

SUBSTITUTE FOR
HOUSE BILL NO. 4229
(As amended September 19, 2013)

[A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 6, 20, 21f, 24c, 25e, 26a, 74, 95, 107, and 147a
(MCL 388.1606, 388.1620, 388.1621f, 388.1624c, 388.1625e,
388.1626a, 388.1674, 388.1695, 388.1707, and 388.1747a), sections 6, 24c,
26a, 74, 95, 107, and 147a as amended and sections 21f and 25e as added
by 2013 PA 60 and section 20 as amended by 2013 PA 97.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6. (1) "Center program" means a program operated by a
2 district or by an intermediate district for special education
3 pupils from several districts in programs for pupils with autism
4 spectrum disorder, pupils with severe cognitive impairment, pupils

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

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

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

25 (4) "Membership", except as otherwise provided in this
26 article, means for a district, a public school academy, the
27 education achievement system, or an intermediate district the sum

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

1 of a district, a public school academy, the education achievement
2 system, or an intermediate district:

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

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

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

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

27 (e) A pupil enrolled in the Michigan schools for the deaf and

1 blind shall be counted in membership in the pupil's intermediate
2 district of residence.

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

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

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

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

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

1 school year, and dividing that sum by 2.

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

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

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

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

27 (i) A special education pupil who is enrolled and receiving

1 instruction in a special education program or service approved by
2 the department, who does not have a high school diploma, and who is
3 less than 26 years of age as of September 1 of the current school
4 year shall be counted in membership.

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

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

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

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

15 (iii) If a child ~~becomes a resident of a district and the child~~
16 does not meet the minimum age requirement to be eligible to attend
17 school for that school year under section 1147 of the revised
18 school code, MCL 380.1147, but will be 5 years of age not later
19 than December 1 of that school year, the district may count the
20 child in membership for that school year if the parent or legal
21 guardian has notified the district in writing that he or she
22 intends to enroll the child in kindergarten for that school year.

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

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

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

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

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

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

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

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

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

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

3 (r) Beginning in 2012-2013, full-time equated memberships for
4 pupils in kindergarten shall be determined by dividing the number
5 of instructional hours scheduled and provided per year per
6 kindergarten pupil by the same number used for determining full-
7 time equated memberships for pupils in grades 1 to 12. However, to
8 the extent allowable under federal law, for a district or public
9 school academy that provides evidence satisfactory to the
10 department that it used federal title I money in the 2 immediately
11 preceding school fiscal years to fund full-time kindergarten, full-
12 time equated memberships for pupils in kindergarten shall be
13 determined by dividing the number of class hours scheduled and
14 provided per year per kindergarten pupil by a number equal to 1/2
15 the number used for determining full-time equated memberships for
16 pupils in grades 1 to 12. The change in the counting of full-time
17 equated memberships for pupils in kindergarten that took effect for
18 2012-2013 is not a mandate.

19 (s) For a district, a public school academy, or the education
20 achievement system that has pupils enrolled in a grade level that
21 was not offered by the district, the public school academy, or the
22 education achievement system in the immediately preceding school
23 year, the number of pupils enrolled in that grade level to be
24 counted in membership is the average of the number of those pupils
25 enrolled and in regular daily attendance on the pupil membership
26 count day and the supplemental count day of the current school
27 year, as determined by the department. Membership shall be

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

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

11 (u) If, as a result of a disciplinary action, a district
12 determines through the district's alternative or disciplinary
13 education program that the best instructional placement for a pupil
14 is in the pupil's home or otherwise apart from the general school
15 population, if that placement is authorized in writing by the
16 district superintendent and district alternative or disciplinary
17 education supervisor, and if the district provides appropriate
18 instruction as described in this subdivision to the pupil at the
19 pupil's home or otherwise apart from the general school population,
20 the district may count the pupil in membership on a pro rata basis,
21 with the proration based on the number of hours of instruction the
22 district actually provides to the pupil divided by the number of
23 hours specified in subdivision (q) for full-time equivalency. For
24 the purposes of this subdivision, a district shall be considered to
25 be providing appropriate instruction if all of the following are
26 met:

27 (i) The district provides at least 2 nonconsecutive hours of

1 instruction per week to the pupil at the pupil's home or otherwise
2 apart from the general school population under the supervision of a
3 certificated teacher.

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

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

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

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

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

23 (x) For a public school academy that has been in operation for
24 at least 2 years and that suspended operations for at least 1
25 semester and is resuming operations, membership is the sum of the
26 product of .90 times the number of full-time equated pupils in
27 grades K to 12 actually enrolled and in regular daily attendance on

1 the first pupil membership count day or supplemental count day,
2 whichever is first, occurring after operations resume, plus the
3 product of .10 times the final audited count from the most recent
4 pupil membership count day or supplemental count day that occurred
5 before suspending operations, as determined by the superintendent.

6 (y) If a district's membership for a particular fiscal year,
7 as otherwise calculated under this subsection, would be less than
8 1,550 pupils and the district has 4.5 or fewer pupils per square
9 mile, as determined by the department, and if the district does not
10 receive funding under section 22d(2), the district's membership
11 shall be considered to be the membership figure calculated under
12 this subdivision. If a district educates and counts in its
13 membership pupils in grades 9 to 12 who reside in a contiguous
14 district that does not operate grades 9 to 12 and if 1 or both of
15 the affected districts request the department to use the
16 determination allowed under this sentence, the department shall
17 include the square mileage of both districts in determining the
18 number of pupils per square mile for each of the districts for the
19 purposes of this subdivision. The membership figure calculated
20 under this subdivision is the greater of the following:

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

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

House Bill No. 4229 (H-1) as amended September 19, 2013
as amended September 26, 2013

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

12 (aa) Full-time equated memberships for special education
13 pupils who are not enrolled in kindergarten but are enrolled in a
14 classroom program under R 340.1754 of the Michigan administrative
15 code shall be determined by dividing the number of class hours
16 scheduled and provided per year by 450. Full-time equated
17 memberships for special education pupils who are not enrolled in
18 kindergarten but are receiving early childhood special education
19 services under R 340.1755 [OR <<340.1862>>] of the Michigan
administrative code shall
20 be determined by dividing the number of hours of service scheduled
21 and provided per year per pupil by 180.

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

27 (cc) For the first year in which a pupil is counted in

1 membership on the pupil membership count day in a middle college
2 program, the membership is the average of the full-time equated
3 membership on the pupil membership count day and on the
4 supplemental count day for the current school year, as determined
5 by the department. If a pupil was counted by the operating district
6 on the immediately preceding supplemental count day, the pupil
7 shall be excluded from the district's immediately preceding
8 supplemental count for purposes of determining the district's
9 membership.

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

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

18 (ff) For a pupil enrolled in a dropout recovery program that
19 meets the requirements of section 23a, the pupil shall be counted
20 as 1/12 of a full-time equated membership for each month that the
21 district operating the program reports that the pupil was enrolled
22 in the program and was in full attendance. However, a pupil counted
23 under this subdivision shall not be counted as more than 1.0 FTE in
24 a fiscal year. The district operating the program shall report to
25 the center the number of pupils who were enrolled in the program
26 and were in full attendance for a month not later than the tenth
27 day of the next month. A district shall not report a pupil as being

1 in full attendance for a month unless both of the following are
2 met:

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

6 (ii) The pupil meets the district's definition under section
7 23a of satisfactory monthly progress for that month or, if the
8 pupil does not meet that definition of satisfactory monthly
9 progress for that month, the pupil did meet that definition of
10 satisfactory monthly progress in the immediately preceding month
11 and appropriate interventions are implemented within 10 school days
12 after it is determined that the pupil does not meet that definition
13 of satisfactory monthly progress.

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

16 (6) "Pupil" means a person in membership in a public school. A
17 district must have the approval of the pupil's district of
18 residence to count the pupil in membership, except approval by the
19 pupil's district of residence is not required for any of the
20 following:

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

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

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

27 (d) A pupil enrolled in a district other than the pupil's

1 district of residence under an intermediate district schools of
2 choice pilot program as described in section 91a or former section
3 91 if the intermediate district and its constituent districts have
4 been exempted from section 105.

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

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

22 (i) "At school" means in a classroom, elsewhere on school
23 premises, on a school bus or other school-related vehicle, or at a
24 school-sponsored activity or event whether or not it is held on
25 school premises.

26 (ii) "Serious assault" means an act that constitutes a felony
27 violation of chapter XI of the Michigan penal code, 1931 PA 328,

1 MCL 750.81 to 750.90h, or that constitutes an assault and
2 infliction of serious or aggravated injury under section 81a of the
3 Michigan penal code, 1931 PA 328, MCL 750.81a.

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

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

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

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

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

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

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

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

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

1 or legal ward.

2 (k) An expelled pupil who has been denied reinstatement by the
3 expelling district and is reinstated by another school board under
4 section 1311 or 1311a of the revised school code, MCL 380.1311 and
5 380.1311a.

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

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

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

16 (o) A pupil who enrolls in a district other than the pupil's
17 district of residence as a result of the pupil's school not making
18 adequate yearly progress under the no child left behind act of
19 2001, Public Law 107-110.

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

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

1 those pupils in membership.

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

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

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

12 (i) Fourth Wednesday in July.

13 (ii) First Wednesday in October.

14 (iii) Second Wednesday in February.

15 (iv) Fourth Wednesday in April.

16 (8) "Pupils in grades K to 12 actually enrolled and in regular
17 daily attendance" means pupils in grades K to 12 in attendance and
18 receiving instruction in all classes for which they are enrolled on
19 the pupil membership count day or the supplemental count day, as
20 applicable. Except as otherwise provided in this subsection, a
21 pupil who is absent from any of the classes in which the pupil is
22 enrolled on the pupil membership count day or supplemental count
23 day and who does not attend each of those classes during the 10
24 consecutive school days immediately following the pupil membership
25 count day or supplemental count day, except for a pupil who has
26 been excused by the district, shall not be counted as 1.0 full-time
27 equated membership. A pupil who is excused from attendance on the

1 pupil membership count day or supplemental count day and who fails
2 to attend each of the classes in which the pupil is enrolled within
3 30 calendar days after the pupil membership count day or
4 supplemental count day shall not be counted as 1.0 full-time
5 equated membership. In addition, a pupil who was enrolled and in
6 attendance in a district, an intermediate district, a public school
7 academy, or the education achievement system before the pupil
8 membership count day or supplemental count day of a particular year
9 but was expelled or suspended on the pupil membership count day or
10 supplemental count day shall only be counted as 1.0 full-time
11 equated membership if the pupil resumed attendance in the district,
12 intermediate district, public school academy, or education
13 achievement system within 45 days after the pupil membership count
14 day or supplemental count day of that particular year. Pupils not
15 counted as 1.0 full-time equated membership due to an absence from
16 a class shall be counted as a prorated membership for the classes
17 the pupil attended. For purposes of this subsection, "class" means
18 a period of time in 1 day when pupils and a certificated teacher or
19 legally qualified substitute teacher are together and instruction
20 is taking place.

21 (9) "Rule" means a rule promulgated pursuant to the
22 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
23 24.328.

24 (10) "The revised school code" means 1976 PA 451, MCL 380.1 to
25 380.1852.

26 (11) "School district of the first class", "first class school
27 district", and "district of the first class" mean a district that

1 had at least 60,000 pupils in membership for the immediately
2 preceding fiscal year.

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

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

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

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

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

15 Tuition pupil does not include a pupil who is a special education
16 pupil, a pupil described in subsection (6)(c) to (p), or a pupil
17 whose parent or guardian voluntarily enrolls the pupil in a
18 district that is not the pupil's district of residence. A pupil's
19 district of residence shall not require a high school tuition
20 pupil, as provided under section 111, to attend another school
21 district after the pupil has been assigned to a school district.

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

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

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

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

13 Sec. 20. (1) For 2013-2014, the basic foundation allowance is
14 \$8,049.00.

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

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

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

1 preceding state fiscal year, the district shall receive a
2 foundation allowance in an amount equal to the sum of the greater
3 of \$6,966.00 or the district's foundation allowance for the
4 immediately preceding state fiscal year plus the difference between
5 twice the dollar amount of the adjustment from the immediately
6 preceding state fiscal year to the current state fiscal year made
7 in the basic foundation allowance and [(the dollar amount of the
8 adjustment from the immediately preceding state fiscal year to the
9 current state fiscal year made in the basic foundation allowance
10 minus \$10.00) times (the difference between the district's
11 foundation allowance for the immediately preceding state fiscal
12 year and the sum of \$7,108.00 plus the total dollar amount of all
13 adjustments made from 2006-2007 to the immediately preceding state
14 fiscal year in the lowest foundation allowance among all districts)
15 divided by the difference between the basic foundation allowance
16 for the current state fiscal year and the sum of \$7,108.00 plus the
17 total dollar amount of all adjustments made from 2006-2007 to the
18 immediately preceding state fiscal year in the lowest foundation
19 allowance among all districts]. For 2011-2012, for a district that
20 had a foundation allowance for the immediately preceding state
21 fiscal year that was at least equal to the sum of \$7,108.00 plus
22 the total dollar amount of all adjustments made from 2006-2007 to
23 the immediately preceding state fiscal year in the lowest
24 foundation allowance among all districts, but less than the basic
25 foundation allowance for the immediately preceding state fiscal
26 year, the district shall receive a foundation allowance in an
27 amount equal to the district's foundation allowance for 2010-2011,

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

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

1 ~~year.~~

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

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

1 foundation allowance for the 2009-2010 state fiscal year, as
2 otherwise calculated under this section, that was less than the
3 basic foundation allowance, the district's foundation allowance for
4 2011-2012 and each succeeding fiscal year shall be considered to be
5 an amount equal to the basic foundation allowance.

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

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

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

25 (h) For 2012-2013, for a district that had a foundation
26 allowance for the 2011-2012 state fiscal year of less than
27 \$6,966.00, the district's foundation allowance is an amount equal

1 to \$6,966.00.

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

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

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

27 (6) Except as otherwise provided in this subsection, for

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

24 (7) Except as otherwise provided in this subsection, for
25 pupils attending an achievement school and in membership in the
26 education achievement system, other than special education pupils,
27 the allocation calculated under this section is an amount per

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

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

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

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

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

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

22 (a) The pupil membership factor shall be computed by dividing
23 the estimated membership in the school year ending in the current
24 state fiscal year, excluding intermediate district membership, by
25 the estimated membership for the school year ending in the
26 subsequent state fiscal year, excluding intermediate district
27 membership. If a consensus membership factor is not determined at

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

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

23 (c) The index shall be calculated by multiplying the pupil
24 membership factor by the revenue adjustment factor. If a consensus
25 index is not determined at the revenue estimating conference, the
26 principals of the revenue estimating conference shall report their
27 estimates to the house and senate subcommittees responsible for

1 school aid appropriations not later than 7 days after the
2 conclusion of the revenue conference.

3 (12) For a district that received a grant under former section
4 32e for 2001-2002, the district's foundation allowance for 2002-
5 2003 and each succeeding fiscal year shall be adjusted to be an
6 amount equal to the sum of the district's foundation allowance, as
7 otherwise calculated under this section, plus the quotient of 100%
8 of the amount of the grant award to the district for 2001-2002
9 under former section 32e divided by the number of pupils in the
10 district's membership for 2001-2002 who were residents of and
11 enrolled in the district. All of the following apply to districts
12 receiving a foundation allowance adjustment under this subsection:

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

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

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

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

1 2013-2014].

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

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

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

17 (15) As used in this section:

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

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

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

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

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

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

9 (g) "Local school operating revenue" means school operating
10 taxes levied under section 1211 of the revised school code, MCL
11 380.1211. For a receiving district, if school operating taxes are
12 to be levied on behalf of a dissolved district that has been
13 attached in whole or in part to the receiving district to satisfy
14 debt obligations of the dissolved district under section 12 of the
15 revised school code, MCL 380.12, local school operating revenue
16 does not include school operating taxes levied within the
17 geographic area of the dissolved district.

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

21 (i) "Maximum public school academy allocation", except as
22 otherwise provided in this subdivision, means the maximum per-pupil
23 allocation as calculated by adding the highest per-pupil allocation
24 among all public school academies for the immediately preceding
25 state fiscal year plus the difference between twice the dollar
26 amount of the adjustment from the immediately preceding state
27 fiscal year to the current state fiscal year made in the basic

1 foundation allowance and [(the dollar amount of the adjustment from
2 the immediately preceding state fiscal year to the current state
3 fiscal year made in the basic foundation allowance minus \$10.00)
4 times (the difference between the highest per-pupil allocation
5 among all public school academies for the immediately preceding
6 state fiscal year and the sum of \$7,108.00 plus the total dollar
7 amount of all adjustments made from 2006-2007 to the immediately
8 preceding state fiscal year in the lowest per-pupil allocation
9 among all public school academies) divided by the difference
10 between the basic foundation allowance for the current state fiscal
11 year and the sum of \$7,108.00 plus the total dollar amount of all
12 adjustments made from 2006-2007 to the immediately preceding state
13 fiscal year in the lowest per-pupil allocation among all public
14 school academies].

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

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

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

27 (m) "Receiving district" means a district to which all or part

1 of the territory of a dissolved district is attached under section
2 12 of the revised school code, MCL 380.12.

3 (n) "School operating purposes" means the purposes included in
4 the operation costs of the district as prescribed in sections 7 and
5 18 and purposes authorized under section 1211 of the revised school
6 code, MCL 380.1211.

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

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

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

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

27 (2) With the consent of the pupil's parent or legal guardian,

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

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

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

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

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

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

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

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

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

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

27 (7) To offer or provide an online course, a district shall do

1 all of the following:

2 (a) Provide the Michigan virtual university with the course
3 syllabus in a form and method prescribed by the ~~department~~ **MICHIGAN**
4 **VIRTUAL UNIVERSITY** for inclusion in a statewide online course
5 catalog. The district shall also provide on its publicly accessible
6 website a link to the course syllabi for all of the online courses
7 offered by the district and a link to the statewide catalog of
8 online courses maintained by the Michigan virtual university.

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

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

26 (9) An online learning pupil shall have the same rights and
27 access to technology in his or her educating district's school

1 facilities as all other pupils enrolled in the educating district.

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

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

12 (12) As used in this section:

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

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

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

25 (ii) The online course content outline.

26 (iii) The online course required assessments.

27 (iv) The online course prerequisites.

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

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

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

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

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

9 (x) The course titles assigned by the district and the course
10 titles and course codes from the national center for education
11 statistics (NCES) school codes for the exchange of data (SCED).

12 (xi) The number of eligible nonresident pupils that will be
13 accepted by the district in the online course.

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

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

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

27 (a) The district shall contract with the department of

1 military and veterans affairs to ensure that all funding allocated
 2 under this section is utilized by the district and the department
 3 of military and veterans affairs for the youth challenge program.

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

7 Sec. 25e. (1) The center shall work with the department,
 8 districts, and intermediate districts to develop a pupil **MEMBERSHIP**
 9 transfer application ~~modeled on the graduation and dropout~~
 10 ~~application and to develop~~ **AND** a pupil transfer process under this
 11 section. The center shall complete development of this pupil
 12 **MEMBERSHIP** transfer application not later than November 1, 2013.

13 (2) If a pupil **COUNTED IN MEMBERSHIP FOR THE PUPIL MEMBERSHIP**
 14 **COUNT DAY** transfers from a district or intermediate district to
 15 enroll in another district or intermediate district after the pupil
 16 membership count day **AND BEFORE THE SUPPLEMENTAL COUNT DAY** and, due
 17 to the pupil's enrollment and attendance status as of the pupil
 18 membership count day, the pupil was not counted in membership in
 19 the educating district or intermediate district, the educating
 20 district or intermediate district may report the enrollment and
 21 attendance information **TO THE CENTER THROUGH THE PUPIL TRANSFER**
 22 **PROCESS** within 30 days after the transfer ~~to the center through the~~
 23 ~~pupil transfer application until the supplemental count day. OR~~
 24 **WITHIN 30 DAYS AFTER THE SIXTH WEDNESDAY AFTER THE PUPIL MEMBERSHIP**
 25 **COUNT DAY, WHICHEVER IS LATER. PUPIL TRANSFERS MAY BE SUBMITTED NO**
 26 **EARLIER THAN THE FIRST DAY AFTER THE CERTIFICATION DEADLINE FOR THE**
 27 **PUPIL MEMBERSHIP COUNT DAY AND BEFORE THE SUPPLEMENTAL COUNT DAY.**

1 Upon receipt of the transfer information under this subsection
 2 indicating that a pupil has enrolled and is in attendance in an
 3 educating district or intermediate district as described in this
 4 subsection, the pupil transfer ~~application~~ **PROCESS** shall do the
 5 following:

6 (a) Notify the district in which the pupil was previously
 7 enrolled. ~~The district shall provide pupil exit dates and other~~
 8 ~~information as required by the center and the department.~~

9 (b) Notify both the pupil auditing staff of the intermediate
 10 district in which the educating district is located and the pupil
 11 auditing staff of the intermediate district in which the district
 12 that previously enrolled the pupil is located. The pupil auditing
 13 staff shall ~~edit, if necessary, and approve~~ **OR DENY** the **PUPIL**
 14 **MEMBERSHIP** transfer.

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

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

18 (a) Adjust the membership calculation for each district or
 19 intermediate district in which the pupil was previously counted in
 20 membership or that previously received an adjustment in its
 21 membership calculation under this section due to **A CHANGE IN** the
 22 pupil's enrollment and attendance ~~, if any,~~ so that the district's
 23 or intermediate district's membership is prorated to allow the
 24 district or intermediate district to receive for each school day,
 25 **AS DETERMINED BY THE FINANCIAL CALENDAR FURNISHED BY THE CENTER,** in
 26 which the pupil was enrolled and in attendance in the district **OR**
 27 **INTERMEDIATE DISTRICT** an amount equal to ~~1/180 of~~ **1/105 OF A FULL-**

1 TIME EQUATED MEMBERSHIP CLAIMED IN THE FALL PUPIL MEMBERSHIP COUNT.
2 THE DISTRICT OR INTERMEDIATE DISTRICT SHALL RECEIVE A PRORATED
3 FOUNDATION ALLOWANCE IN AN AMOUNT EQUAL TO THE PRODUCT OF THE
4 ADJUSTMENT UNDER THIS SUBDIVISION FOR THE DISTRICT OR INTERMEDIATE
5 DISTRICT MULTIPLIED BY the foundation allowance or per pupil
6 payment as calculated under section 20 for the district or
7 intermediate district. The foundation allowance or per pupil
8 payment shall be adjusted by the pupil's full-time equated status
9 as affected by the membership definition under section 6(4).

10 (b) Adjust the membership calculation for the educating
11 district or intermediate district ~~for each school day in which the~~
12 ~~pupil is enrolled and is in attendance in the educating district or~~
13 ~~intermediate district so that the district's or intermediate~~
14 ~~district's membership is increased to allow the district or~~
15 ~~intermediate district to receive , for each school day between the~~
16 ~~day the pupil enrolled in the educating district and the~~
17 ~~supplemental count day, an amount equal to 1/180 of~~ AN AMOUNT EQUAL
18 TO THE DIFFERENCE BETWEEN THE FULL-TIME EQUATED MEMBERSHIP CLAIMED
19 IN THE FALL PUPIL MEMBERSHIP COUNT AND THE SUM OF THE ADJUSTMENTS
20 CALCULATED UNDER SUBDIVISION (A) FOR EACH DISTRICT OR INTERMEDIATE
21 DISTRICT IN WHICH THE PUPIL WAS PREVIOUSLY ENROLLED AND IN
22 ATTENDANCE. THE EDUCATING DISTRICT OR INTERMEDIATE DISTRICT SHALL
23 RECEIVE A PRORATED FOUNDATION ALLOWANCE IN AN AMOUNT EQUAL TO THE
24 PRODUCT OF THE ADJUSTMENT UNDER THIS SUBDIVISION FOR THE EDUCATING
25 DISTRICT OR INTERMEDIATE DISTRICT MULTIPLIED BY the foundation
26 allowance or per pupil payment as calculated under section 20 for
27 the educating district or intermediate district. The foundation

1 allowance or per pupil payment shall be adjusted by the pupil's
2 full-time equated status as affected by the membership definition
3 under section 6(4).

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

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

19 (6) As used in this section, "educating district or
20 intermediate district" means the district or intermediate district
21 in which a pupil enrolls after the pupil membership count day or
22 after an adjustment was made in another district's or intermediate
23 district's membership calculation under this section due to the
24 pupil's enrollment and attendance.

25 Sec. 26a. (1) From the state school aid fund appropriation in
26 section 11, there is allocated an amount not to exceed
27 \$26,300,000.00 for 2013-2014 to reimburse districts and

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

8 (2) In addition to the allocation under subsection (1), from
9 the general fund money appropriated under section 11, there is
10 allocated an amount not to exceed \$3,200,000.00 for 2013-2014 to
11 reimburse public libraries pursuant to section 12 of the Michigan
12 renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied
13 in ~~2012—~~2013. The allocations shall be made not later than 60 days
14 after the department of treasury certifies to the department and to
15 the state budget director that the department of treasury has
16 received all necessary information to properly determine the
17 amounts due to each eligible recipient.

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

21 (2) From the allocation in subsection (1), there is allocated
22 for each fiscal year the amount necessary for payments to state
23 supported colleges or universities and intermediate districts
24 providing school bus driver safety instruction pursuant to section
25 51 of the pupil transportation act, 1990 PA 187, MCL 257.1851. The
26 payments shall be in an amount determined by the department not to
27 exceed ~~75% of~~ the actual cost of instruction and driver

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

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

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

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

<<[]

Sec. 104b. (1) In order to receive state aid under this act, a district shall comply with this section and shall administer the Michigan merit examination to pupils in grade 11, and to pupils in grade 12 who did not take the complete Michigan merit examination in grade 11, as provided in this section.

(2) For the purposes of this section, the department of management and budget shall contract with 1 or more providers to develop, supply, and score the Michigan merit examination. The Michigan merit examination shall consist of all of the following:

(a) Assessment instruments that measure English language arts, mathematics, reading, and science and are used by colleges and universities in this state for entrance or placement purposes. This shall include a writing component in which the pupil produces an extended writing sample. The Michigan merit examination shall not require any other extended writing sample.

(b) One or more tests from 1 or more test developers that assess a pupil's ability to apply at least reading and mathematics skills in a manner that is intended to allow employers to use the results in making employment decisions. The department of management and budget and the superintendent shall ensure that any test or tests selected under this subdivision have all the components necessary to allow a pupil to be eligible to receive the results of a nationally recognized evaluation of workforce readiness if the pupil's test performance is adequate.

(c) A social studies component.

(d) Any other component that is necessary to obtain the approval of the United States department of education to use the Michigan merit examination for the purposes of the ~~federal~~ no child left behind act of 2001, Public Law 107-110.

(3) In addition to all other requirements of this section, all of the following apply to the Michigan merit examination:

(a) The department of management and budget and the superintendent shall ensure that any contractor used for scoring the Michigan merit examination supplies an individual report for each pupil that will identify for the pupil's parents and teachers whether the pupil met

expectations or failed to meet expectations for each standard, to allow the pupil's parents and teachers to assess and remedy problems before the pupil moves to the next grade.

(b) The department of management and budget and the superintendent shall ensure that any contractor used for scoring, developing, or processing the Michigan merit examination meets quality management standards commonly used in the assessment industry, including at least meeting level 2 of the capability maturity model developed by the software engineering institute of Carnegie Mellon university for the first year the Michigan merit examination is offered to all grade 11 pupils and at least meeting level 3 of the capability maturity model for subsequent years.

(c) The department of management and budget and the superintendent shall ensure that any contract for scoring, administering, or developing the Michigan merit examination includes specific deadlines for all steps of the assessment process, including, but not limited to, deadlines for the correct testing materials to be supplied to schools and for the correct results to be returned to schools, and includes penalties for noncompliance with these deadlines.

(d) The superintendent shall ensure that the Michigan merit examination meets all of the following:

(i) Is designed to test pupils on grade level content expectations or course content expectations, as appropriate, in all subjects tested.

(ii) Complies with requirements of the no child left behind act of 2001, Public Law 107-110.

(iii) Is consistent with the code of fair testing practices in education prepared by the joint committee on testing practices of the American psychological association.

(iv) Is factually accurate. If the superintendent determines that a question is not factually accurate and should be excluded from scoring, the state board and the superintendent shall ensure that the question is excluded from scoring.

(4) A district shall include on each pupil's high school transcript all of the following:

(a) For each high school graduate who has completed the Michigan merit examination under this section, the pupil's scaled score on each subject area component of the Michigan merit examination.

(b) The number of school days the pupil was in attendance at school each school year during high school and the total number of school days in session for each of those school years.

(5) The superintendent shall work with the provider or providers of the Michigan merit examination to produce Michigan merit examination subject area scores for each pupil participating in the Michigan merit examination, including scaling and merging of test items for the different subject area components. The superintendent shall design and distribute to districts, intermediate districts, and nonpublic schools a simple and concise document that describes the scoring for each subject area and indicates the scaled score ranges for each subject area.

(6) The Michigan merit examination shall be administered each year after March 1 and before June 1 to pupils in grade 11. The superintendent shall ensure that the Michigan merit examination is scored and the scores are returned to pupils, their parents or legal guardians, and districts not later than the beginning of the pupil's first semester of grade 12. The returned scores shall indicate at least the pupil's scaled score for each subject area component and the range of scaled scores for each subject area. In reporting the scores to pupils, parents, and schools, the superintendent shall provide standards-specific, meaningful, and

timely feedback on the pupil's performance on the Michigan merit examination.

(7) A district shall administer the complete Michigan merit examination to a pupil only once and shall not administer the complete Michigan merit examination to the same pupil more than once. If a pupil does not take the complete Michigan merit examination in grade 11, the district shall administer the complete Michigan merit examination to the pupil in grade 12. If a pupil chooses to retake the college entrance examination component of the Michigan merit examination, as described in subsection (2)(a), the pupil may do so through the provider of the college entrance examination component and the cost of the retake is the responsibility of the pupil unless all of the following are met:

(a) The pupil has taken the complete Michigan merit examination.

(b) The pupil did not qualify for a Michigan promise grant under section 6 of the Michigan promise grant act, 2006 PA 479, MCL 390.1626, based on the pupil's performance on the complete Michigan merit examination.

(c) The pupil meets the income eligibility criteria for free breakfast, lunch, or milk, as determined under the Richard B. Russell national school lunch act, 42 USC 1751 to 1769i.

(d) The pupil has applied to the provider of the college entrance examination component for a scholarship or fee waiver to cover the cost of the retake and that application has been denied.

(e) After taking the complete Michigan merit examination, the pupil has not already received a free retake of the college entrance examination component paid for either by this state or through a scholarship or fee waiver by the provider.

(8) The superintendent shall ensure that the length of the Michigan merit examination and the combined total time necessary to administer all of the components of the Michigan merit examination are the shortest possible that will still maintain the degree of reliability and validity of the Michigan merit examination results determined necessary by the superintendent. The superintendent shall ensure that the maximum total combined length of time that schools are required to set aside for pupils to answer all test questions on the Michigan merit examination does not exceed 8 hours if the superintendent determines that sufficient alignment to applicable Michigan merit curriculum content standards can be achieved within that time limit.

(9) A district shall provide accommodations to a pupil with disabilities for the Michigan merit examination, as provided under section 504 of title V of the rehabilitation act of 1973, 29 USC 794; subtitle A of title II of the Americans with disabilities act of 1990, 42 USC 12131 to 12134; the individuals with disabilities education act amendments of 1997, Public Law 105-17; and the implementing regulations for those statutes. The provider or providers of the Michigan merit examination and the superintendent shall mutually agree upon the accommodations to be provided under this subsection.

(10) To the greatest extent possible, the Michigan merit examination shall be based on grade level content expectations or course content expectations, as appropriate. Not later than July 1, 2008, the department shall identify specific grade level content expectations to be taught before and after the middle of grade 11, so that teachers will know what content will be covered within the Michigan merit examination.

(11) A child who is a student in a nonpublic school or home school may take the Michigan merit examination under this section. To take the Michigan merit examination, a child who is a student in a home school shall contact the district in which the child resides, and that district shall administer the Michigan merit examination, or the child may take

the Michigan merit examination at a nonpublic school if allowed by the nonpublic school. Upon request from a nonpublic school, the superintendent shall direct the provider or providers to supply the Michigan merit examination to the nonpublic school and the nonpublic school may administer the Michigan merit examination. If a district administers the Michigan merit examination under this subsection to a child who is not enrolled in the district, the scores for that child are not considered for any purpose to be scores of a pupil of the district.

(12) In contracting under subsection (2), the department of management and budget shall consider a contractor that provides electronically-scored essays with the ability to score constructed response feedback in multiple languages and provide ongoing instruction and feedback.

(13) The purpose of the Michigan merit examination is to assess pupil performance in mathematics, science, social studies, and English language arts for the purpose of improving academic achievement and establishing a statewide standard of competency. The assessment under this section provides a common measure of data that will contribute to the improvement of Michigan schools' curriculum and instruction by encouraging alignment with Michigan's curriculum framework standards and promotes pupil participation in higher level mathematics, science, social studies, and English language arts courses. These standards are based upon the expectations of what pupils should learn through high school and are aligned with national standards.

(14) FOR A PUPIL ENROLLED IN A MIDDLE COLLEGE PROGRAM, OTHER THAN A MIDDLE COLLEGE OPERATED AS A SHARED EDUCATIONAL ENTITY OR A SPECIALIZED SHARED EDUCATIONAL ENTITY, IF THE PUPIL RECEIVES AT LEAST 50% OF HIS OR HER INSTRUCTION AT THE HIGH SCHOOL WHILE IN GRADE 11, THE MICHIGAN MERIT EXAMINATION SHALL BE ADMINISTERED TO THE PUPIL AT THE HIGH SCHOOL AT WHICH THE PUPIL RECEIVES HIGH SCHOOL INSTRUCTION, AND THE DEPARTMENT SHALL INCLUDE THE PUPIL'S SCORES ON THE MICHIGAN MERIT EXAMINATION IN THE SCORES FOR THAT HIGH SCHOOL FOR ALL PURPOSES FOR WHICH A SCHOOL'S OR DISTRICT'S RESULTS ARE REPORTED. THE DEPARTMENT SHALL ALLOW THE MIDDLE COLLEGE PROGRAM TO USE A 5-YEAR GRADUATION RATE FOR DETERMINING ADEQUATE YEARLY PROGRESS. AS USED IN THIS SUBSECTION, "MIDDLE COLLEGE" MEANS A PROGRAM CONSISTING OF A SERIES OF COURSES AND OTHER REQUIREMENTS AND CONDITIONS, INCLUDING AN EARLY COLLEGE OR OTHER PROGRAM CREATED UNDER A MEMORANDUM OF UNDERSTANDING, THAT ALLOWS A PUPIL TO GRADUATE FROM HIGH SCHOOL WITH BOTH A HIGH SCHOOL DIPLOMA AND A CERTIFICATE OR DEGREE FROM A COMMUNITY COLLEGE OR STATE PUBLIC UNIVERSITY.

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

(a) "English language arts" means reading and writing.

(b) "Social studies" means United States history, world history, world geography, economics, and American government.>>

13 Sec. 107. (1) From the appropriation in section 11, there is
 14 allocated an amount not to exceed \$22,000,000.00 for 2013-2014 for
 15 adult education programs authorized under this section. Funds
 16 allocated under this section are restricted for adult education
 17 programs as authorized under this section only. A recipient of
 18 funds under this section shall not use those funds for any other
 19 purpose.

House Bill No. 4229 (H-1) as amended September 19, 2013

20 as amended September 26, 2013 (5 of 5)

21 (2) To be eligible for funding under this section, a program
22 shall employ certificated teachers and qualified administrative
23 staff and shall offer continuing education opportunities for
24 teachers to allow them to maintain certification.

25 (3) To be eligible to be a participant funded under this
26 section, a person shall be enrolled in an adult basic education
27 program, an adult English as a second language program, a general
28 educational development (G.E.D.) test preparation program, a job-

1 or employment-related program, or a high school completion program,
2 that meets the requirements of this section, and shall meet either
3 of the following, as applicable:

4 (a) If the individual has obtained a high school diploma or a
5 general educational development (G.E.D.) certificate, the
6 individual meets 1 of the following:

7 (i) Is less than 20 years of age on September 1 of the school
8 year and is enrolled in the Michigan career and technical
9 institute.

10 (ii) Is less than 20 years of age on September 1 of the school
11 year, is not attending an institution of higher education, and is
12 enrolled in a job- or employment-related program through a referral
13 by an employer.

14 (iii) Is enrolled in an English as a second language program.

15 (iv) Is enrolled in a high school completion program.

16 (b) If the individual has not obtained a high school diploma
17 or G.E.D. certificate, the individual meets 1 of the following:

18 (i) Is at least 20 years of age on September 1 of the school
19 year.

20 (ii) Is at least 16 years of age on September 1 of the school
21 year, has been permanently expelled from school under section
22 1311(2) or 1311a of the revised school code, MCL 380.1311 and
23 380.1311a, and has no appropriate alternative education program
24 available through his or her district of residence.

25 (4) Except as otherwise provided in subsection (5), the money
26 allocated under this section shall be distributed as follows:

27 (a) For districts and consortia that received payments for

1 2012-2013 under this section, the amount allocated to each for
2 2013-2014 shall be based on the number of participants served by
3 the district or consortium for ~~2012-2013~~, **2013-2014**, using the
4 amount allocated per full-time equated participant under subsection
5 (7), up to a maximum total allocation under this subsection in an
6 amount equal to the amount the district or consortium received for
7 2012-2013 under this section before any reallocations made for
8 2012-2013 under subsection (5).

9 (b) A district or consortium that received funding in 2012-
10 2013 under this section may operate independently of a consortium
11 or join or form a consortium for 2013-2014. The allocation for
12 2013-2014 to the district or the newly formed consortium under this
13 subsection shall be determined by the department and shall be based
14 on the proportion of the amounts that are attributable to the
15 district or consortium that received funding in 2012-2013. A
16 district or consortium described in this subdivision shall notify
17 the department of its intention with regard to 2013-2014 by October
18 1, 2013.

19 (5) A district that operated an adult education program in
20 2012-2013 and does not intend to operate a program in 2013-2014
21 shall notify the department by October 1, 2013 of its intention.
22 The money intended to be allocated under this section to a district
23 that does not operate a program in 2013-2014 and the unspent money
24 originally allocated under this section to a district or consortium
25 that subsequently operates a program at less than the level of
26 funding allocated under subsection (4) and any other unallocated
27 money under this section shall instead be proportionately

1 reallocated to the other districts described in subsection (4)(a)
2 that are operating an adult education program in 2013-2014 under
3 this section.

4 (6) The amount allocated under this section per full-time
5 equated participant is \$2,850.00 for a 450-hour program. The amount
6 shall be proportionately reduced for a program offering less than
7 450 hours of instruction.

8 (7) An adult basic education program or an adult English as a
9 second language program operated on a year-round or school year
10 basis may be funded under this section, subject to all of the
11 following:

12 (a) The program enrolls adults who are determined by a
13 department-approved assessment, in a form and manner prescribed by
14 the department, to be below ninth grade level in reading or
15 mathematics, or both, or to lack basic English proficiency.

16 (b) The program tests individuals for eligibility under
17 subdivision (a) before enrollment and upon completion of the
18 program in compliance with the state-approved assessment policy.

19 (c) A participant in an adult basic education program is
20 eligible for reimbursement until 1 of the following occurs:

21 (i) The participant's reading and mathematics proficiency are
22 assessed at or above the ninth grade level.

23 (ii) The participant fails to show progress on 2 successive
24 assessments after having completed at least 450 hours of
25 instruction.

26 (d) A funding recipient enrolling a participant in an English
27 as a second language program is eligible for funding according to

1 subsection (11) until the participant meets 1 of the following:

2 (i) The participant is assessed as having attained basic
3 English proficiency as determined by a department-approved
4 assessment.

5 (ii) The participant fails to show progress on 2 successive
6 department-approved assessments after having completed at least 450
7 hours of instruction. The department shall provide information to a
8 funding recipient regarding appropriate assessment instruments for
9 this program.

10 (8) A general educational development (G.E.D.) test
11 preparation program operated on a year-round or school year basis
12 may be funded under this section, subject to all of the following:

13 (a) The program enrolls adults who do not have a high school
14 diploma.

15 (b) The program shall administer a G.E.D. pre-test approved by
16 the department before enrolling an individual to determine the
17 individual's potential for success on the G.E.D. test, and shall
18 administer a post-test upon completion of the program in compliance
19 with the state-approved assessment policy.

20 (c) A funding recipient shall receive funding according to
21 subsection (11) for a participant, and a participant may be
22 enrolled in the program until 1 of the following occurs:

23 (i) The participant passes the G.E.D. test.

24 (ii) The participant fails to show progress on 2 successive
25 department-approved assessments used to determine readiness to take
26 the G.E.D. test after having completed at least 450 hours of
27 instruction.

1 (9) A high school completion program operated on a year-round
2 or school year basis may be funded under this section, subject to
3 all of the following:

4 (a) The program enrolls adults who do not have a high school
5 diploma.

6 (b) The program tests participants described in subdivision
7 (a) before enrollment and upon completion of the program in
8 compliance with the state-approved assessment policy.

9 (c) A funding recipient shall receive funding according to
10 subsection (11) for a participant in a course offered under this
11 subsection until 1 of the following occurs:

12 (i) The participant passes the course and earns a high school
13 diploma.

14 (ii) The participant fails to earn credit in 2 successive
15 semesters or terms in which the participant is enrolled after
16 having completed at least 900 hours of instruction.

17 (10) A job- or employment-related adult education program
18 operated on a year-round or school year basis may be funded under
19 this section, subject to all of the following:

20 (a) The program enrolls adults referred by their employer who
21 are less than 20 years of age, have a high school diploma, are
22 determined to be in need of remedial mathematics or communication
23 arts skills and are not attending an institution of higher
24 education.

25 (b) The program tests participants described in subdivision
26 (a) before enrollment and upon completion of the program in
27 compliance with the department-approved assessment policy.

1 (c) An individual may be enrolled in this program and the
2 grant recipient shall receive funding according to subsection (11)
3 until 1 of the following occurs:

4 (i) The individual achieves the requisite skills as determined
5 by department-approved assessment instruments.

6 (ii) The individual fails to show progress on 2 successive
7 assessments after having completed at least 450 hours of
8 instruction.

9 (11) A funding recipient shall receive payments under this
10 section in accordance with the following:

11 (a) Ninety percent for enrollment of eligible participants.

12 (b) Ten percent for completion of the adult basic education
13 objectives by achieving an increase of at least 1 grade level of
14 proficiency in reading or mathematics; for achieving basic English
15 proficiency, as defined by the department in the adult education
16 guidebook; for obtaining a G.E.D. or passage of 1 or more
17 individual G.E.D. tests; for attainment of a high school diploma or
18 passage of a course required for a participant to attain a high
19 school diploma; or for completion of the course and demonstrated
20 proficiency in the academic skills to be learned in the course, as
21 applicable.

22 (12) As used in this section, "participant" means the sum of
23 the number of full-time equated individuals enrolled in and
24 attending a department-approved adult education program under this
25 section, using quarterly participant count days on the schedule
26 described in section 6(7)(b).

27 (13) A person who is not eligible to be a participant funded

1 under this section may receive adult education services upon the
2 payment of tuition. In addition, a person who is not eligible to be
3 served in a program under this section due to the program
4 limitations specified in subsection (7), (8), (9), or (10) may
5 continue to receive adult education services in that program upon
6 the payment of tuition. The tuition level shall be determined by
7 the local or intermediate district conducting the program.

8 (14) An individual who is an inmate in a state correctional
9 facility shall not be counted as a participant under this section.

10 (15) A district shall not commingle money received under this
11 section or from another source for adult education purposes with
12 any other funds of the district. A district receiving adult
13 education funds shall establish a separate ledger account for those
14 funds. This subsection does not prohibit a district from using
15 general funds of the district to support an adult education or
16 community education program.

17 (16) A district or intermediate district receiving funds under
18 this section may establish a sliding scale of tuition rates based
19 upon a participant's family income. A district or intermediate
20 district may charge a participant tuition to receive adult
21 education services under this section from that sliding scale of
22 tuition rates on a uniform basis. The amount of tuition charged per
23 participant shall not exceed the actual operating cost per
24 participant minus any funds received under this section per
25 participant. A district or intermediate district may not charge a
26 participant tuition under this section if the participant's income
27 is at or below 200% of the federal poverty guidelines published by

1 the United States department of health and human services.

2 (17) In order to receive funds under this section, a district
3 shall furnish to the department, in a form and manner determined by
4 the department, all information needed to administer this program
5 and meet federal reporting requirements; shall allow the department
6 or the department's designee to review all records related to the
7 program for which it receives funds; and shall reimburse the state
8 for all disallowances found in the review, as determined by the
9 department.

10 (18) All intermediate district participant audits of adult
11 education programs shall be performed pursuant to the adult
12 education participant auditing and accounting manuals published by
13 the department.

14 (19) It is the intent of the legislature to study allocating
15 funds under this section on a competitive basis beginning for 2014-
16 2015.

17 (20) As used in this section, "department" means the Michigan
18 strategic fund.

19 Sec. 147a. From the appropriation in section 11, there is
20 allocated for 2013-2014 an amount not to exceed \$100,000,000.00 for
21 payments to participating districts. A district that receives money
22 under this section shall use that money solely for the purpose of
23 offsetting a portion of the retirement contributions owed by the
24 district for the fiscal year in which it is received. The amount
25 allocated to each participating district under this section shall
26 be based on each participating district's percentage of the total
27 statewide payroll for all participating districts for the

1 immediately preceding ~~school~~-fiscal year. As used in this section,
2 "participating district" means a district that is a reporting unit
3 of the Michigan public school employees' retirement system under
4 the public school employees retirement act of 1979, 1980 PA 300,
5 MCL 38.1301 to 38.1408, and that reports employees to the Michigan
6 public school employees' retirement system for the applicable
7 fiscal year.

8 Enacting section 1. This amendatory act takes effect October
9 1, 2013.