

**SUBSTITUTE FOR
HOUSE BILL NO. 4295**

(as amended March 5, 2014)

[A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 11m, 20g, 21f, 22a, 22b, 22g, 51a, 51c,
99h, 101, and 147c (MCL 388.1611, 388.1611m, 388.1620g, 388.1621f,
388.1622a, 388.1622b, 388.1622g, 388.1651a, 388.1651c, 388.1699h,
388.1701, and 388.1747c), sections 11 and 22a as amended and
section 20g as added by 2013 PA 97, sections 11m, 22b, 22g, 51a,
51c, 101, and 147c as amended and section 99h as added by 2013 PA
60, and section 21f as amended by 2013 PA 130, and by adding
sections 31b, 31g, 32r, 64d, and 94.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30, 2013,~~

House Bill No. 4295 (H-2) as amended March 5, 2014

~~there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$10,928,614,200.00 from the state school aid fund and the sum of \$282,400,000.00 from the general fund. For the fiscal year ending September 30, 2014, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$11,211,382,300.00~~ **[\$11,108,432,300.00]** ~~from the state school aid fund, the sum of \$156,000,000.00 from the MPSERS retirement obligation reform reserve fund created under section 147b, and the sum of \$234,900,000.00~~ **[\$239,700,100.00]** ~~from the general fund. In addition, all other available federal funds - except those otherwise appropriated under section 11p, are appropriated for the fiscal year ending September 30, 2013 and for the fiscal year ending September 30, 2014.~~

(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.

Sec. 11m. From the appropriations in section 11, there is allocated for 2013-2014 an amount not to exceed ~~\$4,000,000.00~~ **\$2,500,000.00** 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.

1 Sec. 20g. (1) From the ~~general fund~~ money appropriated under
2 section 11, ~~there is allocated an~~ **THE FOLLOWING AMOUNTS ARE**
3 **ALLOCATED FOR 2013-2014:**

4 **(A) FROM THE GENERAL FUND MONEY, AN** amount not to exceed
5 \$2,200,000.00 for 2013-2014 for grants to eligible districts for
6 transition costs related to the enrollment of pupils who were
7 previously enrolled in a district that was dissolved under section
8 12 of the revised school code, MCL 380.12, **ALLOCATED AS PROVIDED**
9 **UNDER SUBSECTION (3).** It is the intent of the legislature to
10 continue this transition funding for a total of 4 fiscal years
11 following the dissolution of a district.

12 **(B) FROM THE STATE SCHOOL AID FUND MONEY, AN AMOUNT NOT TO**
13 **EXCEED \$5,000,000.00 FOR REIMBURSEMENTS TO ELIGIBLE DISTRICTS FOR**
14 **COSTS INCURRED BY THE ELIGIBLE DISTRICT ASSOCIATED WITH THE**
15 **TRANSFER OF PROPERTY FROM A DISSOLVED SCHOOL DISTRICT TO THE**
16 **ELIGIBLE DISTRICT, ALLOCATED AS PROVIDED UNDER SUBSECTION (4).**

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

20 (3) The amount allocated to each eligible district under ~~this~~
21 ~~section~~ **SUBSECTION (1) (A)** is an amount equal to the product of the
22 number of membership pupils enrolled in the eligible district who
23 were previously enrolled in the dissolved district in the school
24 year immediately preceding the dissolution, or who reside in the
25 geographic area of the dissolved district and are entering
26 kindergarten, times 10.0% of the lesser of the foundation allowance
27 of the eligible district as calculated under section 20 or the

1 basic foundation allowance under section 20(1).

2 (4) TO ALLOCATE FUNDS UNDER SUBSECTION (1)(B), THE DEPARTMENT
3 SHALL DEVELOP A REIMBURSEMENT APPLICATION PROCESS AND A
4 REIMBURSEMENT DISTRIBUTION PROCESS. REIMBURSABLE COSTS SHALL
5 INCLUDE, BUT ARE NOT LIMITED TO, THE COSTS OF MAINTENANCE,
6 UTILITIES, SECURITY, OR INSURANCE ASSOCIATED WITH, OR THE
7 DEMOLITION OF, BUILDINGS TRANSFERRED FROM A DISSOLVED SCHOOL
8 DISTRICT TO THE ELIGIBLE DISTRICT. HOWEVER, THE REIMBURSEMENT MADE
9 TO ELIGIBLE DISTRICTS FOR ALL OF THE PROPERTY TRANSFERRED FROM A
10 SINGLE DISSOLVED SCHOOL DISTRICT SHALL NOT EXCEED THE TOTAL
11 CUMULATIVE SUM OF \$2,500,000.00 FOR ALL OF THE ELIGIBLE DISTRICTS
12 TO WHICH PROPERTY WAS TRANSFERRED FROM THAT DISSOLVED SCHOOL
13 DISTRICT.

14 (5) THE FUNDS ALLOCATED UNDER SUBSECTION (1)(B) ARE CONSIDERED
15 WORK PROJECT APPROPRIATIONS AND ANY UNEXPENDED FUNDS FOR 2013-2014
16 ARE CARRIED FORWARD INTO 2014-2015. THE PURPOSE OF THE WORK PROJECT
17 IS AS DESCRIBED IN SUBSECTION (1)(B). THE TOTAL ESTIMATED COST OF
18 THE WORK PROJECT IS \$5,000,000.00. THE TENTATIVE ESTIMATED
19 COMPLETION DATE FOR THE WORK PROJECT IS SEPTEMBER 30, 2015.

20 (6) AS USED IN THIS SECTION, "DISSOLVED SCHOOL DISTRICT" MEANS
21 A SCHOOL DISTRICT THAT HAS BEEN DECLARED DISSOLVED UNDER SECTION 12
22 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.12.

23 Sec. 21f. (1) A pupil enrolled in a district in any of grades
24 5 to 12 is eligible to enroll in an online course as provided for
25 in this section. However, this section does not apply to a pupil
26 enrolled in a school of excellence that is a cyber school, as
27 defined in section 551 of the revised school code, MCL 380.551.

1 (2) With the consent of the pupil's parent or legal guardian,
2 a district shall enroll an eligible pupil in up to 2 online courses
3 as requested by the pupil during an academic term, semester, or
4 trimester. It is the intent of the legislature to consider
5 increasing the limit on the number of online courses that a pupil
6 may enroll in beginning in 2014-2015 for pupils who have
7 demonstrated previous success with online courses. Consent of the
8 pupil's parent or legal guardian is not required if the pupil is at
9 least age 18 or is an emancipated minor.

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

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

27 (5) A district may deny a pupil enrollment in an online course

1 if any of the following apply, as determined by the district:

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

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

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

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

11 (e) The online course is of insufficient quality or rigor. A
12 district that denies a pupil enrollment for this reason shall make
13 a reasonable effort to assist the pupil to find an alternative
14 course in the same or a similar subject that is of acceptable rigor
15 and quality.

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

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

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

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

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

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

4 (10) If a pupil successfully completes an online course, as
5 determined by the district, the pupil's district shall grant
6 appropriate academic credit for completion of the course and shall
7 count that credit toward completion of graduation and subject area
8 requirements. A pupil's school record and transcript shall identify
9 the online course title as it appears in the online course
10 syllabus.

11 (11) The enrollment of a pupil in 1 or more online courses
12 shall not result in a pupil being counted as more than 1.0 full-
13 time equivalent pupils under this act.

14 (12) As used in this section:

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

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

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

27 (ii) The online course content outline.

(iii) The online course required assessments.

(iv) The online course prerequisites.

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

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

(vii) The online course learning outcomes and objectives.

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

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

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

(xi) The number of eligible nonresident pupils that will be accepted by the district **OR INTERMEDIATE DISTRICT** in the online course.

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

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

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed ~~\$5,630,000,000.00 for 2012-2013~~ and there is allocated an amount not to exceed ~~\$5,536,700,000.00~~ **\$5,526,000,000.00** for 2013-2014 for payments to districts and qualifying public school academies to guarantee each district and

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

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

19 (a) Except as otherwise provided in this subsection, the state
20 portion of a district's 1994-95 foundation allowance is an amount
21 equal to the district's 1994-95 foundation allowance or \$6,500.00,
22 whichever is less, minus the difference between the sum of the
23 product of the taxable value per membership pupil of all property
24 in the district that is nonexempt property times the district's
25 certified mills and, for a district with certified mills exceeding
26 12, the product of the taxable value per membership pupil of
27 property in the district that is commercial personal property times

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

22 (b) For a district that had a 1994-95 foundation allowance
23 greater than \$6,500.00, the state payment under this subsection
24 shall be the sum of the amount calculated under subdivision (a)
25 plus the amount calculated under this subdivision. The amount
26 calculated under this subdivision shall be equal to the difference
27 between the district's 1994-95 foundation allowance minus \$6,500.00

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

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

25 (4) A district or qualifying public school academy may use
26 funds allocated under this section in conjunction with any federal
27 funds for which the district or qualifying public school academy

1 otherwise would be eligible.

2 (5) Except as otherwise provided in this subsection, for a
3 district that is formed or reconfigured after June 1, 2000 by
4 consolidation of 2 or more districts or by annexation, the
5 resulting district's 1994-95 foundation allowance under this
6 section beginning after the effective date of the consolidation or
7 annexation shall be the average of the 1994-95 foundation
8 allowances of each of the original or affected districts,
9 calculated as provided in this section, weighted as to the
10 percentage of pupils in total membership in the resulting district
11 in the state fiscal year in which the consolidation takes place who
12 reside in the geographic area of each of the original districts. If
13 an affected district's 1994-95 foundation allowance is less than
14 the 1994-95 basic foundation allowance, the amount of that
15 district's 1994-95 foundation allowance shall be considered for the
16 purpose of calculations under this subsection to be equal to the
17 amount of the 1994-95 basic foundation allowance. This subsection
18 does not apply to a receiving district unless there is a subsequent
19 consolidation or annexation that affects the district.

20 (6) As used in this section:

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

25 (b) "Certified mills" means the lesser of 18 mills or the
26 number of mills of school operating taxes levied by the district in
27 1993-94.

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

3 (d) "Current year hold harmless school operating taxes per
4 pupil" means the per pupil revenue generated by multiplying a
5 district's 1994-95 hold harmless millage by the district's current
6 year taxable value per membership pupil. For a receiving district,
7 if school operating taxes are to be levied on behalf of a dissolved
8 district that has been attached in whole or in part to the
9 receiving district to satisfy debt obligations of the dissolved
10 district under section 12 of the revised school code, MCL 380.12,
11 taxable value per membership pupil does not include the taxable
12 value of property within the geographic area of the dissolved
13 district.

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

18 (f) "Hold harmless millage" means, for a district with a 1994-
19 95 foundation allowance greater than \$6,500.00, the number of mills
20 by which the exemption from the levy of school operating taxes on a
21 homestead, qualified agricultural property, qualified forest
22 property, supportive housing property, industrial personal
23 property, and commercial personal property could be reduced as
24 provided in section 1211 of the revised school code, MCL 380.1211,
25 and the number of mills of school operating taxes that could be
26 levied on all property as provided in section 1211(2) of the
27 revised school code, MCL 380.1211, as certified by the department

1 of treasury for the 1994 tax year. For a receiving district, if
2 school operating taxes are to be levied on behalf of a dissolved
3 district that has been attached in whole or in part to the
4 receiving district to satisfy debt obligations of the dissolved
5 district under section 12 of the revised school code, MCL 380.12,
6 school operating taxes do not include school operating taxes levied
7 within the geographic area of the dissolved district.

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

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

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

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

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

26 (l) "School operating taxes" means local ad valorem property
27 taxes levied under section 1211 of the revised school code, MCL

1 380.1211, and retained for school operating purposes as defined in
2 section 20.

3 (m) "Tax increment financing acts" means 1975 PA 197, MCL
4 125.1651 to 125.1681, the tax increment finance authority act, 1980
5 PA 450, MCL 125.1801 to 125.1830, the local development financing
6 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
7 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
8 or the corridor improvement authority act, 2005 PA 280, MCL
9 125.2871 to 125.2899.

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

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

1 (ii) For the number of mills of school operating taxes that may
2 be levied on all property as provided in section 1211(2) of the
3 revised school code, MCL 380.1211, the taxable value of all
4 property for the calendar year ending in the current state fiscal
5 year. For a receiving district, if school operating taxes are to be
6 levied on behalf of a dissolved district that has been attached in
7 whole or in part to the receiving district to satisfy debt
8 obligations of the dissolved district under section 12 of the
9 revised school code, MCL 380.12, school operating taxes do not
10 include school operating taxes levied within the geographic area of
11 the dissolved district.

12 Sec. 22b. (1) From the appropriation in section 11, there is
13 allocated an amount not to exceed ~~\$3,215,000,000.00 for 2012-2013~~
14 ~~and there is allocated an amount not to exceed \$3,373,700,000.00~~
15 **\$3,335,000,000.00** for 2013-2014 for discretionary nonmandated
16 payments to districts under this section. Funds allocated under
17 this section that are not expended in the state fiscal year for
18 which they were allocated, as determined by the department, may be
19 used to supplement the allocations under sections 22a and 51c in
20 order to fully fund those calculated allocations for the same
21 fiscal year.

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

27 (3) In order to receive an allocation under subsection (1),

1 each district shall do all of the following:

2 (a) Comply with section 1280b of the revised school code, MCL
3 380.1280b.

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

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

9 (d) Comply with section 1230g of the revised school code, MCL
10 380.1230g.

11 (e) Comply with section 21f.

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

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

22 (6) From the allocation in subsection (1), the department
23 shall pay up to \$1,000,000.00 in litigation costs incurred by this
24 state associated with lawsuits filed by 1 or more districts or
25 intermediate districts against this state. If the allocation under
26 this section is insufficient to fully fund all payments required
27 under this section, the payments under this subsection shall be

1 made in full before any proration of remaining payments under this
2 section.

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

18 (8) If the local claims review board or a court of competent
19 jurisdiction makes a final determination that this state is in
20 violation of section 29 of article IX of the state constitution of
21 1963 regarding state payments to districts, the state budget
22 director shall use work project funds under subsection (7) or
23 allocate from the discretionary funds for nonmandated payments
24 under this section the amount as may be necessary to satisfy the
25 amount owed to districts before making any payments to districts
26 under subsection (2).

27 (9) If a claim is made in court that challenges the

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

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

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

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1 right to terminate future federal title XIX medicaid reimbursement
2 payments to districts if the amount or allocation of reimbursed
3 funds is challenged in the lawsuit. As used in this subsection,
4 "title XIX" means title XIX of the social security act, 42 USC 1396
5 to 1396v.

6 Sec. 22g. (1) From the funds appropriated in section 11, there
7 is allocated for 2013-2014 only an amount not to exceed
8 \$5,000,000.00 for competitive assistance grants to districts and
9 intermediate districts.

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

[SEC. 31B. (1) FROM THE APPROPRIATIONS IN SECTION 11, THERE IS
ALLOCATED AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR 2013-2014 FOR GRANTS
TO AT-RISK DISTRICTS FOR IMPLEMENTING A YEAR-ROUND INSTRUCTIONAL PROGRAM.

(2) THE DEPARTMENT SHALL SELECT DISTRICTS FOR GRANTS UNDER THIS
SECTION FROM AMONG APPLICANT DISTRICTS THAT MEET BOTH OF THE FOLLOWING:

(A) THE DISTRICT IS ELIGIBLE IN 2013-2014 FOR THE COMMUNITY
ELIGIBILITY OPTION FOR FREE AND REDUCED PRICE LUNCH UNDER 42 USC 1759A.

(B) THE BOARD OF THE DISTRICT HAS ADOPTED A RESOLUTION STATING THAT
THE DISTRICT WILL IMPLEMENT FOR THE FIRST TIME A YEAR-ROUND INSTRUCTIONAL
CALENDAR THAT WILL BEGIN IN 2014-2015 FOR AT LEAST 1 SCHOOL OPERATED BY
THE DISTRICT AND COMMITTING TO PROVIDING THE YEAR-ROUND INSTRUCTIONAL
CALENDAR IN EACH OF THOSE SCHOOLS FOR AT LEAST 3 SCHOOL YEARS.

(3) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL APPLY TO
THE DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE DEPARTMENT NOT
LATER THAN APRIL 1, 2014. THE DEPARTMENT SHALL SELECT DISTRICTS FOR
GRANTS AND MAKE NOTIFICATION NOT LATER THAN MAY 1, 2014.

(4) THE DEPARTMENT SHALL AWARD GRANTS UNDER THIS SECTION ON A
COMPETITIVE BASIS, BUT SHALL GIVE PRIORITY BASED SOLELY ON CONSIDERATION
OF THE FOLLOWING CRITERIA:

(A) GIVING PRIORITY TO DISTRICTS WITH LOWER GENERAL FUND BALANCES
AS A PERCENT OF REVENUES.

(B) GIVING PRIORITY TO DISTRICTS THAT OPERATE AT LEAST 1 SCHOOL
THAT HAS BEEN IDENTIFIED BY THE DEPARTMENT AS EITHER A PRIORITY SCHOOL OR

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A FOCUS SCHOOL.

(C) ENSURING THAT GRANT FUNDING INCLUDES BOTH RURAL AND URBAN DISTRICTS.

(5) THE AMOUNT OF A GRANT UNDER THIS SECTION TO ANY 1 DISTRICT SHALL NOT EXCEED \$750,000.00.

(6) A GRANT PAYMENT UNDER THIS SECTION TO A DISTRICT SHALL BE USED FOR NECESSARY MODIFICATIONS TO INSTRUCTIONAL FACILITIES, MODIFICATIONS TO CURRENT CONTRACTS, AND OTHER NONRECURRING COSTS OF PREPARING FOR THE OPERATION OF A YEAR-ROUND INSTRUCTIONAL PROGRAM AS APPROVED BY THE DEPARTMENT.

(7) A DISTRICT RECEIVING A GRANT UNDER THIS SECTION IS NOT REQUIRED TO PROVIDE MORE THAN THE MINIMUM NUMBER OF DAYS AND HOURS OF PUPIL INSTRUCTION PRESCRIBED UNDER SECTION 101, BUT SHALL SPREAD AT LEAST THOSE MINIMUM AMOUNTS OF PUPIL INSTRUCTION OVER THE ENTIRE YEAR IN EACH OF ITS SCHOOLS IN WHICH A YEAR-ROUND INSTRUCTIONAL CALENDAR IS IMPLEMENTED. THE DISTRICT SHALL COMMIT TO PROVIDING THE YEAR-ROUND INSTRUCTIONAL CALENDAR IN EACH OF THOSE SCHOOLS FOR AT LEAST 3 SCHOOL YEARS.

(8) FOR A DISTRICT RECEIVING A GRANT UNDER THIS SECTION, EXCESSIVE HEAT IS CONSIDERED TO BE A CONDITION NOT WITHIN THE CONTROL OF SCHOOL AUTHORITIES FOR THE PURPOSE OF DAYS OR HOURS BEING COUNTED AS DAYS OR HOURS OF PUPIL INSTRUCTION UNDER SECTION 101(4).

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

SEC. 31G. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION

11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2013-2014 THE AMOUNT OF
\$100.00 FOR A CONTRACT WITH A SINGLE PROVIDER TO PROVIDE AN ONLINE,
RESEARCH-BASED, SECURE, PERSONAL USER HEALTH AND NUTRITION EDUCATION
SOFTWARE PLATFORM IN A REPRESENTATIVE SAMPLE OF PILOT SCHOOLS IN THIS
STATE, TO INCLUDE SCHOOLS OPERATED BY DISTRICTS, PUBLIC SCHOOL ACADEMIES,
AND INTERMEDIATE DISTRICTS, FOR 3 SCHOOL YEARS. THE CONTRACT SHALL
INCLUDE PLATFORM AND CONTENT DEVELOPMENT AND EVALUATION. THE DEPARTMENT
SHALL OVERSEE A COMPETITIVE REQUEST FOR PROPOSALS PROCESS FOR THE
CONTRACT, AND THE REQUEST FOR PROPOSALS SHALL INCLUDE, BUT NOT BE LIMITED

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1 TO, ALL OF THE FOLLOWING REQUIREMENTS:

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

5 (B) A SUSTAINABLE, INTERACTIVE HEALTH AND NUTRITION EDUCATION
6 PLATFORM AND PERSONAL RESPONSIBILITY HEALTH BEHAVIOR RECORD THAT IS COST-
7 NEUTRAL TO ALL PARTICIPANTS, INCLUDING PUPILS, PARENTS, GUARDIANS, AND
8 SCHOOLS, AND THAT REQUIRES AN OPT-IN FROM THE PARENT OR LEGAL GUARDIAN OF
9 EACH PUPIL PARTICIPANT.

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

17 (D) A PROGRAM THAT PROVIDES FOR AGE- AND DEVELOPMENTALLY
18 APPROPRIATE SELF-MONITORING THROUGH THE RECORDING OF HEALTH HABITS,
19 INCLUDING, BUT NOT LIMITED TO, DIETARY INTAKE AND PHYSICAL ACTIVITY, THAT
20 IS CONSISTENT WITH CURRENT, ESTABLISHED STANDARDS FOR WELL-CHILD
21 PREVENTIVE HEALTH CARE, AND THAT PROVIDES A PERSONAL RESPONSIBILITY
22 HEALTH RECORD.

23 (E) A PROGRAM THAT PROMOTES A HEALTHY LIFESTYLE AND REINFORCES
24 POSITIVE HEALTH OUTCOMES WHILE ALIGNING WITH CURRENTLY ESTABLISHED SCHOOL
25 HEALTH CURRICULA, PHYSICAL EDUCATION AND PHYSICAL ACTIVITY CURRICULA,
26 FEDERAL SCHOOL MEAL PROGRAMS, SCHOOL-BASED HEALTH PROGRAMS, CURRENT
27 UNITED STATES DIETARY GUIDELINES FOR AMERICANS, AND ESTABLISHED STATE-

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1 FUNDED AND FEDERALLY FUNDED FOOD, NUTRITION, AND HEALTH PROMOTION

2 PROGRAMS. THE OVERALL GOAL OF THE PROGRAM SHALL BE IMPROVED DIETARY

3 INTAKE AND INCREASED PHYSICAL ACTIVITY.

4 (2) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT OVER

5 3 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION. ANY

6 UNEXPENDED FUNDS FOR 2013-2014 ARE CARRIED FORWARD INTO 2014-2015. THE

7 PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER SUBSECTION (1). THE

8 TOTAL ESTIMATED COST OF THESE PROJECTS IS \$100.00. THE TENTATIVE

9 ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30, 2017.

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

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

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

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

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

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

10 SEC. 32R. (1) IN ADDITION TO THE FUNDS APPROPRIATED UNDER
11 SECTION 11, FOR 2013-2014 ONLY, THERE IS APPROPRIATED THE AMOUNT OF
12 THE FEDERAL FUNDING AWARDED TO THIS STATE UNDER SECTIONS 14005,
13 14006, AND 14013 OF TITLE XIV OF THE AMERICAN RECOVERY AND
14 REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, FOR THE RACE TO THE TOP
15 - EARLY LEARNING CHALLENGE GRANT, ESTIMATED AT \$51,737,500.00.

16 (2) THE DEPARTMENT SHALL USE THE FUNDS APPROPRIATED UNDER THIS
17 SECTION SOLELY FOR THE PURPOSES OF INCREASING THE NUMBER OF LOW-
18 INCOME AND DISADVANTAGED INFANTS, TODDLERS, AND PRESCHOOLERS
19 ENROLLED IN HIGH-QUALITY EARLY LEARNING PROGRAMS AND SHALL SPEND
20 THE FUNDS IN ACCORDANCE WITH THE STATE'S APPLICATION FOR THE FUNDS,
21 AS APPROVED BY THE UNITED STATES DEPARTMENT OF EDUCATION IN
22 DECEMBER 2013. ACTIVITIES FUNDED UNDER THIS SECTION SHALL FOCUS ON
23 THE FOLLOWING OBJECTIVES:

24 (A) INCREASE ACCESS FOR CHILDREN WITH HIGH NEEDS TO HIGH-
25 QUALITY LEARNING PROGRAMS.

26 (B) INCREASE OPPORTUNITIES FOR LICENSED AND UNLICENSED
27 SUBSIDIZED HOME CARE PROVIDERS TO IMPROVE THE QUALITY OF THEIR

1 PROGRAMS.

2 (C) IMPROVE FAMILIES' ENGAGEMENT IN THEIR CHILDREN'S EARLY
3 LEARNING AND DEVELOPMENT.

4 (D) EXPAND ON EFFORTS TO IDENTIFY AND PROMOTE CHILDREN'S
5 PHYSICAL, SOCIAL, AND EMOTIONAL HEALTH.

6 (E) INCREASE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR EARLY
7 LEARNING CARE PROVIDERS.

8 (F) DEVELOP AN EARLY LEARNING DATA SYSTEM TO MONITOR AND
9 EVALUATE QUALITY STANDARDS OF INDIVIDUAL PROGRAMS.

10 (3) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT
11 OVER 4 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION.
12 ANY UNEXPENDED FUNDS FOR 2013-2014 ARE CARRIED FORWARD INTO 2014-
13 2015. THE PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER
14 SUBSECTION (2). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT
15 IS SEPTEMBER 30, 2018.

16 Sec. 51a. (1) From the appropriation in section 11, there is
17 allocated an amount not to exceed ~~\$952,569,100.00 for 2012-2013 and~~
18 ~~there is allocated an amount not to exceed \$980,446,100.00~~
19 \$919,846,100.00 for 2013-2014 from state sources and all available
20 federal funding under sections 611 to 619 of part B of the
21 individuals with disabilities education act, 20 USC 1411 to 1419,
22 ~~estimated at \$365,000,000.00 for 2012-2013, and estimated at~~
23 \$370,000,000.00 for 2013-2014, plus any carryover federal funds
24 from previous year appropriations. The allocations under this
25 subsection are for the purpose of reimbursing districts and
26 intermediate districts for special education programs, services,
27 and special education personnel as prescribed in article 3 of the

1 revised school code, MCL 380.1701 to 380.1766; net tuition payments
2 made by intermediate districts to the Michigan schools for the deaf
3 and blind; and special education programs and services for pupils
4 who are eligible for special education programs and services
5 according to statute or rule. For meeting the costs of special
6 education programs and services not reimbursed under this article,
7 a district or intermediate district may use money in general funds
8 or special education funds, not otherwise restricted, or
9 contributions from districts to intermediate districts, tuition
10 payments, gifts and contributions from individuals or other
11 entities, or federal funds that may be available for this purpose,
12 as determined by the intermediate district plan prepared pursuant
13 to article 3 of the revised school code, MCL 380.1701 to 380.1766.
14 All federal funds allocated under this section in excess of those
15 allocated under this section for 2002-2003 may be distributed in
16 accordance with the flexible funding provisions of the individuals
17 with disabilities education act, Public Law 108-446, including, but
18 not limited to, 34 CFR 300.206 and 300.208. Notwithstanding section
19 17b, payments of federal funds to districts, intermediate
20 districts, and other eligible entities under this section shall be
21 paid on a schedule determined by the department.

22 (2) From the funds allocated under subsection (1), there is
23 allocated the amount necessary, estimated at ~~\$251,000,000.00~~ for
24 ~~2012-2013, and estimated at \$257,800,000.00~~ **\$247,000,000.00** for
25 2013-2014, for payments toward reimbursing districts and
26 intermediate districts for 28.6138% of total approved costs of
27 special education, excluding costs reimbursed under section 53a,

1 and 70.4165% of total approved costs of special education
2 transportation. Allocations under this subsection shall be made as
3 follows:

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

24 (b) After the allocations under subdivision (a), districts and
25 intermediate districts for which the payments calculated under
26 subdivision (a) do not fulfill the specified percentages shall be
27 paid the amount necessary to achieve the specified percentages for

1 the district or intermediate district.

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

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

1 the department determines that the sum of the amounts allocated for
2 a fiscal year to a district or intermediate district under
3 subsection (2)(a) and (b) exceeds the sum of the amount necessary
4 to fulfill the specified percentages in subsection (2), then the
5 department shall deduct the amount of the excess from the
6 district's or intermediate district's payments under this article
7 for the fiscal year beginning on the October 1 following the
8 determination and payments under subsection (3) shall be adjusted
9 as necessary. However, if the amount allocated under subsection
10 (2)(a) in itself exceeds the amount necessary to fulfill the
11 specified percentages in subsection (2), there shall be no
12 deduction under this subsection.

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

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

1 used in this subsection, "net increase in necessary costs" means
2 the necessary additional costs incurred solely because of new or
3 revised requirements in the administrative rules minus cost savings
4 permitted in implementing the revised rules. Net increase in
5 necessary costs shall be determined in a manner specified by the
6 department.

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

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

1 juvenile detention programs approved by the department to provide
2 an on-grounds education program.

3 (b) Beginning with the 2004-2005 fiscal year, a district or
4 intermediate district that employed special education support
5 services staff to provide special education support services in
6 2003-2004 or in a subsequent fiscal year and that in a fiscal year
7 after 2003-2004 receives the same type of support services from
8 another district or intermediate district shall report the cost of
9 those support services for special education reimbursement purposes
10 under this article. This subdivision does not prohibit the transfer
11 of special education classroom teachers and special education
12 classroom aides if the pupils counted in membership associated with
13 those special education classroom teachers and special education
14 classroom aides are transferred and counted in membership in the
15 other district or intermediate district in conjunction with the
16 transfer of those teachers and aides.

17 (c) If the department determines before bookclosing for a
18 fiscal year that the amounts allocated for that fiscal year under
19 subsections (2), (3), (6), and (11) and sections 53a, 54, and 56
20 will exceed expenditures for that fiscal year under subsections
21 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a
22 district or intermediate district whose reimbursement for that
23 fiscal year would otherwise be affected by subdivision (b),
24 subdivision (b) does not apply to the calculation of the
25 reimbursement for that district or intermediate district and
26 reimbursement for that district or intermediate district shall be
27 calculated in the same manner as it was for 2003-2004. If the

1 amount of the excess allocations under subsections (2), (3), (6),
2 and (11) and sections 53a, 54, and 56 is not sufficient to fully
3 fund the calculation of reimbursement to those districts and
4 intermediate districts under this subdivision, then the
5 calculations and resulting reimbursement under this subdivision
6 shall be prorated on an equal percentage basis. This reimbursement
7 shall not be made after 2014-2015.

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

20 (e) Beginning with calculations for 2004-2005, if an
21 intermediate district purchases a special education pupil
22 transportation service from a constituent district that was
23 previously purchased from a private entity; if the purchase from
24 the constituent district is at a lower cost, adjusted for changes
25 in fuel costs; and if the cost shift from the intermediate district
26 to the constituent does not result in any net change in the revenue
27 the constituent district receives from payments under sections 22b

1 and 51c, then upon application by the intermediate district, the
2 department shall direct the intermediate district to continue to
3 report the cost associated with the specific identified special
4 education pupil transportation service and shall adjust the costs
5 reported by the constituent district to remove the cost associated
6 with that specific service.

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

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

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

24 (11) From the funds allocated in subsection (1), there is
25 allocated the amount necessary, estimated at ~~\$4,300,000.00~~ for
26 ~~2012-2013, and estimated at \$4,300,000.00~~ **\$3,500,000.00** for 2013-
27 2014, 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, 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

1 (2) or (11) or under section 51c will not be expended, funds up to
2 the amount necessary and available may be used to supplement the
3 allocations under subsection (2) or (11) or under section 51c in
4 order to fully fund those allocations. After payments under
5 subsections (2) and (11) and section 51c, the remaining
6 expenditures from the allocation in subsection (1) shall be made in
7 the following order:

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

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

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

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

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

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

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

1 with the district or intermediate district in which the pupil
 2 resides or the public school academy for the purpose of providing
 3 the pupil with a free appropriate public education and the written
 4 agreement includes at least an agreement on the responsibility for
 5 the payment of the added costs of special education programs and
 6 services for the pupil.

7 Sec. 51c. As required by the court in the consolidated cases
 8 known as Durant v State of Michigan, Michigan supreme court docket
 9 no. 104458-104492, from the allocation under section 51a(1), there
 10 is allocated ~~each fiscal year for 2012-2013 and for 2013-2014 the~~
 11 ~~amount necessary, estimated at \$642,000,000.00 for 2012-2013, and~~
 12 ~~estimated at \$662,200,000.00 for 2013-2014, \$613,200,000.00,~~ for
 13 payments to reimburse districts for 28.6138% of total approved
 14 costs of special education excluding costs reimbursed under section
 15 53a, and 70.4165% of total approved costs of special education
 16 transportation. Funds allocated under this section that are not
 17 expended in the state fiscal year for which they were allocated, as
 18 determined by the department, may be used to supplement the
 19 allocations under sections 22a and 22b in order to fully fund those
 20 calculated allocations for the same fiscal year.

21 **SEC. 64D. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN**
 22 **SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2013-2014 THE**
 23 **AMOUNT OF \$3,900,000.00 FOR A CONTRACT WITH A SINGLE PROVIDER TO**
 24 **PROVIDE INFORMATION TECHNOLOGY EDUCATION OPPORTUNITIES TO HIGH**
 25 **SCHOOL, CAREER ACADEMY, AND COMMUNITY COLLEGE STUDENTS. THE**
 26 **PROVIDER SHALL ALLOW PARTICIPATING STUDENTS AND FACULTY TO ACHIEVE**
 27 **BROAD-BASED INFORMATION TECHNOLOGY CERTIFICATIONS AND COLLEGE**

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1 CREDIT. THE PROVIDER SHALL MAKE AVAILABLE THROUGH DISTRICTS,
2 INTERMEDIATE DISTRICTS, CAREER ACADEMIES, AND COMMUNITY COLLEGES
3 INSTRUCTION ON INFORMATION TECHNOLOGY SKILLS AND COMPETENCIES THAT
4 ARE ESSENTIAL FOR THE WORKPLACE AND THAT ARE REQUESTED BY
5 EMPLOYERS. THE DEPARTMENT SHALL USE A COMPETITIVE REQUEST FOR
6 PROPOSALS PROCESS FOR THE CONTRACT, AND THE REQUEST FOR PROPOSALS
7 SHALL INCLUDE, BUT NOT BE LIMITED TO, ALL OF THE FOLLOWING
8 REQUIREMENTS:

9 (A) A CURRICULUM BASED ON RESEARCH, INFORMATION TECHNOLOGY,
10 AND SKILL DEVELOPMENT.

11 (B) ONLINE ACCESS TO THE CURRICULUM.

12 (C) INSTRUCTIONAL SOFTWARE FOR CLASSROOM AND STUDENT USE.

13 (D) CERTIFICATION OF SKILLS AND COMPETENCIES IN A BROAD BASE
14 OF INFORMATION TECHNOLOGY-RELATED SKILL AREAS.

15 (E) PROFESSIONAL DEVELOPMENT FOR FACULTY.

16 (F) DEPLOYMENT AND PROGRAM SUPPORT, INCLUDING, BUT NOT LIMITED
17 TO, INTEGRATION WITH CURRENT CURRICULUM STANDARDS.

18 (G) METHODS FOR STUDENTS TO EARN COLLEGE CREDIT.

19 [(2) THE DEPARTMENT SHALL ENSURE THAT THE REQUEST FOR PROPOSALS
20 UNDER SUBSECTION (1) IS DELIVERED TO ALL COMMUNITY COLLEGES IN THIS
STATE. IF A COMMUNITY COLLEGE OR GROUP OF COMMUNITY COLLEGES SUBMITS A
PROPOSAL, BEFORE MAKING A DECISION TO AWARD A CONTRACT UNDER THIS SECTION
TO ANY PROVIDER THAT IS NOT A COMMUNITY COLLEGE OR GROUP OF COMMUNITY
COLLEGES, THE DEPARTMENT SHALL PROVIDE TO THE COMMUNITY COLLEGE OR GROUP
OF COMMUNITY COLLEGES AN INTERACTIVE RESPONSE TO THE PROPOSAL.

21 (3) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT
22 OVER 3 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION.

23 ANY UNEXPENDED FUNDS FOR 2013-2014 ARE CARRIED FORWARD INTO 2014-
24 2015. THE PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER
25 SUBSECTION (1). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT
26 IS SEPTEMBER 30, 2017.

27 SEC. 94. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION
11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2013-2014 AN AMOUNT
NOT TO EXCEED \$250,000.00 FOR EFFORTS TO INCREASE THE NUMBER OF

1 PUPILS WHO PARTICIPATE AND SUCCEED IN ADVANCED PLACEMENT AND
2 INTERNATIONAL BACCALAUREATE PROGRAMS.

3 (2) FROM THE FUNDS ALLOCATED UNDER THIS SECTION, THE
4 DEPARTMENT SHALL AWARD FUNDS TO COVER ALL OR PART OF THE COSTS OF
5 ADVANCED PLACEMENT TEST FEES OR INTERNATIONAL BACCALAUREATE TEST
6 FEES FOR LOW-INCOME PUPILS WHO TAKE AN ADVANCED PLACEMENT OR AN
7 INTERNATIONAL BACCALAUREATE TEST. PAYMENTS SHALL NOT EXCEED \$20.00
8 PER TEST COMPLETED.

9 (3) THE DEPARTMENT SHALL ONLY AWARD FUNDS UNDER THIS SECTION
10 IF THE DEPARTMENT DETERMINES THAT ALL OF FOLLOWING CRITERIA ARE
11 MET:

12 (A) EACH PUPIL FOR WHOM PAYMENT IS MADE MEETS ELIGIBILITY
13 REQUIREMENTS OF THE FEDERAL ADVANCED PLACEMENT TEST FEE PROGRAM
14 UNDER SECTION 1701 OF THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC
15 LAW 107-110.

16 (B) THE TESTS ARE ADMINISTERED BY THE COLLEGE BOARD, THE
17 INTERNATIONAL BACCALAUREATE ORGANIZATION, OR ANOTHER TEST PROVIDER
18 APPROVED BY THE DEPARTMENT.

19 (4) THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR AWARDING
20 FUNDS UNDER THIS SECTION.

21 (5) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION
22 SHALL BE MADE ON A SCHEDULE DETERMINED BY THE DEPARTMENT.

23 Sec. 99h. (1) From the appropriation in section 11, there is
24 allocated an amount not to exceed \$3,000,000.00 for 2013-2014 for
25 competitive grants to districts that provide pupils in grades 7 to
26 12 with expanded opportunities to improve mathematics, science, and
27 technology skills by participating in events hosted by a science

1 and technology development program known as FIRST (for inspiration
2 and recognition of science and technology) robotics.

3 (2) A district applying for a FIRST tech challenge or FIRST
4 robotics competition program grant shall submit an application in a
5 form and manner determined by the department. To be eligible for a
6 grant, a district shall demonstrate in its application that the
7 district has established a partnership for the purposes of the
8 FIRST program with at least 1 sponsor, business entity, higher
9 education institution, or technical school.

10 (3) The department shall distribute the grant funding under
11 this section for the following purposes:

12 (a) Except as otherwise provided in subparagraph (iii), ~~not more~~
13 ~~than~~ **AN AMOUNT ESTIMATED AT** \$1,000,000.00 for grants to districts
14 to pay for stipends of \$1,500.00 for 1 coach per team, distributed
15 as follows:

16 (i) Not more than 500 stipends for coaches of high school
17 teams, including existing teams.

18 (ii) Not more than 100 stipends for coaches of middle school or
19 junior high teams, including existing teams.

20 (iii) If the requests for stipends exceed the numbers of
21 stipends allowed under subparagraphs (i) and (ii), and if there is
22 funding remaining unspent under subdivisions (b) and (c), the
23 department shall use that remaining unspent funding for grants to
24 districts to pay for additional stipends in a manner that expands
25 the geographical distribution of teams.

26 (b) ~~Not more than~~ **AN AMOUNT ESTIMATED AT** \$1,000,000.00 for
27 grants to districts for event registrations, materials, travel

1 costs, and other expenses associated with the preparation for and
2 attendance at FIRST tech challenge and FIRST robotics competitions.
3 Each grant recipient shall provide a local match from other private
4 or local funds for the funds received under this subdivision equal
5 to at least 50% of the costs of participating in an event. The
6 department shall set maximum grant amounts under this subdivision
7 in a manner that maximizes the number of teams that will be able to
8 receive funding.

9 (c) ~~Not more than~~ **AN AMOUNT ESTIMATED AT** \$1,000,000.00 for
10 grants to districts for awards to teams that advance to the state
11 and world championship competitions. The department shall determine
12 an equal amount per team for those teams that advance to the state
13 championship and a second equal award amount to those teams that
14 advance to the world championship.

15 **(4) THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT**
16 **APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2013-2014 ARE CARRIED**
17 **FORWARD INTO 2014-2015. THE PURPOSE OF THE WORK PROJECT IS TO**
18 **CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION (1).**
19 **THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30,**
20 **2016.**

21 Sec. 101. (1) To be eligible to receive state aid under this
22 article, not later than the fifth Wednesday after the pupil
23 membership count day and not later than the fifth Wednesday after
24 the supplemental count day, each district superintendent shall
25 submit to the center and the intermediate superintendent, in the
26 form and manner prescribed by the center, the number of pupils
27 enrolled and in regular daily attendance in the district as of the

pupil membership count day and as of the supplemental count day, as applicable, for the current school year. In addition, a district 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 in the district for the current school year pursuant to rules promulgated by the superintendent. Not later than the sixth Wednesday after the pupil membership count day and not later than the sixth Wednesday after the supplemental 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

1 after the supplemental count day, an intermediate district shall
2 submit to the center, in a form and manner prescribed by the
3 center, the audited enrollment and attendance data for the pupils
4 of its constituent districts and of the intermediate district. If
5 an intermediate district fails to submit the audited data as
6 required under this subsection, state aid due to be distributed
7 under this article shall be withheld from the defaulting
8 intermediate district immediately, beginning with the next payment
9 after the failure and continuing with each payment until the
10 intermediate district complies with this subsection. If an
11 intermediate district does not comply with this subsection by the
12 end of the fiscal year, the intermediate district forfeits the
13 amount withheld.

14 (3) Except as otherwise provided in subsections (11) and (12),
15 all of the following apply to the provision of pupil instruction:

16 (a) Except as otherwise provided in this section, each
17 district shall provide at least 1,098 hours and, beginning in 2010-
18 2011, the required minimum number of days of pupil instruction.
19 Beginning in 2012-2013, the required minimum number of days of
20 pupil instruction is 170. Beginning in 2014-2015, the required
21 minimum number of days of pupil instruction is 175. However, a
22 ~~district shall not provide fewer days of pupil instruction than the~~
23 ~~district provided for 2009-2010. IF A COLLECTIVE BARGAINING~~
24 **AGREEMENT THAT PROVIDES FOR AT LEAST 170 BUT LESS THAN 175 DAYS,**
25 **AND AT LEAST 1,098 HOURS, OF PUPIL INSTRUCTION IS IN EFFECT FOR**
26 **EMPLOYEES OF A DISTRICT AS OF OCTOBER 1, 2013, THEN UNTIL THE**
27 **SCHOOL YEAR THAT BEGINS AFTER THE EXPIRATION OF THAT COLLECTIVE**

BARGAINING AGREEMENT THE DISTRICT SHALL PROVIDE AT LEAST 170 DAYS AND 1,098 HOURS OF PUPIL INSTRUCTION. A district may apply for a waiver under subsection (9) from the requirements of this subdivision. For 2012-2013 only, if a district is unable to provide the required minimum number of days of pupil instruction because of school closures occurring before April 20, 2013 due to conditions not within the control of school authorities, such as severe storms, fires, epidemics, utility power unavailability, water or sewer failure, or health conditions as defined by the city, county, or state health authorities, but the district does provide at least the required minimum number of hours of pupil instruction, the district is not subject to the minimum number of days of pupil instruction requirement of this subsection. A district that uses the 2012-2013 exception from the minimum number of days of pupil instruction requirement shall submit to the department not later than July 1, 2013, in the form and manner prescribed by the department, a report that details the amount of instructional time that was lost due to school closures and the amount of additional instructional time that was added to compensate; when the additional instructional time was provided; the activities that were carried out and subject areas addressed during the additional instructional time; and other information specified by the department to assess whether appropriate instruction occurred during the additional instructional time. The department shall aggregate and provide these reports to the senate and house standing committees on education.

(b) Except as otherwise provided in this article, a district

1 failing to comply with the required minimum hours and days of pupil
2 instruction under this subsection shall forfeit from its total
3 state aid allocation an amount determined by applying a ratio of
4 the number of hours or days the district was in noncompliance in
5 relation to the required minimum number of hours and days under
6 this subsection. Not later than August 1, the board of each
7 district shall certify to the department the number of hours and
8 days of pupil instruction in the previous school year. If the
9 district did not provide at least the required minimum number of
10 hours and days of pupil instruction under this subsection, the
11 deduction of state aid shall be made in the following fiscal year
12 from the first payment of state school aid. A district is not
13 subject to forfeiture of funds under this subsection for a fiscal
14 year in which a forfeiture was already imposed under subsection
15 (6).

16 (c) Hours or days lost because of strikes or teachers'
17 conferences shall not be counted as hours or days of pupil
18 instruction.

19 (d) If a collective bargaining agreement that provides a
20 complete school calendar is in effect for employees of a district
21 as of October 19, 2009, and if that school calendar is not in
22 compliance with this subsection, then this subsection does not
23 apply to that district until after the expiration of that
24 collective bargaining agreement.

25 (e) Except as otherwise provided in subdivision (f), a
26 district not having at least 75% of the district's membership in
27 attendance on any day of pupil instruction shall receive state aid

1 in that proportion of 1/180 that the actual percent of attendance
2 bears to the specified percentage.

3 (f) At the request of a district that operates a department-
4 approved alternative education program and that does not provide
5 instruction for pupils in all of grades K to 12, the superintendent
6 may grant a waiver from the requirements of subdivision (e). The
7 waiver shall indicate that an eligible district is subject to the
8 proration provisions of subdivision (e) only if the district does
9 not have at least 50% of the district's membership in attendance on
10 any day of pupil instruction. In order to be eligible for this
11 waiver, a district must maintain records to substantiate its
12 compliance with the following requirements:

13 (i) The district offers the minimum hours of pupil instruction
14 as required under this section.

15 (ii) For each enrolled pupil, the district uses appropriate
16 academic assessments to develop an individual education plan that
17 leads to a high school diploma.

18 (iii) The district tests each pupil to determine academic
19 progress at regular intervals and records the results of those
20 tests in that pupil's individual education plan.

21 (g) All of the following apply to a waiver granted under
22 subdivision (f):

23 (i) If the waiver is for a blended model of delivery, a waiver
24 that is granted for the 2011-2012 fiscal year or a subsequent
25 fiscal year remains in effect unless it is revoked by the
26 superintendent.

27 (ii) If the waiver is for a 100% online model of delivery and

1 the educational program for which the waiver is granted makes
2 educational services available to pupils for a minimum of at least
3 1,098 hours during a school year and ensures that each pupil
4 participates in the educational program for at least 1,098 hours
5 during a school year, a waiver that is granted for the 2011-2012
6 fiscal year or a subsequent fiscal year remains in effect unless it
7 is revoked by the superintendent.

8 (iii) A waiver that is not a waiver described in subparagraph
9 (i) or (ii) is valid for 1 fiscal year and must be renewed annually
10 to remain in effect.

11 (h) The superintendent shall promulgate rules for the
12 implementation of this subsection.

13 (4) Except as otherwise provided in this subsection, the first
14 6 days or the equivalent number of hours for which pupil
15 instruction is not provided because of conditions not within the
16 control of school authorities, such as severe storms, fires,
17 epidemics, utility power unavailability, water or sewer failure, or
18 health conditions as defined by the city, county, or state health
19 authorities, shall be counted as hours and days of pupil
20 instruction. With the approval of the superintendent of public
21 instruction, the department shall count as hours and days of pupil
22 instruction for a fiscal year not more than 6 additional days or
23 the equivalent number of additional hours for which pupil
24 instruction is not provided in a district after April 1 of the
25 applicable school year due to unusual and extenuating occurrences
26 resulting from conditions not within the control of school
27 authorities such as those conditions described in this subsection.

1 Subsequent such hours or days shall not be counted as hours or days
2 of pupil instruction.

3 (5) A district shall not forfeit part of its state aid
4 appropriation because it adopts or has in existence an alternative
5 scheduling program for pupils in kindergarten if the program
6 provides at least the number of hours required under subsection (3)
7 for a full-time equated membership for a pupil in kindergarten as
8 provided under section 6(4).

9 (6) In addition to any other penalty or forfeiture under this
10 section, if at any time the department determines that 1 or more of
11 the following have occurred in a district, the district shall
12 forfeit in the current fiscal year beginning in the next payment to
13 be calculated by the department a proportion of the funds due to
14 the district under this article that is equal to the proportion
15 below the required minimum number of hours and days of pupil
16 instruction under subsection (3), as specified in the following:

17 (a) The district fails to operate its schools for at least the
18 required minimum number of hours and days of pupil instruction
19 under subsection (3) in a school year, including hours and days
20 counted under subsection (4).

21 (b) The board of the district takes formal action not to
22 operate its schools for at least the required minimum number of
23 hours and days of pupil instruction under subsection (3) in a
24 school year, including hours and days counted under subsection (4).

25 (7) In providing the minimum number of hours and days of pupil
26 instruction required under subsection (3), a district shall use the
27 following guidelines, and a district shall maintain records to

1 substantiate its compliance with the following guidelines:

2 (a) Except as otherwise provided in this subsection, a pupil
3 must be scheduled for at least the required minimum number of hours
4 of instruction, excluding study halls, or at least the sum of 90
5 hours plus the required minimum number of hours of instruction,
6 including up to 2 study halls.

7 (b) The time a pupil is assigned to any tutorial activity in a
8 block schedule may be considered instructional time, unless that
9 time is determined in an audit to be a study hall period.

10 (c) Except as otherwise provided in this subdivision, a pupil
11 in grades 9 to 12 for whom a reduced schedule is determined to be
12 in the individual pupil's best educational interest must be
13 scheduled for a number of hours equal to at least 80% of the
14 required minimum number of hours of pupil instruction to be
15 considered a full-time equivalent pupil. A pupil in grades 9 to 12
16 who is scheduled in a 4-block schedule may receive a reduced
17 schedule under this subsection if the pupil is scheduled for a
18 number of hours equal to at least 75% of the required minimum
19 number of hours of pupil instruction to be considered a full-time
20 equivalent pupil.

21 (d) If a pupil in grades 9 to 12 who is enrolled in a
22 cooperative education program or a special education pupil cannot
23 receive the required minimum number of hours of pupil instruction
24 solely because of travel time between instructional sites during
25 the school day, that travel time, up to a maximum of 3 hours per
26 school week, shall be considered to be pupil instruction time for
27 the purpose of determining whether the pupil is receiving the

1 required minimum number of hours of pupil instruction. However, if
2 a district demonstrates to the satisfaction of the department that
3 the travel time limitation under this subdivision would create
4 undue costs or hardship to the district, the department may
5 consider more travel time to be pupil instruction time for this
6 purpose.

7 (e) In grades 7 through 12, instructional time that is part of
8 a junior reserve officer training corps (JROTC) program shall be
9 considered to be pupil instruction time regardless of whether the
10 instructor is a certificated teacher if all of the following are
11 met:

12 (i) The instructor has met all of the requirements established
13 by the United States department of defense and the applicable
14 branch of the armed services for serving as an instructor in the
15 junior reserve officer training corps program.

16 (ii) The board of the district or intermediate district
17 employing or assigning the instructor complies with the
18 requirements of sections 1230 and 1230a of the revised school code,
19 MCL 380.1230 and 380.1230a, with respect to the instructor to the
20 same extent as if employing the instructor as a regular classroom
21 teacher.

22 (8) Except as otherwise provided in subsections (11) and (12),
23 the department shall apply the guidelines under subsection (7) in
24 calculating the full-time equivalency of pupils.

25 (9) Upon application by the district for a particular fiscal
26 year, the superintendent may waive for a district the minimum
27 number of hours and days of pupil instruction requirement of

1 subsection (3) for a department-approved alternative education
2 program or another innovative program approved by the department,
3 including a 4-day school week. If a district applies for and
4 receives a waiver under this subsection and complies with the terms
5 of the waiver, the district is not subject to forfeiture under this
6 section for the specific program covered by the waiver. If the
7 district does not comply with the terms of the waiver, the amount
8 of the forfeiture shall be calculated based upon a comparison of
9 the number of hours and days of pupil instruction actually provided
10 to the minimum number of hours and days of pupil instruction
11 required under subsection (3). Pupils enrolled in a department-
12 approved alternative education program under this subsection shall
13 be reported to the center in a form and manner determined by the
14 center. All of the following apply to a waiver granted under this
15 subsection:

16 (a) If the waiver is for a blended model of delivery, a waiver
17 that is granted for the 2011-2012 fiscal year or a subsequent
18 fiscal year remains in effect unless it is revoked by the
19 superintendent.

20 (b) If the waiver is for a 100% online model of delivery and
21 the educational program for which the waiver is granted makes
22 educational services available to pupils for a minimum of at least
23 1,098 hours during a school year and ensures that each pupil
24 participates in the educational program for at least 1,098 hours
25 during a school year, a waiver that is granted for the 2011-2012
26 fiscal year or a subsequent fiscal year remains in effect unless it
27 is revoked by the superintendent.

1 (c) A waiver that is not a waiver described in subdivision (a)
2 or (b) is valid for 1 fiscal year and must be renewed annually to
3 remain in effect.

4 (10) Until 2014-2015, a district may count up to 38 hours of
5 qualifying professional development for teachers as hours of pupil
6 instruction. **HOWEVER, IF A COLLECTIVE BARGAINING AGREEMENT THAT**
7 **PROVIDES FOR THE COUNTING OF UP TO 38 HOURS OF QUALIFYING**
8 **PROFESSIONAL DEVELOPMENT FOR TEACHERS AS PUPIL INSTRUCTION IS IN**
9 **EFFECT FOR EMPLOYEES OF A DISTRICT AS OF OCTOBER 1, 2013, THEN**
10 **UNTIL THE SCHOOL YEAR THAT BEGINS AFTER THE EXPIRATION OF THAT**
11 **COLLECTIVE BARGAINING AGREEMENT A DISTRICT MAY COUNT UP TO THE**
12 **CONTRACTUALLY SPECIFIED NUMBER OF HOURS OF QUALIFYING PROFESSIONAL**
13 **DEVELOPMENT FOR TEACHERS AS HOURS OF PUPIL INSTRUCTION.**

14 Professional development provided online is allowable and
15 encouraged, as long as the instruction has been approved by the
16 district. The department shall issue a list of approved online
17 professional development providers, which shall include the
18 Michigan virtual school. As used in this subsection, "qualifying
19 professional development" means professional development that is
20 focused on 1 or more of the following:

21 (a) Achieving or improving adequate yearly progress as defined
22 under the no child left behind act of 2001, Public Law 107-110.

23 (b) Achieving accreditation or improving a school's
24 accreditation status under section 1280 of the revised school code,
25 MCL 380.1280.

26 (c) Achieving highly qualified teacher status as defined under
27 the no child left behind act of 2001, Public Law 107-110.

1 (d) Integrating technology into classroom instruction.

2 (e) Maintaining teacher certification.

3 (11) Subsections (3) and (8) do not apply to a school of
4 excellence that is a cyber school, as defined in section 551 of the
5 revised school code, MCL 380.551, and is in compliance with section
6 553a of the revised school code, MCL 380.553a.

7 (12) Subsections (3) and (8) do not apply to eligible pupils
8 enrolled in a dropout recovery program that meets the requirements
9 of section 23a. As used in this subsection, "eligible pupil" means
10 that term as defined in section 23a.

11 (13) Beginning in 2013, at least every 2 years the
12 superintendent shall review the waiver standards set forth in the
13 pupil accounting and auditing manuals to ensure that the waiver
14 standards and waiver process continue to be appropriate and
15 responsive to changing trends in online learning. The
16 superintendent shall solicit and consider input from stakeholders
17 as part of this review.

18 Sec. 147c. (1) ~~From the state school aid fund money~~
19 ~~appropriated in section 11, there is allocated for 2012-2013 an~~
20 ~~amount not to exceed \$160,000,000.00 for payments to districts and~~
21 ~~intermediate districts that are participating entities of the~~
22 ~~retirement system.~~ From the appropriation in section 11, there is
23 allocated for 2013-2014 an amount not to exceed ~~\$247,300,000.00~~
24 **\$249,500,000.00** from the state school aid fund, and there is
25 appropriated for 2013-2014 an amount not to exceed \$156,000,000.00
26 from the MPSERS retirement obligation reform reserve fund, for
27 payments to districts and intermediate districts that are

1 participating entities of the Michigan public school employees'
2 retirement system.

3 (2) In addition to the allocation under subsection (1), from
4 the general fund money appropriated under section 11, there is
5 allocated for payments to district libraries that are participating
6 entities of the retirement system an amount not to exceed
7 ~~\$500,000.00 for 2012-2013 and an amount not to exceed \$1,300,000.00~~
8 for 2013-2014.

9 ~~(3) Payments made under this section for 2012-2013 shall be~~
10 ~~equal to the difference between the unfunded actuarial accrued~~
11 ~~liability contribution rate as calculated pursuant to section 41 of~~
12 ~~the public school employees retirement act of 1979, 1980 PA 300,~~
13 ~~MCL 38.1341, and the maximum employer rate of 20.96% included in~~
14 ~~section 41 of the public school employees retirement act of 1979,~~
15 ~~1980 PA 300, MCL 38.1341. Payments made under this section for~~
16 2013-2014 shall be equal to the difference between the unfunded
17 actuarial accrued liability contribution rate as calculated
18 pursuant to section 41 of the public school employees retirement
19 act of 1979, 1980 PA 300, MCL 38.1341, as calculated without taking
20 into account the maximum employer rate of 20.96% included in
21 section 41 of the public school employees retirement act of 1979,
22 1980 PA 300, MCL 38.1341, and the maximum employer rate of 20.96%
23 included in section 41 of the public school employees retirement
24 act of 1979, 1980 PA 300, MCL 38.1341.

25 (4) The amount allocated to each participating entity under
26 this section shall be based on each participating entity's
27 proportion of the total covered payroll for the immediately

1 preceding fiscal year for the same type of participating entities.
2 A participating entity that receives funds under this section shall
3 use the funds solely for the purpose of retirement contributions as
4 specified in subsection (5).

5 (5) Each participating entity receiving funds under this
6 section shall forward an amount equal to the amount allocated under
7 subsection (4) to the retirement system in a form, manner, and time
8 frame determined by the retirement system.

9 (6) Funds allocated under this section should be considered
10 when comparing a district's growth in total state aid funding from
11 1 fiscal year to the next.

12 (7) As used in this section:

13 (a) "Participating entity" means a district, intermediate
14 district, or district library that is a reporting unit of the
15 Michigan public school employees' retirement system under the
16 public school employees retirement act of 1979, 1980 PA 300, MCL
17 38.1301 to 38.1437, and that reports employees to the Michigan
18 public school employees' retirement system for the applicable
19 fiscal year.

20 (b) "Retirement board" means the board that administers the
21 retirement system under the public school employees retirement act
22 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

23 (c) "Retirement system" means the Michigan public school
24 employees' retirement system under the public school employees
25 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

26 Enacting section 1. In accordance with section 30 of article
27 IX of the state constitution of 1963, total state spending on

House Bill No. 4295 (H-2) as amended March 5, 2014

1 school aid under 2013 PA 60, 2013 PA 130, and this amendatory act
2 from state sources for fiscal year 2013-2014 is estimated at
3 [\$11,504,132,400.00] and state appropriations for school aid to be
4 paid to local units of government for fiscal year 2013-2014 are
5 estimated at [\$11,341,224,700.00].