the
11 district's or intermediate district's website.

12 (6) For the purposes of this section, "deficit fund balance" means that term as defined in the
13 Michigan public school accounting manual published by the department.

14 **388.1704.amended Compliance with revised school code and federal no child left behind**
15 **act of 2001; inclusion of item analysis in MEAP results; distribution of federal funds;**
16 **payment schedule determined by department; definitions.**⁷³
17 Sec. 104.

18 (1) In order to receive state aid under this article, a district shall comply with sections 1249,
19 1278a, 1278b, 1279, 1279g, and 1280b of the revised school code, MCL 380.1249,
20 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL
21 388.1081 to 388.1086. Subject to subsection (2), from the state school aid fund money

⁷³ Changes may be necessary to this section to conform to the growth and assessment tools being developed by MCEE.

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appropriated in section 11, there is allocated for 2012-2013 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 2012-2013 an amount estimated at \$8,250,000.00, funded from DED-OESE, title VI, state assessment funds, and from DED-OSERS, section 504 of part B of the individuals with disabilities education act, Public Law 94-142, plus any carryover federal funds from previous year appropriations, for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

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

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

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

(5) As used in this section:

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

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

(c) "DED-OSERS" means the DED office of special education and rehabilitative services.

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1 388.1704b Michigan merit examination.

2 Sec. 104b.⁷⁴

3 (1) In order to receive state aid under this act, a district ~~AN ENROLLMENT DISTRICT~~
4 shall comply with this section and shall administer the Michigan merit examination to pupils
5 in grade 11, and to pupils in grade 12 who did not take the complete Michigan merit
6 examination in grade 11, as provided in this section.

7 (2) For the purposes of this section, the department of management and budget shall contract
8 with 1 or more providers to develop, supply, and score the Michigan merit examination. The
9 Michigan merit examination shall consist of all of the following:

10 (a) Assessment instruments that measure English language arts, mathematics, reading, and
11 science and are used by colleges and universities in this state for entrance or placement
12 purposes. This shall include a writing component in which the pupil produces an extended
13 writing sample. The Michigan merit examination shall not require any other extended writing
14 sample.

15 (b) One or more tests from 1 or more test developers that assess a pupil's ability to apply at
16 least reading and mathematics skills in a manner that is intended to allow employers to use
17 the results in making employment decisions. The department of management and budget and
18 the superintendent shall ensure that any test or tests selected under this subdivision have all
19 the components necessary to allow a pupil to be eligible to receive the results of a nationally
20 recognized evaluation of workforce readiness if the pupil's test performance is adequate.

21 (c) A social studies component.

⁷⁴ This section assumes a “bundled” product and thus only refers to a district. This draft places the burden of administering the MME to the “enrollment district.”

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(d) Any other component that is necessary to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the federal no child left behind act of 2001, Public Law 107-110.

(3) In addition to all other requirements of this section, all of the following apply to the Michigan merit examination:

(a) The department of management and budget and the superintendent shall ensure that any contractor used for scoring the Michigan merit examination supplies an individual report for each pupil that will identify for the pupil's parents and teachers whether the pupil met expectations or failed to meet expectations for each standard, to allow the pupil's parents and teachers to assess and remedy problems before the pupil moves to the next grade.

(b) The department of management and budget and the superintendent shall ensure that any contractor used for scoring, developing, or processing the Michigan merit examination meets quality management standards commonly used in the assessment industry, including at least meeting level 2 of the capability maturity model developed by the software engineering institute of Carnegie Mellon university for the first year the Michigan merit examination is offered to all grade 11 pupils and at least meeting level 3 of the capability maturity model for subsequent years.

(c) The department of management and budget and the superintendent shall ensure that any contract for scoring, administering, or developing the Michigan merit examination includes specific deadlines for all steps of the assessment process, including, but not limited to, deadlines for the correct testing materials to be supplied to schools and for the correct results to be returned to schools, and includes penalties for noncompliance with these deadlines.

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(d) The superintendent shall ensure that the Michigan merit examination meets all of the following:

(i) Is designed to test pupils on grade level content expectations or course content expectations, as appropriate, in all subjects tested.

(ii) Complies with requirements of the no child left behind act of 2001, Public Law 107-110.

(iii) Is consistent with the code of fair testing practices in education prepared by the joint committee on testing practices of the American psychological association.

(iv) Is factually accurate. If the superintendent determines that a question is not factually accurate and should be excluded from scoring, the state board and the superintendent shall ensure that the question is excluded from scoring.

(4) A district shall include on each pupil's high school transcript all of the following:

(a) For each high school graduate who has completed the Michigan merit examination under this section, the pupil's scaled score on each subject area component of the Michigan merit examination.

(b) The number of school days the pupil was in attendance at school each school year during high school and the total number of school days in session for each of those school years.

(5) The superintendent shall work with the provider or providers of the Michigan merit examination to produce Michigan merit examination subject area scores for each pupil participating in the Michigan merit examination, including scaling and merging of test items for the different subject area components. The superintendent shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that

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1 describes the scoring for each subject area and indicates the scaled score ranges for each
2 subject area.

3 (6) The Michigan merit examination shall be administered each year after March 1 and
4 before June 1 to pupils in grade 11. The superintendent shall ensure that the Michigan merit
5 examination is scored and the scores are returned to pupils, their parents or legal guardians,
6 and districts not later than the beginning of the pupil's first semester of grade 12. The
7 returned scores shall indicate at least the pupil's scaled score for each subject area component
8 and the range of scaled scores for each subject area. In reporting the scores to pupils, parents,
9 and schools, the superintendent shall provide standards-specific, meaningful, and timely
10 feedback on the pupil's performance on the Michigan merit examination.

11 (7) A district shall administer the complete Michigan merit examination to a pupil only once
12 and shall not administer the complete Michigan merit examination to the same pupil more
13 than once. If a pupil does not take the complete Michigan merit examination in grade 11, the
14 district shall administer the complete Michigan merit examination to the pupil in grade 12. If
15 a pupil chooses to retake the college entrance examination component of the Michigan merit
16 examination, as described in subsection (2)(a), the pupil may do so through the provider of
17 the college entrance examination component and the cost of the retake is the responsibility of
18 the pupil unless all of the following are met:

19 (a) The pupil has taken the complete Michigan merit examination.

20 (b) The pupil did not qualify for a Michigan promise grant under section 6 of the Michigan
21 promise grant act, 2006 PA 479, MCL 390.1626, based on the pupil's performance on the
22 complete Michigan merit examination.

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(c) The pupil meets the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769i.

(d) The pupil has applied to the provider of the college entrance examination component for a scholarship or fee waiver to cover the cost of the retake and that application has been denied.

(e) After taking the complete Michigan merit examination, the pupil has not already received a free retake of the college entrance examination component paid for either by this state or through a scholarship or fee waiver by the provider.

(8) The superintendent shall ensure that the length of the Michigan merit examination and the combined total time necessary to administer all of the components of the Michigan merit examination are the shortest possible that will still maintain the degree of reliability and validity of the Michigan merit examination results determined necessary by the superintendent. The superintendent shall ensure that the maximum total combined length of time that schools are required to set aside for pupils to answer all test questions on the Michigan merit examination does not exceed 8 hours if the superintendent determines that sufficient alignment to applicable Michigan merit curriculum content standards can be achieved within that time limit.

(9) A district shall provide accommodations to a pupil with disabilities for the Michigan merit examination, as provided under section 504 of title V of the rehabilitation act of 1973, 29 USC 794; subtitle A of title II of the Americans with disabilities act of 1990, 42 USC 12131 to 12134; the individuals with disabilities education act amendments of 1997, Public Law 105-17; and the implementing regulations for those statutes. The provider or providers

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1 of the Michigan merit examination and the superintendent shall mutually agree upon the
2 accommodations to be provided under this subsection.

3 (10) To the greatest extent possible, the Michigan merit examination shall be based on grade
4 level content expectations or course content expectations, as appropriate. Not later than July
5 1, 2008, the department shall identify specific grade level content expectations to be taught
6 before and after the middle of grade 11, so that teachers will know what content will be
7 covered within the Michigan merit examination.

8 (11) A child who is a student in a nonpublic school or home school may take the Michigan
9 merit examination under this section. To take the Michigan merit examination, a child who is
10 a student in a home school shall contact the district in which the child resides, and that
11 district shall administer the Michigan merit examination, or the child may take the Michigan
12 merit examination at a nonpublic school if allowed by the nonpublic school. Upon request
13 from a nonpublic school, the superintendent shall direct the provider or providers to supply
14 the Michigan merit examination to the nonpublic school and the nonpublic school may
15 administer the Michigan merit examination. If a district administers the Michigan merit
16 examination under this subsection to a child who is not enrolled in the district, the scores for
17 that child are not considered for any purpose to be scores of a pupil of the district.

18 (12) In contracting under subsection (2), the department of management and budget shall
19 consider a contractor that provides electronically-scored essays with the ability to score
20 constructed response feedback in multiple languages and provide ongoing instruction and
21 feedback.

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(13) The purpose of the Michigan merit examination is to assess pupil performance in mathematics, science, social studies, and English language arts for the purpose of improving academic achievement and establishing a statewide standard of competency. The assessment under this section provides a common measure of data that will contribute to the improvement of Michigan schools' curriculum and instruction by encouraging alignment with Michigan's curriculum framework standards and promotes pupil participation in higher level mathematics, science, social studies, and English language arts courses. These standards are based upon the expectations of what pupils should learn through high school and are aligned with national standards.

(14) As used in this section:

(a) "English language arts" means reading and writing.

(b) "Social studies" means United States history, world history, world geography, economics, and American government.

388.1705 Counting nonresident pupils in membership; application for enrollment; procedures.

Sec. 105.⁷⁵

(1) In order to avoid a penalty under this section, and in order to count a nonresident pupil ~~residing within the same intermediate district in membership without the approval of the pupil's district of residence,~~ a district shall comply with this section.

(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants ~~residing within the same~~

⁷⁵ Additional changes may be necessary to this section to enable full implementation of an open entry/exit system.

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~~intermediate district~~ for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents:

(a) The district shall publish the grades, schools, **COURSES, INCLUDING ONLINE COURSES**, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing within the same intermediate district.

(b) If the district has a limited number of positions available for nonresidents ~~residing within the same intermediate district~~ in a grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program, all of the following apply to accepting applications for and enrollment of nonresidents in that grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program:

(i) The district shall do all of the following not later than the second Friday in August:

(A) Provide notice to the general public that applications will be taken for a period of at least 15 calendar days but not more than 30 calendar days from nonresidents ~~residing within the same intermediate district~~ for enrollment in that grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program. The notice shall identify the dates of the application period and the place and manner for submitting applications.

(B) During the application period under sub-subparagraph (A), accept applications from nonresidents ~~residing within the same intermediate district~~ for enrollment in that grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program.

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(C) Within 15 calendar days after the end of the application period under sub-subparagraph (A), using the procedures and preferences required under this section, determine which nonresident applicants will be allowed to enroll in that grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program, using the random draw system required under subsection ~~(14)~~ **(13)** as necessary, and notify the parent or legal guardian of each nonresident applicant of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must enroll in the district and procedures for enrollment. The date for enrollment shall be no later than the end of the first week of school.

(ii) Beginning on the third Monday in August and not later than the end of the first week of school, if any positions become available in a grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program due to accepted applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection ~~(14)~~ **(13)**, offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester or trimester enrollment under subsection (3), as provided under that subsection, or until the next school year.

(c) For a grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program that has an unlimited number of positions available for nonresidents ~~residing within the same~~

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~~intermediate district~~, all of the following apply to enrollment of nonresidents in that grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program:

(i) The district may accept applications for enrollment in that grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program, and may enroll nonresidents ~~residing within the same intermediate district~~ in that grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a 15-calendar-day period.

(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment that the applicant has been accepted for enrollment in the grade, school, **COURSE, INCLUDING ONLINE COURSE**, or program and of the procedures for enrollment. The date for enrollment shall be no later than the end of the first week of school.

(3) If a district determines during the first semester or trimester of a school year that it has positions available for enrollment of a number of nonresidents ~~residing within the same intermediate district~~, beyond those entitled to preference under this section, for the second semester or trimester of the school year, the district may accept applications from and enroll nonresidents ~~residing within the same intermediate district~~ for the second semester or trimester using the following procedures:

(a) Not later than 2 weeks before the end of the first semester or trimester, the district shall publish the grades, schools, **COURSES, INCLUDING ONLINE COURSES**, and special

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1 programs, if any, for which enrollment for the second semester or trimester may be available
2 to, and for which applications will be accepted from, nonresident applicants ~~residing within~~
3 ~~the same intermediate district.~~

4 (b) During the last 2 weeks of the first semester or trimester, the district shall accept
5 applications from nonresidents ~~residing within the same intermediate district~~ for enrollment
6 for the second semester or trimester in the available grades, schools, **COURSES,**
7 **INCLUDING ONLINE COURSES,** and programs.

8 (c) By the beginning of the second semester or trimester, using the procedures and
9 preferences required under this section, the district shall determine which nonresident
10 applicants will be allowed to enroll in the district for the second semester or trimester and
11 notify the parent or legal guardian of each nonresident applicant ~~residing within the same~~
12 ~~intermediate district~~ of whether or not the applicant may enroll in the district. The
13 notification to parents or legal guardians of nonresident applicants accepted for enrollment
14 shall contain notification of the date by which the applicant must enroll in the district and
15 procedures for enrollment. The date for enrollment shall be no later than the end of the first
16 week of school.

17 ~~(4) If deadlines similar to those described in subsection (2) or (3) have been established in an~~
18 ~~intermediate district, and if those deadlines are not later than the deadlines under subsection~~
19 ~~(2) or (3), the districts within the intermediate district may use those deadlines.~~⁷⁶

20 ~~(5) (4) A district offering to enroll nonresident applicants residing within the same~~
21 ~~intermediate district~~ may limit the number of nonresident pupils it accepts in a grade, school,

⁷⁶ For a system of open enrollment to function statewide, there must be uniform dates across the entire state.

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COURSE, INCLUDING ONLINE COURSE, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant.

~~(6)~~ **(5)** A nonresident applicant ~~residing within the same intermediate district~~ shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.

~~(7)~~ **(6)** A nonresident applicant ~~residing within the same intermediate district~~ shall not be granted or refused enrollment based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.

~~(8)~~ **(7)** A nonresident applicant ~~residing within the same intermediate district~~ shall not be granted or refused enrollment based upon religion, race, color, national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.

~~(9)~~ **(8)** Subject to subsection ~~(10)~~ **(9)**, a district may refuse to enroll a nonresident applicant if any of the following are met:

(a) The applicant is, or has been within the preceding 2 years, suspended from another school.

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(b) The applicant, at any time before enrolling under this section, has been expelled from another school.

(c) The applicant, at any time before enrolling under this section, has been convicted of a felony.

~~(10)~~ (9) If a district has counted a pupil in membership on either the pupil membership count day or the supplemental count day, the district shall not refuse to enroll or refuse to continue to enroll that pupil for a reason specified in subsection ~~(9)~~ (8). This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

~~(11)~~ (10) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester or trimester immediately preceding the school year or semester or trimester in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

~~(12)~~ (11) A district shall give preference for enrollment under this section over all other nonresident applicants residing within the same intermediate district to other school-age children who reside in the same household as a pupil described in subsection ~~(11)~~ (10).

~~(13)~~ (12)⁷⁷ If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the

⁷⁷ In light of the reference to the 95-96 school year, is this subsection necessary?

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1 nonresident pupil to apply for enrollment under this section. This subsection does not
2 prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.

3 ~~(14)~~ (13) If the number of qualified nonresident applicants eligible for acceptance in a
4 school, grade, **COURSE, INCLUDING ONLINE COURSE**, or program does not exceed
5 the positions available for nonresident pupils in the school, grade, **COURSE, INCLUDING**
6 **ONLINE COURSE**, or program, the school district shall accept for enrollment all of the
7 qualified nonresident applicants eligible for acceptance. If the number of qualified
8 nonresident applicants ~~residing within the same intermediate district~~ eligible for acceptance
9 exceeds the positions available in a grade, school, **COURSE, INCLUDING ONLINE**
10 **COURSE**, or program in a district for nonresident pupils, the district shall use a random
11 draw system, subject to the need to abide by state and federal antidiscrimination laws and
12 court orders and subject to preferences allowed by this section. The district shall develop and
13 maintain a waiting list based on the order in which nonresident applicants were drawn under
14 this random draw system.

15 ~~(15)~~ (14) If a district, or the nonresident applicant, requests the district in which a nonresident
16 applicant resides to supply information needed by the district for evaluating the applicant's
17 application for enrollment or for enrolling the applicant, the district of residence shall provide
18 that information on a timely basis.

19 ~~(16)~~ (15) If a district is subject to a court-ordered desegregation plan, and if the court issues
20 an order prohibiting pupils residing in that district from enrolling in another district or
21 prohibiting pupils residing in another district from enrolling in that district, this section is
22 subject to the court order.

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~~(17)~~ **(16)** This section does not require a district to provide transportation for a nonresident pupil enrolled in the district under this section or for a resident pupil enrolled in another district under this section. However, at the time a nonresident pupil enrolls in the district, a district shall provide to the pupil's parent or legal guardian information on available transportation to and from the school in which the pupil enrolls.

~~(18)~~ **(17)** A district may participate in a cooperative education program with 1 or more other districts or intermediate districts whether or not the district enrolls any nonresidents pursuant to this section.

~~(19)~~ **(18)** A district that, pursuant to this section, enrolls a nonresident pupil who is eligible for special education programs and services according to statute or rule, or who is a child with disabilities, as defined under the individuals with disabilities education act, Public Law 108-446, shall be considered to be the resident district of the pupil for the purpose of providing the pupil with a free appropriate public education. Consistent with state and federal law, that district is responsible for developing and implementing an individualized education plan annually for a nonresident pupil described in this subsection.

~~(20)~~ **(19)** If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.

~~(21)~~ **(20)** Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.

388.1705b Intermediate district operating under pilot schools of choice program.
Sec. 105b.

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~~If an intermediate district is operating under an intermediate district pilot schools of choice program established under former section 91 or as described in section 91a, the intermediate district and its constituent districts are exempt from section 105.~~⁷⁸

388.1705c Enrollment by nonresident applicants residing in district located in a contiguous intermediate district.

~~Sec. 105e.~~⁷⁹

~~(1) In order to avoid a penalty under this section, and in order to count a nonresident pupil residing in a district located in a contiguous intermediate district in membership without the approval of the pupil's district of residence, a district shall comply with this section.~~

~~(2) Except as otherwise provided in this section, a district shall determine whether or not it will accept applications for enrollment by nonresident applicants residing in a district located in a contiguous intermediate district for the next school year. If the district determines to accept applications for enrollment of a number of nonresidents under this section, beyond those entitled to preference under this section, the district shall use the following procedures for accepting applications from and enrolling nonresidents under this section:~~

~~(a) The district shall publish the grades, schools, and special programs, if any, for which enrollment may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.~~

~~(b) If the district has a limited number of positions available for nonresidents residing in a district located in a contiguous intermediate district in a grade, school, or program, all of the~~

⁷⁸ Why is this language necessary?

⁷⁹ Based on the proposed changes to Sec. 105, this section is no longer necessary.

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1 following apply to accepting applications for and enrollment of nonresidents under this
2 section in that grade, school, or program:

3 (i) The district shall do all of the following not later than the second Friday in August:

4 (A) Provide notice to the general public that applications will be taken for a period of at least
5 15 calendar days but not more than 30 calendar days from nonresidents residing in a district
6 located in a contiguous intermediate district for enrollment in that grade, school, or program.
7 The notice shall identify the dates of the application period and the place and manner for
8 submitting applications.

9 (B) During the application period under sub-subparagraph (A), accept applications from
10 nonresidents residing in a district located in a contiguous intermediate district for enrollment
11 in that grade, school, or program.

12 (C) Within 15 calendar days after the end of the application period under sub-subparagraph
13 (A), using the procedures and preferences required under this section, determine which
14 nonresident applicants will be allowed to enroll under this section in that grade, school, or
15 program, using the random draw system required under subsection (14) as necessary, and
16 notify the parent or legal guardian of each nonresident applicant of whether or not the
17 applicant may enroll in the district. The notification to parents or legal guardians of
18 nonresident applicants accepted for enrollment under this section shall contain notification of
19 the date by which the applicant must enroll in the district and procedures for enrollment. The
20 date for enrollment shall be no later than the end of the first week of school.

21 (ii) Beginning on the third Monday in August and not later than the end of the first week of
22 school, if any positions become available in a grade, school, or program due to accepted

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~~applicants failing to enroll or to more positions being added, the district may enroll nonresident applicants from the waiting list maintained under subsection (14), offering enrollment in the order that applicants appear on the waiting list. If there are still positions available after enrolling all applicants from the waiting list who desire to enroll, the district may not fill those positions until the second semester or trimester enrollment under subsection (3), as provided under that subsection, or until the next school year.~~

~~(c) For a grade, school, or program that has an unlimited number of positions available for nonresidents residing in a district located in a contiguous intermediate district, all of the following apply to enrollment of nonresidents in that grade, school, or program under this section:~~

~~(i) The district may accept applications for enrollment in that grade, school, or program, and may enroll nonresidents residing in a district located in a contiguous intermediate district in that grade, school, or program, until the end of the first week of school. The district shall provide notice to the general public of the place and manner for submitting applications and, if the district has a limited application period, the notice shall include the dates of the application period. The application period shall be at least a 15-calendar day period.~~

~~(ii) Not later than the end of the first week of school, the district shall notify the parent or legal guardian of each nonresident applicant who is accepted for enrollment under this section that the applicant has been accepted for enrollment in the grade, school, or program and of the date by which the applicant must enroll in the district and the procedures for enrollment. The date for enrollment shall be no later than the end of the first week of school.~~

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~~(3) If a district determines during the first semester or trimester of a school year that it has positions available for enrollment of a number of nonresidents residing in a district located in a contiguous intermediate district, beyond those entitled to preference under this section, for the second semester or trimester of the school year, the district may accept applications from and enroll nonresidents residing in a district located in a contiguous intermediate district for the second semester or trimester using the following procedures:~~

~~(a) Not later than 2 weeks before the end of the first semester or trimester, the district shall publish the grades, schools, and special programs, if any, for which enrollment for the second semester or trimester may be available to, and for which applications will be accepted from, nonresident applicants residing in a district located in a contiguous intermediate district.~~

~~(b) During the last 2 weeks of the first semester or trimester, the district shall accept applications from nonresidents residing in a district located in a contiguous intermediate district for enrollment for the second semester or trimester in the available grades, schools, and programs.~~

~~(c) By the beginning of the second semester or trimester, using the procedures and preferences required under this section, the district shall determine which nonresident applicants will be allowed to enroll under this section in the district for the second semester or trimester and notify the parent or legal guardian of each nonresident applicant residing in a district located in a contiguous intermediate district of whether or not the applicant may enroll in the district. The notification to parents or legal guardians of nonresident applicants accepted for enrollment shall contain notification of the date by which the applicant must~~

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~~enroll in the district and procedures for enrollment. The date for enrollment shall be no later than the end of the first week of school.~~

~~(4) If deadlines similar to those described in subsection (2) or (3) have been established in an intermediate district, and if those deadlines are not later than the deadlines under subsection (2) or (3), the districts within the intermediate district may use those deadlines.~~

~~(5) A district offering to enroll nonresident applicants residing in a district located in a contiguous intermediate district may limit the number of those nonresident pupils it accepts in a grade, school, or program, at its discretion, and may use that limit as the reason for refusal to enroll an applicant under this section.~~

~~(6) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment based on intellectual, academic, artistic, or other ability, talent, or accomplishment, or lack thereof, or based on a mental or physical disability, except that a district may refuse to admit a nonresident applicant under this section if the applicant does not meet the same criteria, other than residence, that an applicant who is a resident of the district must meet to be accepted for enrollment in a grade or a specialized, magnet, or intra-district choice school or program to which the applicant applies.~~

~~(7) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based on age, except that a district may refuse to admit a nonresident applicant applying for a program that is not appropriate for the age of the applicant.~~

~~(8) A nonresident applicant residing in a district located in a contiguous intermediate district shall not be granted or refused enrollment under this section based upon religion, race, color,~~

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~~national origin, sex, height, weight, marital status, or athletic ability, or, generally, in violation of any state or federal law prohibiting discrimination.~~

~~(9) Subject to subsection (10), a district may refuse to enroll a nonresident applicant under this section if any of the following are met:~~

~~(a) The applicant is, or has been within the preceding 2 years, suspended from another school.~~

~~(b) The applicant, at any time before enrolling under this section, has been expelled from another school.~~

~~(c) The applicant, at any time before enrolling under this section, has been convicted of a felony.~~

~~(10) If a district has counted a pupil in membership on either the pupil membership count day or the supplemental count day, the district shall not refuse to enroll or refuse to continue to enroll that pupil for a reason specified in subsection (9). This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.~~

~~(11) A district shall continue to allow a pupil who was enrolled in and attended the district under this section in the school year or semester or trimester immediately preceding the school year or semester or trimester in question to enroll in the district until the pupil graduates from high school. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.~~

~~(12) A district shall give preference for enrollment under this section over all other nonresident applicants residing in a district located in a contiguous intermediate district to~~

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~~other school age children who reside in the same household as a pupil described in subsection (11).~~

~~(13) If a nonresident pupil was enrolled in and attending school in a district as a nonresident pupil in the 1995-96 school year and continues to be enrolled continuously each school year in that district, the district shall allow that nonresident pupil to continue to enroll in and attend school in the district until high school graduation, without requiring the nonresident pupil to apply for enrollment under this section. This subsection does not prohibit a district from expelling a pupil described in this subsection for disciplinary reasons.~~

~~(14) If the number of qualified nonresident applicants eligible for acceptance under this section in a school, grade, or program does not exceed the positions available for nonresident pupils under this section in the school, grade, or program, the school district shall accept for enrollment all of the qualified nonresident applicants eligible for acceptance. If the number of qualified nonresident applicants residing in a district located in a contiguous intermediate district eligible for acceptance under this section exceeds the positions available in a grade, school, or program in a district for nonresident pupils, the district shall use a random draw system, subject to the need to abide by state and federal antidiscrimination laws and court orders and subject to preferences allowed by this section. The district shall develop and maintain a waiting list based on the order in which nonresident applicants were drawn under this random draw system.~~

~~(15) If a district, or the nonresident applicant, requests the district in which a nonresident applicant resides to supply information needed by the district for evaluating the applicant's~~

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1 application for enrollment or for enrolling the applicant under this section, the district of
2 residence shall provide that information on a timely basis.

3 (16) If a district is subject to a court-ordered desegregation plan, and if the court issues an
4 order prohibiting pupils residing in that district from enrolling in another district or
5 prohibiting pupils residing in another district from enrolling in that district, this section is
6 subject to the court order.

7 (17) This section does not require a district to provide transportation for a nonresident pupil
8 enrolled in the district under this section or for a resident pupil enrolled in another district
9 under this section. However, at the time a nonresident pupil enrolls in the district, a district
10 shall provide to the pupil's parent or legal guardian information on available transportation to
11 and from the school in which the pupil enrolls.

12 (18) A district may participate in a cooperative education program with 1 or more other
13 districts or intermediate districts whether or not the district enrolls any nonresidents pursuant
14 to this section.

15 (19) In order for a district or intermediate district to enroll pursuant to this section a
16 nonresident pupil who resides in a district located in a contiguous intermediate district and
17 who is eligible for special education programs and services according to statute or rule, or
18 who is a child with disabilities, as defined under the individuals with disabilities education
19 act, Public Law 108-446, the enrolling district shall have a written agreement with the
20 resident district of the pupil for the purpose of providing the pupil with a free appropriate
21 public education. The written agreement shall include, but is not limited to, an agreement on
22 the responsibility for the payment of the added costs of special education programs and

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services for the pupil. The written agreement shall address how the agreement shall be amended in the event of significant changes in the costs or level of special education programs or services required by the pupil.

~~(20) If a district does not comply with this section, the district forfeits 5% of the total state school aid allocation to the district under this act.~~

~~(21) Upon application by a district, the superintendent may grant a waiver for the district from a specific requirement under this section for not more than 1 year.~~

~~(22) This section is repealed if the final decision of a court of competent jurisdiction holds that any portion of this section is unconstitutional, ineffective, invalid, or in violation of federal law.~~

~~(23) As used in this section, "district located in a contiguous intermediate district" means a district located in an intermediate district that is contiguous to the intermediate district in which a pupil's district of residence is located.~~

388.1706 Pupils not counted in membership.
Sec. 106.

A pupil enrolled in a public school program organized under federal or state supervision and in which the teaching costs are fully subsidized from federal or state funds shall not be counted in membership.

388.1707.amended Adult education programs.
Sec. 107.

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(1) From the appropriation in section 11, there is allocated an amount not to exceed \$22,000,000.00 for 2012-2013 for adult education programs authorized under this section. Funds allocated under this section are restricted for adult education programs as authorized under this section only. A recipient of funds under this section shall not use those funds for any other purpose.

(2) To be eligible for funding under this section, a program shall employ certificated teachers and qualified administrative staff and shall offer continuing education opportunities for teachers to allow them to maintain certification.

(3) To be eligible to be a participant funded under this section, a person shall be enrolled in an adult basic education program, an adult English as a second language program, a general educational development (G.E.D.) test preparation program, a job- or employment-related program, or a high school completion program, that meets the requirements of this section, and shall meet either of the following, as applicable:

(a) If the individual has obtained a high school diploma or a general educational development (G.E.D.) certificate, the individual meets 1 of the following:

(i) Is less than 20 years of age on September 1 of the school year and is enrolled in the Michigan career and technical institute.

(ii) Is less than 20 years of age on September 1 of the school year, is not attending an institution of higher education, and is enrolled in a job- or employment-related program through a referral by an employer.

(iii) Is enrolled in an English as a second language program.

(iv) Is enrolled in a high school completion program.

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(b) If the individual has not obtained a high school diploma or G.E.D. certificate, the individual meets 1 of the following:

(i) Is at least 20 years of age on September 1 of the school year.

(ii) Is at least 16 years of age on September 1 of the school year, has been permanently expelled from school under section 1311(2) or 1311a of the revised school code, MCL 380.1311 and 380.1311a, and has no appropriate alternative education program available through his or her district of residence.

(4) Except as otherwise provided in subsection (5), the money allocated under this section shall be distributed as follows:

(a) For districts and consortia that received payments for 2011-2012 under this section, the amount allocated to each for 2012-2013 shall be based on the number of participants served by the district or consortium for 2012-2013, using the amount allocated per full-time equated participant under subsection (7), up to a maximum total allocation under this subsection in an amount equal to the amount the district or consortium received for 2011-2012 under this section before any reallocations made for 2011-2012 under subsection (5).

(b) A district or consortium that received funding in 2011-2012 under this section may operate independently of a consortium or join or form a consortium for 2012-2013. The allocation for 2012-2013 to the district or the newly formed consortium under this subsection shall be determined by the department and shall be based on the proportion of the amounts that are attributable to the district or consortium that received funding in 2011-2012. A district or consortium described in this subdivision shall notify the department of its intention with regard to 2012-2013 by October 1, 2012.

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(5) A district that operated an adult education program in 2011-2012 and does not intend to operate a program in 2012-2013 shall notify the department by October 1, 2012 of its intention. The money intended to be allocated under this section to a district that does not operate a program in 2012-2013 and the unspent money originally allocated under this section to a district or consortium that subsequently operates a program at less than the level of funding allocated under subsection (4) and any other unallocated money under this section shall instead be proportionately reallocated to the other districts described in subsection (4)(a) that are operating an adult education program in 2012-2013 under this section.

(6) The amount allocated under this section per full-time equated participant is \$2,850.00 for a 450-hour program. The amount shall be proportionately reduced for a program offering less than 450 hours of instruction.

(7) An adult basic education program or an adult English as a second language program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who are determined by a department-approved assessment, in a form and manner prescribed by the department, to be below ninth grade level in reading or mathematics, or both, or to lack basic English proficiency.

(b) The program tests individuals for eligibility under subdivision (a) before enrollment and upon completion of the program in compliance with the state-approved assessment policy.

(c) A participant in an adult basic education program is eligible for reimbursement until 1 of the following occurs:

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(i) The participant's reading and mathematics proficiency are assessed at or above the ninth grade level.

(ii) The participant fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(d) A funding recipient enrolling a participant in an English as a second language program is eligible for funding according to subsection (11) until the participant meets 1 of the following:

(i) The participant is assessed as having attained basic English proficiency as determined by a department-approved assessment.

(ii) The participant fails to show progress on 2 successive department-approved assessments after having completed at least 450 hours of instruction. The department shall provide information to a funding recipient regarding appropriate assessment instruments for this program.

(8) A general educational development (G.E.D.) test preparation program operated on a year-round or school year basis may be funded under this section, subject to all of the following:

(a) The program enrolls adults who do not have a high school diploma.

(b) The program shall administer a G.E.D. pre-test approved by the department before enrolling an individual to determine the individual's potential for success on the G.E.D. test, and shall administer a post-test upon completion of the program in compliance with the state-approved assessment policy.

(c) A funding recipient shall receive funding according to subsection (11) for a participant, and a participant may be enrolled in the program until 1 of the following occurs:

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1 (i) The participant passes the G.E.D. test.

2 (ii) The participant fails to show progress on 2 successive department-approved assessments
3 used to determine readiness to take the G.E.D. test after having completed at least 450 hours
4 of instruction.

5 (9) A high school completion program operated on a year-round or school year basis may be
6 funded under this section, subject to all of the following:

7 (a) The program enrolls adults who do not have a high school diploma.

8 (b) The program tests participants described in subdivision (a) before enrollment and upon
9 completion of the program in compliance with the state-approved assessment policy.

10 (c) A funding recipient shall receive funding according to subsection (11) for a participant in
11 a course offered under this subsection until 1 of the following occurs:

12 (i) The participant passes the course and earns a high school diploma.

13 (ii) The participant fails to earn credit in 2 successive semesters or terms in which the
14 participant is enrolled after having completed at least 900 hours of instruction.

15 (10) A job- or employment-related adult education program operated on a year-round or
16 school year basis may be funded under this section, subject to all of the following:

17 (a) The program enrolls adults referred by their employer who are less than 20 years of age,
18 have a high school diploma, are determined to be in need of remedial mathematics or
19 communication arts skills and are not attending an institution of higher education.

20 (b) The program tests participants described in subdivision (a) before enrollment and upon
21 completion of the program in compliance with the department-approved assessment policy.

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(c) An individual may be enrolled in this program and the grant recipient shall receive funding according to subsection (11) until 1 of the following occurs:

(i) The individual achieves the requisite skills as determined by department-approved assessment instruments.

(ii) The individual fails to show progress on 2 successive assessments after having completed at least 450 hours of instruction.

(11) A funding recipient shall receive payments under this section in accordance with the following:

(a) Ninety percent for enrollment of eligible participants.

(b) Ten percent for completion of the adult basic education objectives by achieving an increase of at least 1 grade level of proficiency in reading or mathematics; for achieving basic English proficiency, as defined by the department in the adult education guidebook; for obtaining a G.E.D. or passage of 1 or more individual G.E.D. tests; for attainment of a high school diploma or passage of a course required for a participant to attain a high school diploma; or for completion of the course and demonstrated proficiency in the academic skills to be learned in the course, as applicable.

(12) As used in this section, "participant" means the sum of the number of full-time equated individuals enrolled in and attending a department-approved adult education program under this section, using quarterly participant count days on the schedule described in section 6(7)(b).

(13) A person who is not eligible to be a participant funded under this section may receive adult education services upon the payment of tuition. In addition, a person who is not eligible

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1 to be served in a program under this section due to the program limitations specified in
2 subsection (7), (8), (9), or (10) may continue to receive adult education services in that
3 program upon the payment of tuition. The tuition level shall be determined by the local or
4 intermediate district conducting the program.

5 (14) An individual who is an inmate in a state correctional facility shall not be counted as a
6 participant under this section.

7 (15) A district shall not commingle money received under this section or from another source
8 for adult education purposes with any other funds of the district. A district receiving adult
9 education funds shall establish a separate ledger account for those funds. This subsection
10 does not prohibit a district from using general funds of the district to support an adult
11 education or community education program.

12 (16) A district or intermediate district receiving funds under this section may establish a
13 sliding scale of tuition rates based upon a participant's family income. A district or
14 intermediate district may charge a participant tuition to receive adult education services
15 under this section from that sliding scale of tuition rates on a uniform basis. The amount of
16 tuition charged per participant shall not exceed the actual operating cost per participant
17 minus any funds received under this section per participant. A district or intermediate district
18 may not charge a participant tuition under this section if the participant's income is at or
19 below 200% of the federal poverty guidelines published by the United States department of
20 health and human services.

21 (17) In order to receive funds under this section, a district shall furnish to the department, in a
22 form and manner determined by the department, all information needed to administer this

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1 program and meet federal reporting requirements; shall allow the department or the
2 department's designee to review all records related to the program for which it receives
3 funds; and shall reimburse the state for all disallowances found in the review, as determined
4 by the department.

5 (18) All intermediate district participant audits of adult education programs shall be
6 performed pursuant to the adult education participant auditing and accounting manuals
7 published by the department.

8 (19) As used in this section, "department" means the Michigan strategic fund.

9 **388.1709 Providing appropriate instructional services to pupil requiring hospitalization**
10 **or confinement at home.**
11 Sec. 109.

12 (1) Subject to subsection (2), in order to receive funds under this article, each district or
13 intermediate district shall provide appropriate instructional services, as determined by the
14 district or intermediate district, to an enrolled pupil who is certified by the pupil's attending
15 physician as having a medical condition that requires the pupil to be hospitalized or confined
16 to his or her home during regular school hours and that is expected to require the
17 hospitalization or confinement for a period longer than 5 school days. The district or
18 intermediate district may provide the services itself or may contract with an intermediate
19 district, a hospital, a treatment center, or another district to provide the services. In choosing
20 a provider for the instructional services, the district or intermediate district shall consider
21 which of those potential providers is best able to deliver the appropriate instructional
22 services. The district or intermediate district shall pay reasonable costs as agreed upon

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1 between the district or intermediate district and the provider for services provided to a pupil
2 under this section.

3 (2) A district or intermediate district is required to provide instructional services under
4 subsection (1) to a pupil placed in a hospital, treatment center, or other treatment facility
5 without the district's or intermediate district's prior knowledge only if the district or
6 intermediate district is notified of the pupil's placement by the hospital, treatment center,
7 facility, or the pupil's parent or legal guardian. Upon being notified, the district or
8 intermediate district shall make arrangements to provide instructional services under
9 subsection (1) within 3 school days after being notified.

10 (3) Not later than October 15 of each odd-numbered year, the department shall prepare and
11 distribute electronically to each district and intermediate district and make available on its
12 website an explanation of the operation of this section and the respective duties of all
13 affected parties. The department shall provide a copy of the explanation electronically to any
14 other person upon request.

15 **388.1711 Tuition rates; computation; uniformity.**
16 **Sec. 111.**

17 A district having tuition pupils enrolled on the pupil membership count day of each year may
18 charge the district of residence an amount for tuition that does not exceed the tuition rate
19 computed under section 1401 of the revised school code, MCL 380.1401. The rate charged
20 by a district shall be uniform within each category of tuition pupils enrolled in the district.
21 However, for a tuition pupil who resides in a K-5, K-6, or K-8 district and who is enrolled in
22 a grade not offered by the pupil's district of residence, the tuition rate charged to the pupil's

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1 district of residence shall not exceed the foundation allowance of the pupil's district of
2 residence or the foundation allowance of the educating district, whichever is greater.

3 **388.1712 Full-day kindergarten; tuition or fee prohibited.**

4 Sec. 112.

5 ~~A district receiving funds under this act shall not charge tuition or any other fee for full-day~~
6 ~~kindergarten for a pupil who is eligible to enroll in the district.~~⁸⁰

7 **388.1718 Conditions for allotment or payment; failure to pay full amount; remittance;**
8 **deduction from school aid.**

9 Sec. 118.

10 (1) Subject to subsection (3), a district shall not be allotted or paid a sum under this act unless
11 that district pays the agreed-upon amount of tuition or other payment for pupils educated
12 outside the boundaries of the pupil's district of residence.

13 (2) A district that sends pupils to 1 or more districts, that is legally liable for the payment of
14 the amount described in subsection (1), and that fails to pay that amount in full before April 1
15 of each year shall remit the full amount owed to the receiving district before making any
16 other financial expenditure or commitment for the next school fiscal year.

17 (3) The department shall not deduct any amount from a district's state school aid pursuant to
18 this section unless the receiving district demonstrates to the satisfaction of the department,
19 not later than April 30 of the same fiscal year, that the liable district has not paid the required
20 amount as described in subsection (2).

⁸⁰ Is this section necessary?

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388.1721 Valuation of district; adjustments.

Sec. 121.

(1) The valuation of a whole or fractional district shall be the total taxable value of the property contained in the whole or fractional district as last determined by the state tax commission and placed on the ad valorem tax roll. For purposes of computations made under this act, except as provided in section 26, the taxable value of a district or intermediate district shall include the value of property used to calculate the tax imposed on lessees or users of tax-exempt property under 1953 PA 189, MCL 211.181 to 211.182, and the value of property used to calculate the state payment in lieu of taxes on state purchased property under section 2153 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2153. Adjustments to this taxable value shall be made for all of the following:

(a) State tax tribunal decisions.

(b) Court decisions.

(c) Local board of review adjustments made after the state tax commission determination.

(d) Lands deeded to the state for jurisdictions without delinquent tax revolving funds or for jurisdictions that have required repayment to the delinquent tax revolving funds.

(e) The requirements of this act.

(2) Adjustments under subsection (1) shall not be made for more than the 6 state fiscal years immediately preceding the state fiscal year in which the adjustment is made, except that an adjustment pursuant to a state tax tribunal decision or court decision shall be made for the tax years involved in the decision and any subsequent years affected by the decision.

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388.1722 Deducting valuation of property from valuation of district; condition; credit as lien; payment of school aid fund.

Sec. 122.

The valuation of property assessed under Act No. 189 of the Public Acts of 1953, as amended, being sections 211.181 to 211.182 of the Michigan Compiled Laws, shall be deducted from the total valuation of a district if school taxes levied against the property are not collected from the lessee or user of the property. The credit so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected.

388.1724 Reducing valuation of district when taxes paid under certain conditions; credits as lien against district; payment to school aid fund; implementation of subsection (2).

Sec. 124.

(1) If taxes levied for operating purposes against property constituting at least 5% of the valuation of a district are paid under protest and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district in the calculation of payments to the district under this act shall remain a lien against the district and shall be paid by the district to the school aid fund when the taxes are collected.

(2) If taxes levied for operating purposes against property constituting at least 5% of the valuation of a district are not paid by a single bankrupt debtor that files for reorganization under chapter 11 of title 11 of the United States Code, 11 U.S.C. 1101 to 1174, and, therefore, are unavailable to the district, the total valuation of the district for the purposes of this act shall be reduced by the valuation of the property. The credits so obtained by a district

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1 in the calculation of payments to the district under this act shall remain a lien against the
2 district and shall be paid by the district to the school aid fund when the taxes are collected.
3 This subsection shall be implemented upon verification by the department that the district has
4 taken proper action to attempt to secure payment of taxes by the bankrupt debtor.

5 **388.1747.amended Allocations to public school employees' retirement system.**
6 Sec. 147.

7 The allocation for 2012-2013 for the public school employees' retirement system pursuant to
8 the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408,
9 shall be made using the entry age normal cost actuarial method and risk assumptions adopted
10 by the public school employees retirement board and the department of technology,
11 management, and budget. For public school employees who first worked for a public school
12 reporting unit before July 1, 2010, the annual level percentage of payroll contribution rate is
13 estimated at 18.62% for pension and at 8.75% for retiree health care for the 2012-2013 fiscal
14 year, unless a different contribution rate is calculated and applied by the office of retirement
15 services pursuant to ~~provisions enacted under Senate Bill No. 1040 of the 96th Legislature~~
16 **2012 PA 300**. For public school employees who first worked for a public school reporting
17 unit on or after July 1, 2010, the annual level percentage of payroll contribution rate is
18 estimated at 17.39% for pension and 8.75% for retiree health care for the 2012-2013 fiscal
19 year, unless a different contribution rate is calculated and applied by the office of retirement
20 services pursuant to ~~provisions enacted under Senate Bill No. 1040 of the 96th Legislature~~
21 **2012 PA 300**. For public school employees who first worked for a public school reporting
22 unit before July 1, 2010, the annual level percentage of payroll contribution rate is estimated

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1 at 22.46% for pension and 8.75% for retiree health care for the 2013-2014 fiscal year, unless
2 a different contribution rate is calculated and applied by the office of retirement services
3 pursuant ~~provisions enacted under Senate Bill No. 1040 of the 96th Legislature~~ **2012 PA 300.**

4 For public school employees who first worked for a public school reporting unit on or after
5 July 1, 2010, the annual level percentage of payroll contribution rate is estimated at 21.19%
6 for pension and 8.75% for retiree health care for the 2013-2014 fiscal year, unless a different
7 contribution rate is calculated and applied by the office of retirement services pursuant to
8 provisions enacted under Senate Bill No. 1040 of the 96th Legislature. The portion of the
9 contribution rate assigned to districts and intermediate districts for each fiscal year is all of
10 the total percentage points. This contribution rate reflects an amortization period of 26 years
11 for 2012-2013. The public school employees' retirement system board shall notify each
12 district and intermediate district by February 28 of each fiscal year of the estimated
13 contribution rate for the next fiscal year.

14 **388.1747a.amended Payments to participating districts; use; purpose; "participating**
15 **district" defined.**
16 Sec. 147a.

17 From the appropriation in section 11, there is allocated for 2012-2013 an amount not to
18 exceed \$155,000,000.00 for payments to participating districts. A district that receives
19 money under this section shall use that money solely for the purpose of offsetting a portion of
20 the retirement contributions owed by the district for the fiscal year ending September 30,
21 2013. The amount allocated to each participating district under this section shall be based on
22 each participating district's percentage of the total statewide payroll for all participating

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districts for the immediately preceding fiscal year. As used in this section, "participating district" means a district that is a reporting unit of the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408, and that reports employees to the Michigan public school employees' retirement system for the applicable fiscal year.

388.1747b.amended MPERS retirement obligation reform reserve fund; creation; investment; interest and earnings; workgroup.
Sec. 147b.

(1) From the appropriation in section 11, there is allocated an amount not to exceed \$133,000,000.00 for 2011-2012 and an amount not to exceed \$41,000,000.00 for 2012-2013 for the purposes of this section. The money allocated in this section represents a portion of the year-end school aid fund balance. Money allocated under this section shall be deposited in the MPERS retirement obligation reform reserve fund.

(2) The MPERS retirement obligation reform reserve fund is created as a separate account within the state school aid fund. The state treasurer may receive money or other assets from any source for deposit into the MPERS retirement obligation reform reserve fund. The state treasurer shall direct the investment of the MPERS retirement obligation reform reserve fund. The state treasurer shall credit to the MPERS retirement obligation reform reserve fund interest and earnings from the MPERS retirement obligation reform reserve fund.

Money in the MPERS retirement obligation reform reserve fund at the close of the fiscal year shall remain in the MPERS retirement obligation reform reserve fund and shall not lapse to the state school aid fund or to the general fund. The department of treasury shall be

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the administrator of the MPSERS retirement obligation reform reserve fund for auditing purposes.

~~(3) It is the intent of the legislature that the speaker of the house of representatives or the senate majority leader, or both, shall convene a workgroup to examine retirement obligations and potential reforms to the Michigan public school employees' retirement system established under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1408. The chair of the senate appropriations committee and chair of the house appropriations committee, or his or her designee, each shall be a member of the workgroup, and the workgroup shall report to the speaker of the house of representatives or the senate majority leader, as applicable, by February 1, 2012, on reforms identified, timelines for implementing reforms, and estimated costs and savings of the identified reforms.~~

388.1747c.added Allocation to Michigan public school employees' retirement system under MCL 38.1341.
Sec. 147c.⁸¹

~~(1) Except as otherwise provided in subsection (2), from the appropriation in section 11, there is allocated for 2012-2013 an amount not to exceed \$130,000,000.00 to the Michigan public school employees' retirement system pursuant to section 41 of the public school employees' retirement act of 1979, 1980 PA 300, MCL 38.1341.~~

~~(2) If section 41 of the public school employees' retirement act of 1979, 1980 PA 300, MCL 38.1341, is not amended by Senate Bill No. 1040 of the 96th Legislature, then the allocation~~

⁸¹ This section is specific to FY 2012-13

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~~under subsection (1) shall lapse to the state school aid fund unless the legislature takes action to allocate the funding in another manner.~~

388.1751 Statement of taxable value; report by tax tribunal.
Sec. 151.

(1) The treasurer of each county shall furnish to the department, on or before August 1 of each year following the receipt of assessment rolls, a statement of the taxable value of each district and fraction of a district within the county, using forms furnished by the department. On or before May 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the immediately preceding year of each district and fraction of a district within the county, using forms furnished by the department. On or before October 1 of each year, the treasurer of each county shall submit to the department revisions to the taxable value for the years after 1993 of each district and fraction of a district within the county, using forms furnished by the department. The reports required by this subsection shall also contain the amount of ad valorem taxable value captured for school operating taxes under tax increment financing acts.

(2) Not later than the tenth day of each month, the tax tribunal created by the tax tribunal act, 1973 PA 186, MCL 205.701 to 205.779, shall report to the department the changes in taxable value for tax years after 1993 that are not reported to the department under subsection (1) and that are caused by tax tribunal decisions in the immediately preceding month for property that is a principal residence or qualified agricultural property, as defined in section 1211 of the revised school code, MCL 380.1211, and for property that is not a principal residence or qualified agricultural property, in each district and intermediate district. The report shall also

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1 contain the amount of taxable value captured under a tax increment financing plan described
2 in subsection (1) for school operating tax purposes.

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

8 **388.1752 Reports for determination of allocation of funds; information; reports of**
9 **educational progress.**
10 Sec. 152.

11 Except for reports due on other dates specified in this act, each district and intermediate
12 district shall furnish to the center or the department, as applicable, before the first Monday in
13 November of each year those reports the department considers necessary for the
14 determination of the allocation of funds under this act. In order to receive funds under this
15 act, each district and intermediate district shall also furnish to the center or the department, as
16 applicable, the information the department considers necessary for the administration of this
17 act, including information necessary to determine compliance with article 16, and for the
18 provision of reports of educational progress to the senate and house committees responsible
19 for education, the senate and house appropriations subcommittees responsible for
20 appropriations to school districts, the senate and house fiscal agencies, and the state budget
21 director, as appropriate. This section does not require a district or intermediate district to
22 submit any information to both the center and the department.

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388.1752a.amended Costs related to state-mandated collection, maintenance, and reporting of data; payments.

Sec. 152a.

(1) As required by the court in the consolidated cases known as Adair v State of Michigan, Michigan supreme court docket nos. 137424 and 137453, from the state school aid fund money appropriated in section 11 there is allocated for 2012-2013 an amount not to exceed \$38,000,500.00 to be used solely for the purpose of paying necessary costs related to the state-mandated collection, maintenance, and reporting of data to this state.

(2) From the allocation in subsection (1), the department shall make payments to districts and intermediate districts in an equal amount per pupil based on the total number of pupils in membership in each district and intermediate district. The department shall not make any adjustment to these payments after the final installment payment under section 17b is made.

388.1753 Furnishing information to legislative fiscal agencies.

Sec. 153.

Each district and intermediate district shall furnish to the legislative fiscal agencies of the state legislature information the agencies require on forms prepared and furnished by the agencies, relative to the expenditure of funds appropriated and allocated under this act.

388.1761 Violation as misdemeanor; penalty.

Sec. 161.

A school official or member of a board or other person who neglects or refuses to do or perform an act required by this act or who violates or knowingly permits or consents to the

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1 violation of this act is guilty of a misdemeanor, punishable by imprisonment for not more
2 than 90 days, or a fine of not more than \$1,500.00, or both.

3 **388.1761a False report; court order.**
4 Sec. 161a.

5 If a court determines that a person intentionally violated section 411a of the Michigan penal
6 code, 1931 PA 328, MCL 750.411a, by making a false report of the commission of a crime
7 described in section 6(6)(f) knowing the report to be false for the purpose of having a pupil
8 counted in membership in a district under section 6(6)(f), as part of the restitution ordered
9 under section 30 of chapter XIIA of 1939 PA 288, MCL 712A.30, section 16, 44, or 76 of the
10 crime victim's rights act, 1985 PA 87, MCL 780.766, 780.794, and 780.826, or section 1a of
11 chapter IX of the code of criminal procedure, 1927 PA 175, MCL 769.1a, the court may
12 order the person to pay the pupil's district of residence an amount that is not more than the
13 state school aid that district would have received attributable to the pupil if the pupil had
14 been counted in membership in his or her district of residence.

15 **388.1762 Failure to file reports; forfeiture of funds.**
16 Sec. 162.

17 A district or intermediate district that fails through the negligence of school officials to file
18 reports pursuant to this act shall forfeit that proportion of funds to which the district or
19 intermediate district otherwise would be entitled under this act as the delay in the reports
20 bears to a school year consisting of the required minimum number of days and hours, as

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prescribed in section 1284 of the revised school code, being section 380.1284 of the Michigan Compiled Laws, for the district or intermediate district.

388.1763 Prohibited conduct; deduction; notice; misdemeanor; penalty.
Sec. 163.

(1) Except as provided in the revised school code, the board of a district or intermediate district shall not permit any of the following:

(a) A noncertificated teacher to teach in an elementary or secondary school or in an adult basic education or high school completion program.

(b) A noncertificated counselor to provide counseling services to pupils in an elementary or secondary school or in an adult basic education or high school completion program.

(2) Except as provided in the revised school code, a district or intermediate district employing teachers or counselors not legally certificated shall have deducted the sum equal to the amount paid the teachers or counselors for the period of noncertificated or illegal employment. Each intermediate superintendent shall notify the department of the name of the noncertificated teacher or counselor, and the district employing that individual and the amount of salary the noncertificated teacher or counselor was paid within a constituent district.

(3) If a school official is notified by the department that he or she is employing a nonapproved noncertificated teacher or counselor in violation of this section and knowingly continues to employ that teacher or counselor, the school official is guilty of a misdemeanor, punishable by a fine of \$1,500.00 for each incidence.

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388.1763a Enrollment of homeless child; definition.

Sec. 163a.

(1) A district shall allow a homeless child who is residing in the district to enroll in the district in accordance with state law and with subtitle B of title VII of the Stewart B. McKinney homeless assistance act, Public Law 100-77, 42 U.S.C. 11431 to 11435.

(2) As used in this section, "homeless child" means a school-age child who is homeless, as defined in section 103 of title I of Public Law 100-77, 42 U.S.C. 11302, or who is the child of a homeless individual, as defined in 42 U.S.C. 11302.

388.1764 Forfeiture of amount equal to expenditure for cars or chauffeurs.

Sec. 164.

A district or intermediate district shall forfeit an amount to which the district or intermediate district otherwise would be entitled under this act equal to the district's or intermediate district's expenditures in the immediately preceding school fiscal year for purchasing, leasing, or renting cars for board members for use within district or intermediate district boundaries, and for chauffeurs for board members or administrators.

388.1764a Receipt by school administrator of monetary payment in lieu of unused vacation or personal leave.

Sec. 164a.

A district or intermediate district shall not allow a school administrator to receive a monetary payment in lieu of unused vacation or personal leave for the purpose of increasing the school administrator's retirement benefits. If a district or intermediate district violates this section in a fiscal year, the district or intermediate district forfeits from its funds due under this act for

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1 that fiscal year an amount equal to the salary of the district's or intermediate district's
2 superintendent for that fiscal year.

3 **388.1764b Payment or reimbursement of board member expenses.**
4 Sec. 164b.

5 (1) The board of a district or intermediate district shall not pay an expense incurred by a
6 member of the board unless the payment is in compliance with section 1254 of the revised
7 school code, being section 380.1254 of the Michigan Compiled Laws.

8 (2) In addition to the requirements of section 1254 of the revised school code, the board of a
9 district or intermediate district shall not approve reimbursement of an expense incurred by a
10 board member unless 1 or both of the following conditions is met:

11 (a) The board, by a majority vote of its members at an open meeting, approved
12 reimbursement of the specific expense before the expense was incurred.

13 (b) The expense is consistent with a policy adopted by the board, by a majority vote of its
14 members at a regular board meeting, establishing specific categories of reimbursable
15 expenses and the board, by a majority vote of its members at an open meeting, approved the
16 reimbursement before it is actually paid.

17 (3) Records of all payments under this section shall be open to the public.

18 (4) A violation of this section is punishable under section 161.

19 **388.1764c Purchase of foreign goods or services; preference.**
20 Sec. 164c.

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1 A district or intermediate district shall not use funds appropriated under this act to purchase
2 foreign goods or services, or both, if American goods or services, or both, are available and
3 are competitively priced and of comparable quality. Preference shall be given to goods or
4 services, or both, manufactured or provided by Michigan businesses if they are competitively
5 priced and of comparable quality. In addition, preference should be given to goods or
6 services, or both, that are manufactured or provided by Michigan businesses owned and
7 operated by veterans, if they are competitively priced and of comparable quality.

8 **388.1764d Adoption, implementation, or issuance of certain policies, practices, or**
9 **statements; prohibition.**
10 Sec. 164d.

11 A district or intermediate district shall not expend funds received under this act to adopt or
12 implement a policy or practice, or to make or issue any public statement or directive, that has
13 the effect of any of the following:

14 (a) Denies to a student of a particular state university access to the district or intermediate
15 district for student teaching purposes solely because the student is enrolled in that state
16 university.

17 (b) Prevents the hiring of a graduate of a particular state university solely because the
18 individual graduated from that state university.

19 (c) Discourages or prohibits a counselor employed by the district or intermediate district
20 from recommending a particular state university to a pupil of the district or intermediate
21 district for reasons other than the suitability of the state university's educational offerings for
22 the particular pupil.

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1 388.1764e Student teaching; employment discrimination prohibited.

2 Sec. 164e.

3 If a district or an employee of a district discriminates against a person engaging in or seeking
4 to engage in student teaching in the district because the state university in which the person is
5 enrolled serves as the authorizing body for 1 or more public school academies, the district
6 forfeits an amount equal to 10% of the funds due to the district under this act.

7 388.1765 Reimbursement by entity in contractual shared time agreement.

8 Sec. 165.

9 If an individual or private entity receives payment or consideration from a district or
10 intermediate district as a result of involvement in a contractual shared time agreement and if
11 memberships attributable to that agreement are subsequently disallowed by the department,
12 the individual or entity shall reimburse to the district or intermediate district the full amount
13 of the payment or consideration received. The attorney general may take any action
14 necessary to enforce the reimbursement required under this section.

15 388.1766 Dispensing or distributing family planning or drug or device, dispensing
16 prescriptions for family planning drug, or making referrals for abortion; forfeiture.

17 Sec. 166.

18 A district in which a school official, member of a board, or other person dispenses or
19 otherwise distributes a family planning drug or device in a public school in violation of
20 section 1507 of the revised school code, being section 380.1507 of the Michigan Compiled
21 Laws, dispenses prescriptions for any family planning drug, or makes referrals for abortions
22 shall forfeit 5% of its total state aid appropriation.

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388.1766a Instruction in reproductive health or other sex education; complaint process.
Sec. 166a.

(1) In order to avoid forfeiture of state aid under subsection (2), the board of a district or intermediate district providing reproductive health or other sex education instruction under section 1169, 1506, or 1507 of the revised school code, MCL 380.1169, 380.1506, and 380.1507, or under any other provision of law, shall ensure that all of the following are met:

(a) That the district or intermediate district does not provide any of the instruction to a pupil who is less than 18 years of age unless the district or intermediate district notifies the pupil's parent or legal guardian in advance of the instruction and the content of the instruction, gives the pupil's parent or legal guardian a prior opportunity to review the materials to be used in the instruction, allows the pupil's parent or legal guardian to observe the instruction, and notifies the pupil's parent or legal guardian in advance of his or her rights to observe the instruction and to have the pupil excused from the instruction.

(b) That, upon the written request of a pupil's parent or legal guardian or of a pupil if the pupil is at least age 18, the pupil shall be excused, without penalty or loss of academic credit, from attending class sessions in which the instruction is provided.

(c) That the sex education instruction includes age-appropriate information clearly informing pupils at 1 or more age-appropriate grade levels that having sex or sexual contact with an individual under the age of 16 is a crime punishable by imprisonment, and that 1 of the other results of being convicted of this crime is to be listed on the sex offender registry on the internet for up to 25 years.

(2) If a parent or legal guardian of a pupil enrolled in a district or intermediate district believes that the district or intermediate district has violated this section or section 1169,

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1 1506, or 1507 of the revised school code, MCL 380.1169, 380.1506, and 380.1507, he or she
2 may file a complaint with the superintendent or chief administrator of the district or
3 intermediate district in which the pupil is enrolled. Upon receipt of the complaint, the
4 superintendent or chief administrator of the district or intermediate district shall investigate
5 the complaint and, within 30 days after the date of the complaint, provide a written report of
6 his or her findings to the parent or legal guardian who filed the complaint and to the
7 superintendent of public instruction. If the investigation reveals that 1 or more violations
8 have occurred, the written report shall contain a description of each violation and of
9 corrective action the district or intermediate district will take to correct the situation to ensure
10 that there is no further violation. The district or intermediate district shall take the corrective
11 action described in the written report within 30 days after the date of the written report.

12 (3) If a parent who has filed a complaint with a district under subsection (2) believes that the
13 district is still not in compliance with law based on the findings made by the superintendent
14 or chief administrator of the district, the parent may appeal the findings to the intermediate
15 district in which the district is located. If there is an appeal to an intermediate district under
16 this subsection, the intermediate superintendent of the intermediate district shall investigate
17 the complaint and, within 30 days after the date of the appeal, provide a written report of his
18 or her findings to the parent or legal guardian who filed the appeal and to the superintendent
19 of public instruction. If the investigation by the intermediate superintendent reveals that 1 or
20 more violations have occurred, the intermediate superintendent in consultation with the local
21 district shall develop a plan for corrective action for the district to take to correct the situation
22 to ensure that there is no further violation, and shall include this plan for corrective action

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1 with the written report provided to the parent or legal guardian and the superintendent of
2 public instruction. The district shall take the corrective action described in the plan within 30
3 days after the date of the written report.

4 (4) If a parent who has filed a complaint with an intermediate district under subsection (2) or
5 a parent who has filed an appeal with an intermediate district under subsection (3) believes
6 that the district or intermediate district is still not in compliance with law based on the
7 findings made by the intermediate superintendent of the intermediate district, the parent may
8 appeal the findings to the department. If there is an appeal to the department under this
9 subsection, the department shall investigate the complaint and, within 90 days after the date
10 of the appeal, provide a written report of its findings to the parent or legal guardian who filed
11 the appeal, to the superintendent of public instruction, and to the district and intermediate
12 district. If the department finds 1 or more violations as a result of its investigation, then all of
13 the following apply:

14 (a) The department shall develop a plan for corrective action for the district or intermediate
15 district to take to correct the situation to ensure that there is no further violation, and shall
16 include this plan for corrective action with the written report provided to the parent or legal
17 guardian, the superintendent of public instruction, and the district or intermediate district.

18 The district or intermediate district shall take the corrective action described in the plan
19 within 30 days after the date of the written report.

20 (b) In addition to withholding the percentage of state school aid forfeited by the district or
21 intermediate district under subsection (5), the department may assess a fee to the district or
22 intermediate district that committed the violation in an amount not to exceed the actual cost

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1 to the department of conducting the investigation and making the reports required under this
2 subsection.

3 (5) If an investigation conducted by the department under subsection (4) reveals that a district
4 or intermediate district has committed 1 or more violations of this section or section 1169,
5 1506, or 1507 of the revised school code, MCL 380.1169, 380.1506, and 380.1507, the
6 district or intermediate district shall forfeit an amount equal to 1% of its total state school aid
7 allocation under this act.

8 (6) The department, with the approval of the superintendent of public instruction, shall
9 establish a reasonable process for a complainant to appeal to the department under subsection

10 (4). The process shall not place an undue burden on the complainant, the district or
11 intermediate district, or the department.

12 ~~(7) The department shall track the number of complaints and appeals it receives under this~~
13 ~~section for the 2004-2005 school year and, not later than the end of that school year, shall~~
14 ~~submit a report to the standing committees and appropriations subcommittees of the~~
15 ~~legislature having jurisdiction over education legislation and state school aid that details the~~
16 ~~number and nature of those complaints and appeals and the cost to the department of~~
17 ~~handling them.~~⁸²

18 **388.1766b Minor enrolled in nonpublic school or home school; dual enrollment; state**
19 **school aid; requirements; "eligible other district" defined; minor as part-time pupil;**
20 **reply by district.**
21 **Sec. 166b.**

⁸² This subsection is specific to the 2004-05 school year.

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(1) This act does not prohibit a parent or legal guardian of a minor who is enrolled in any of grades 1 to 12 in a nonpublic school or who is being home-schooled from also enrolling the minor in a district, public school academy, or intermediate district in any curricular offering that is provided by the district, public school academy, or intermediate district at a public school site and is available to pupils in the minor's grade level or age group, subject to compliance with the same requirements that apply to a full-time pupil's participation in the offering. However, state school aid shall be provided under this act for a minor enrolled as described in this subsection only for curricular offerings that are offered to full-time pupils in the minor's grade level or age group during regularly scheduled school hours.

(2) This act does not prohibit a parent or legal guardian of a minor who is enrolled in any of grades 1 to 12 in a nonpublic school or ~~who resides within the district and~~ is being home-schooled from also enrolling the minor in ~~the~~ A district in a curricular offering being provided by the district at the nonpublic school site. However, state school aid shall be provided under this act for a minor enrolled as described in this subsection only if all of the following apply:

(a) Either of the following:

(i) The nonpublic school site is located, or the nonpublic students are educated, within the geographic boundaries of the district.

(ii) If the nonpublic school has submitted a written request to the district in which the nonpublic school is located for the district to provide certain instruction under this subsection for a school year and the district does not agree to provide some or all of that instruction by May 1 immediately preceding that school year or, if the request is submitted after March 1

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1 immediately preceding that school year, within 60 days after the nonpublic school submits
2 the request, the instruction is instead provided by an eligible other district. This subparagraph
3 does not require a nonpublic school to submit more than 1 request to the district in which the
4 nonpublic school is located for that district to provide instruction under this subsection, and
5 does not require a nonpublic school to submit an additional request to the district in which
6 the nonpublic school is located for that district to provide additional instruction under this
7 subsection beyond the instruction requested in the original request, before having the
8 instruction provided by an eligible other district. A public school academy that is located in
9 the district in which the nonpublic school is located or in an other eligible district also may
10 provide instruction under this subparagraph under the same conditions as an eligible other
11 district. As used in this subparagraph, "eligible other district" means a district that is located
12 in the same intermediate district as the district in which the nonpublic school is located or is
13 located in an intermediate district that is contiguous to that intermediate district.

14 (b) The nonpublic school is registered with the department as a nonpublic school and meets
15 all state reporting requirements for nonpublic schools.

16 (c) **EXCEPT FOR ONLINE COURSES**, The instruction is scheduled to occur during the
17 regular school day.

18 (d) The instruction is provided directly by **AN INSTRUCTOR OR** a certified teacher at the
19 district or public school academy or at an intermediate district.

20 (e) The curricular offering is also available to full-time pupils in the minor's grade level or
21 age group in the district or public school academy during the regular school day at a public
22 school site.

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(f) The curricular offering is restricted to nonessential elective courses for pupils in grades 1 to 12.

(3) A minor enrolled as described in this section is a part-time pupil for purposes of state school aid under this act.

(4) A district that receives a written request to provide instruction under subsection (2) shall reply to the request in writing by May 1 immediately preceding the applicable school year or, if the request is made after March 1 immediately preceding that school year, within 60 days after the nonpublic school submits the request. The written reply shall specify whether the district agrees to provide or does not agree to provide the instruction for each portion of instruction included in the request.

388.1766d Cyber school; salary or compensation information; nondisclosure agreement prohibited.
Sec. 166d.

(1) A school of excellence that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551, or an educational management organization with which the cyber school has a contract, shall not require an employee, a former employee, or an individual doing work for the cyber school as an independent contractor or as an employee of the educational management organization or another third party to sign an agreement that he or she will not disclose salary or other compensation information.

(2) A school of excellence that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551, that violates subsection (1) or that is party to a contract with an

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1 educational management organization that violates subsection (1) shall forfeit from its state
2 aid under this act an amount equal to 2% of its total state aid.

3 **388.1766e Construction of new building, or addition to or repair or renovation of**
4 **existing building; use of competitive bid process.**
5 Sec. 166e.

6 Before entering into a contract in an amount in excess of \$15,000.00 for any materials,
7 supplies, or equipment or a contract in an amount in excess of \$15,000.00 for construction of
8 a new building, or addition to or repair or renovation of an existing building, the board of a
9 district of the first class, or any other purchasing authority within a district of the first class,
10 shall obtain sealed competitive bids, and the district shall award such a contract using this
11 competitive bid process. This section does not prohibit a district from making a public
12 request for proposals before requesting bids and does not prohibit a district from awarding a
13 contract based on a combination of price, quality, and service factors. A school official or
14 member of a school board or other person who neglects or refuses to do or perform an act
15 required by this section, or who violates or knowingly permits or consents to a violation of
16 this section, is guilty of a misdemeanor punishable by a fine of not more than \$500.00, or
17 imprisonment for not more than 3 months, or both.

18 **388.1767 Plan for compliance with MCL 333.9209 and 380.1177; report of**
19 **immunization status; districts subject to subsection (4); failure to comply with section;**
20 **pupil relocated in state due to natural disaster.**
21 Sec. 167.

22 (1) The department in cooperation with the department of community health shall develop
23 plans to assist districts and intermediate districts and local county health departments to

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1 comply with section 1177 of the revised school code, MCL 380.1177, and section 9209 of
2 the public health code, 1978 PA 368, MCL 333.9209, for each school year.

3 (2) Each district or intermediate district shall report to the local health department in which it
4 is located by November 1 of each fiscal year, in a manner prescribed by the department of
5 community health, the immunization status of each pupil in grades K through 12 who
6 enrolled in the district or intermediate district for the first time or, beginning in 2002-2003,
7 who enrolled in grade 6 in the district or intermediate district for the first time, between
8 January 1 and September 30 of the immediately preceding fiscal year. Not later than
9 December 31 of each fiscal year, the department of community health shall notify the
10 department by district or intermediate district of the percentage of entering pupils and,
11 beginning in 2002-2003, of pupils who enrolled in grade 6 for the first time who do not have
12 a completed, waived, or provisional immunization record in accordance with section 1177 of
13 the revised school code, MCL 380.1177. If a district or intermediate district does not have a
14 completed, waived, or provisional immunization record in accordance with section 1177 of
15 the revised school code, MCL 380.1177, for at least 90% of the district's or intermediate
16 district's entering pupils, as recorded in the November 1 reports required under this
17 subsection, the district or intermediate district is subject to subsection (4) until the district or
18 intermediate district has such an immunization record for at least 90% of its pupils who
19 enrolled in the district or intermediate district for the first time.

20 (3) Each district or intermediate district shall again report to the local health department in
21 which it is located by February 1 of each fiscal year, in a manner prescribed by the
22 department of community health, the immunization status of each pupil in grades K through

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12 who enrolled in the district or intermediate district for the first time or, beginning in 2002-2003, who enrolled in grade 6 in the district or intermediate district for the first time, between January 1 of the immediately preceding fiscal year and December 31 of the current fiscal year. Not later than March 31 of each fiscal year, the department of community health shall notify the department by district or intermediate district of the percentage of entering pupils and, beginning in 2002-2003, of pupils who enrolled in grade 6 for the first time who do not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177. If a district or intermediate district does not have a completed, waived, or provisional immunization record in accordance with section 1177 of the revised school code, MCL 380.1177, for at least 95% of the district's or intermediate district's entering pupils, as recorded in the February 1 reports required under this subsection, the district or intermediate district is subject to subsection (4) until the district or intermediate district has such an immunization record for at least 95% of its pupils who enrolled in the district or intermediate district for the first time. If the department of community health is not able to report to the department by March 31 because a district or intermediate district fails to submit a report as required in this subsection, or submits an incomplete, inaccurate, or late report, the district or intermediate district is subject to subsection (4) until the report is submitted in a complete and accurate form.

(4) If a district or intermediate district does not comply with this section, the department shall withhold 5% of the total funds due to the district or intermediate district under this act after the date the department of community health reports a district's or intermediate district's noncompliance with this section to the department until the district or intermediate district

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1 complies with this section. If the district or intermediate district does not comply with this
2 section by the end of the fiscal year, the district or intermediate district forfeits the total
3 amount withheld.

4 **388.1768 Access to records; audit.**
5 Sec. 168.

6 In order to receive funds under this act, a district, intermediate district, grant recipient,
7 contractor, or other entity that directly or indirectly receives funds under this act shall allow
8 access for the department or the department's designee, **OR THE AUDITOR GENERAL** to
9 audit all records related to a program for which it receives such funds. The district,
10 intermediate district, grant recipient, contractor, or other entity shall reimburse the state for
11 all disallowances found in the audit.

12 **388.1768a Removing or contracting to remove asbestos.**
13 Sec. 168a.

14 In order to receive funds under this act, a district or intermediate district shall not remove
15 asbestos, or contract for the removal of asbestos, from an educational facility unless the
16 removal is required under Act No. 51 of the Public Acts of 1993, being sections 388.861 to
17 388.864 of the Michigan Compiled Laws.

18 **388.1769 State aid to public school academies.**
19 Sec. 169.

20 In order for a public school academy to receive state aid under this act, the public school
21 academy shall demonstrate to the satisfaction of the department that the public school

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1 academy has made a good faith effort to advertise, throughout the entire area of the
2 intermediate district in which the public school academy is located, that the academy is
3 enrolling students and the procedures for applying for enrollment. The department shall not
4 make any payments to a public school academy until the public school academy supplies
5 evidence satisfactory to the department demonstrating compliance with this section. If a
6 public school academy is a successor to a nonpublic school and more than 75% of the pupils
7 enrolled in the public school academy during its first school year of operation were
8 previously enrolled in that nonpublic school, there is a rebuttable presumption that the public
9 school academy did not make the good faith effort required under this section.

10 **388.1769a Michigan schools for the deaf and blind; information about residential**
11 **programs; interference with right or ability prohibited; educational placement options.**
12 Sec. 169a.

13 (1) A board member, official, or employee of a district or intermediate district shall not
14 interfere with the right or ability of the Michigan schools for the deaf and blind to provide
15 information about the residential program among parents and guardians of pupils or residents
16 of the district or intermediate district.

17 (2) Upon determining that a pupil is deaf or hard of hearing, a district or intermediate district
18 shall provide to the pupil's parent or legal guardian information, provided by the Michigan
19 coalition for deaf and hard of hearing persons, on educational placement options for deaf and
20 hard of hearing children.

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(3) Upon determining that a pupil is blind, a district or intermediate district shall provide to the pupil's parent or legal guardian information, provided by the Michigan federation for the blind, on educational placement options for blind children.

388.1769b Contract in which board member has conflict of interest; abstention from voting.
Sec. 169b.

A board member of a district, intermediate district, public school academy, or public school academy corporation shall abstain from voting on any contract in which the board member has a conflict of interest.

388.1771 Repeal of MCL 388.1401 to 388.1572; certain references considered references to former act.
Sec. 171.

(1) Act No. 90 of the Public Acts of 1977, as amended, being sections 388.1401 to 388.1572 of the Compiled Laws of 1970, is repealed.

(2) A reference to a section or subsection of this act applicable to a fiscal year ending before October 1, 1979, shall be considered a reference to the section, subsection, or provision of former Act No. 90 of the Public Acts of 1977 or former Act No. 258 of the Public Acts of 1972, governing the same subject matter, as determined by the department.

388.1772 Effective date.
Sec. 172.

This act shall take effect October 1, 1979.

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