

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4295**

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 11, 11m, 20, 20g, 21f, 22a, 22b, 22g, 25e,  
31a, 51a, 51c, 99h, 101, and 147c (MCL 388.1611, 388.1611m,  
388.1620, 388.1620g, 388.1621f, 388.1622a, 388.1622b, 388.1622g,  
388.1625e, 388.1631a, 388.1651a, 388.1651c, 388.1699h, 388.1701,  
and 388.1747c), sections 11 and 22a as amended and section 20g as  
added by 2013 PA 97, sections 11m, 22b, 22g, 31a, 51a, 51c, 101,  
and 147c as amended and section 99h as added by 2013 PA 60, and  
sections 20, 21f, and 25e as amended by 2013 PA 130, and by adding  
sections 25f, 31b, 32r, 64d, and 94.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 11. (1) ~~For the fiscal year ending September 30, 2013,~~  
2 ~~there is appropriated for the public schools of this state and~~  
3 ~~certain other state purposes relating to education the sum of~~  
4 ~~\$10,928,614,200.00 from the state school aid fund and the sum of~~  
5 ~~\$282,400,000.00 from the general fund.~~ For the fiscal year ending  
6 September 30, 2014, there is appropriated for the public schools of  
7 this state and certain other state purposes relating to education  
8 the sum of ~~\$11,211,382,300.00~~ **\$11,145,232,300.00** from the state  
9 school aid fund, the sum of \$156,000,000.00 from the MPSERS  
10 retirement obligation reform reserve fund created under section  
11 147b, and the sum of \$234,900,000.00 from the general fund. In  
12 addition, all other available federal funds ~~, except those~~  
13 ~~otherwise appropriated under section 11p,~~ are appropriated for the  
14 fiscal year ~~ending September 30, 2013 and for the fiscal year~~  
15 ~~ending September 30, 2014.~~

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

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

24       Sec. 11m. From the appropriations in section 11, there is  
25 allocated for 2013-2014 an amount not to exceed ~~\$4,000,000.00~~  
26 **\$2,500,000.00** for fiscal year cash-flow borrowing costs solely  
27 related to the state school aid fund established by section 11 of

1 article IX of the state constitution of 1963.

2 Sec. 20. (1) For 2013-2014, the basic foundation allowance is  
3 \$8,049.00.

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

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

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

1 year and the sum of \$7,108.00 plus the total dollar amount of all  
2 adjustments made from 2006-2007 to the immediately preceding state  
3 fiscal year in the lowest foundation allowance among all districts)  
4 divided by the difference between the basic foundation allowance  
5 for the current state fiscal year and the sum of \$7,108.00 plus the  
6 total dollar amount of all adjustments made from 2006-2007 to the  
7 immediately preceding state fiscal year in the lowest foundation  
8 allowance among all districts]. For 2011-2012, for a district that  
9 had a foundation allowance for the immediately preceding state  
10 fiscal year that was at least equal to the sum of \$7,108.00 plus  
11 the total dollar amount of all adjustments made from 2006-2007 to  
12 the immediately preceding state fiscal year in the lowest  
13 foundation allowance among all districts, but less than the basic  
14 foundation allowance for the immediately preceding state fiscal  
15 year, the district shall receive a foundation allowance in an  
16 amount equal to the district's foundation allowance for 2010-2011,  
17 minus \$470.00. However, the foundation allowance for a district  
18 that had less than the basic foundation allowance for the  
19 immediately preceding state fiscal year shall not exceed the basic  
20 foundation allowance for the current state fiscal year.

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

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

20           (d) For a district that in the 1994-95 state fiscal year had a  
21 foundation allowance greater than \$6,500.00 and that had a  
22 foundation allowance for the 2009-2010 state fiscal year, as  
23 otherwise calculated under this section, that was less than the  
24 basic foundation allowance, the district's foundation allowance for  
25 2011-2012 and each succeeding fiscal year shall be considered to be  
26 an amount equal to the basic foundation allowance.

27           (e) For a district that has a foundation allowance that is not

1 a whole dollar amount, the district's foundation allowance shall be  
2 rounded up to the nearest whole dollar.

3 (f) For a district that received a payment under section 22c  
4 as that section was in effect for 2001-2002, the district's 2001-  
5 2002 foundation allowance shall be considered to have been an  
6 amount equal to the sum of the district's actual 2001-2002  
7 foundation allowance as otherwise calculated under this section  
8 plus the per pupil amount of the district's equity payment for  
9 2001-2002 under section 22c as that section was in effect for 2001-  
10 2002.

11 (g) For a district that received a payment under section 22c  
12 as that section was in effect for 2006-2007, the district's 2006-  
13 2007 foundation allowance shall be considered to have been an  
14 amount equal to the sum of the district's actual 2006-2007  
15 foundation allowance as otherwise calculated under this section  
16 plus the per pupil amount of the district's equity payment for  
17 2006-2007 under section 22c as that section was in effect for 2006-  
18 2007.

19 (h) For 2012-2013, for a district that had a foundation  
20 allowance for the 2011-2012 state fiscal year of less than  
21 \$6,966.00, the district's foundation allowance is an amount equal  
22 to \$6,966.00.

23 (4) Except as otherwise provided in this subsection, the state  
24 portion of a district's foundation allowance is an amount equal to  
25 the district's foundation allowance or the basic foundation  
26 allowance for the current state fiscal year, whichever is less,  
27 minus the difference between the sum of the product of the taxable

1 value per membership pupil of all property in the district that is  
2 nonexempt property times the district's certified mills and, for a  
3 district with certified mills exceeding 12, the product of the  
4 taxable value per membership pupil of property in the district that  
5 is commercial personal property times the certified mills minus 12  
6 mills and the quotient of the ad valorem property tax revenue of  
7 the district captured under tax increment financing acts divided by  
8 the district's membership excluding special education pupils. For a  
9 district described in subsection (3)(c), the state portion of the  
10 district's foundation allowance is an amount equal to \$6,962.00  
11 plus the difference between the district's foundation allowance for  
12 the current state fiscal year and the district's foundation  
13 allowance for 1998-99, minus the difference between the sum of the  
14 product of the taxable value per membership pupil of all property  
15 in the district that is nonexempt property times the district's  
16 certified mills and, for a district with certified mills exceeding  
17 12, the product of the taxable value per membership pupil of  
18 property in the district that is commercial personal property times  
19 the certified mills minus 12 mills and the quotient of the ad  
20 valorem property tax revenue of the district captured under tax  
21 increment financing acts divided by the district's membership  
22 excluding special education pupils. For a district that has a  
23 millage reduction required under section 31 of article IX of the  
24 state constitution of 1963, the state portion of the district's  
25 foundation allowance shall be calculated as if that reduction did  
26 not occur. For a receiving district, if school operating taxes  
27 continue to be levied on behalf of a dissolved district that has

1 been attached in whole or in part to the receiving district to  
2 satisfy debt obligations of the dissolved district under section 12  
3 of the revised school code, MCL 380.12, the taxable value per  
4 membership pupil of property in the receiving district used for the  
5 purposes of this subsection, does not include the taxable value of  
6 property within the geographic area of the dissolved district.

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

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



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

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

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

17 (8) Subject to subsection (4), for a district that is formed  
18 or reconfigured after June 1, 2002 by consolidation of 2 or more  
19 districts or by annexation, the resulting district's foundation  
20 allowance under this section beginning after the effective date of  
21 the consolidation or annexation shall be the lesser of the sum of  
22 the average of the foundation allowances of each of the original or  
23 affected districts, calculated as provided in this section,  
24 weighted as to the percentage of pupils in total membership in the  
25 resulting district who reside in the geographic area of each of the  
26 original or affected districts plus \$100.00 or the highest  
27 foundation allowance among the original or affected districts. This

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

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

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

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

16 (a) The pupil membership factor shall be computed by dividing  
17 the estimated membership in the school year ending in the current  
18 state fiscal year, excluding intermediate district membership, by  
19 the estimated membership for the school year ending in the  
20 subsequent state fiscal year, excluding intermediate district  
21 membership. If a consensus membership factor is not determined at  
22 the revenue estimating conference, the principals of the revenue  
23 estimating conference shall report their estimates to the house and  
24 senate subcommittees responsible for school aid appropriations not  
25 later than 7 days after the conclusion of the revenue conference.

26 (b) The revenue adjustment factor shall be computed by  
27 dividing the sum of the estimated total state school aid fund

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

17 (c) The index shall be calculated by multiplying the pupil  
18 membership factor by the revenue adjustment factor. If a consensus  
19 index is not determined at the revenue estimating conference, the  
20 principals of the revenue estimating conference shall report their  
21 estimates to the house and senate subcommittees responsible for  
22 school aid appropriations not later than 7 days after the  
23 conclusion of the revenue conference.

24 (12) For a district that received a grant under former section  
25 32e for 2001-2002, the district's foundation allowance for 2002-  
26 2003 and each succeeding fiscal year shall be adjusted to be an  
27 amount equal to the sum of the district's foundation allowance, as

1 otherwise calculated under this section, plus the quotient of 100%  
2 of the amount of the grant award to the district for 2001-2002  
3 under former section 32e divided by the number of pupils in the  
4 district's membership for 2001-2002 who were residents of and  
5 enrolled in the district. All of the following apply to districts  
6 receiving a foundation allowance adjustment under this subsection:

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

1 class size. If the department does not act to approve or disapprove  
2 an application within 30 days after it is submitted to the  
3 department, the application is considered to be approved. If an  
4 application for flexibility in using the funds is approved, the  
5 district may use the funds identified in the application for any  
6 purpose identified in the plan.

7 (b) ~~A-SUBJECT TO SUBDIVISION (E)~~, A district receiving an  
8 adjustment under this subsection shall not receive as a result of  
9 this adjustment an amount that exceeds 68.5% of the amount the  
10 district received as a result of this adjustment for 2010-2011.

11 (c) Notwithstanding subsection (8), for a district that is  
12 formed or reconfigured by consolidation of 2 or more districts, 1  
13 of which received an adjustment under this subsection for 2012-  
14 2013, the resulting district's foundation allowance for 2013-2014  
15 and each succeeding fiscal year shall be adjusted to be an amount  
16 equal to the sum of the resulting district's foundation allowance  
17 as calculated under subsection (8) excluding any adjustment  
18 calculated under this subsection plus [(the original district's  
19 adjustment under this subsection in 2012-2013 times the number of  
20 pupils in the original district's membership for 2012-2013) divided  
21 by the number of pupils in the resulting district's membership for  
22 2013-2014].

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

1 fiscal year.

2 (E) NOTWITHSTANDING SUBDIVISION (B), IN ADDITION TO THE  
3 CALCULATIONS PROVIDED IN THIS SUBSECTION, FOR 2013-2014 ONLY, EACH  
4 DISTRICT THAT RECEIVED A GRANT UNDER FORMER SECTION 32E FOR 2001-  
5 2002 AND THAT IS RECEIVING AN ADJUSTMENT UNDER THIS SUBSECTION FOR  
6 2013-2014 SHALL RECEIVE AN ADDITIONAL ADJUSTMENT IN AN AMOUNT EQUAL  
7 TO 17.6% OF THE PER-PUPIL ADJUSTMENT RECEIVED UNDER THIS SUBSECTION  
8 FOR 2013-2014. THE ADJUSTMENT UNDER THIS SUBDIVISION SHALL BE  
9 CALCULATED AND ADDED TO EACH DISTRICT'S FOUNDATION ALLOWANCE AFTER  
10 ALL OTHER CALCULATIONS UNDER THIS SECTION. A DISTRICT THAT RECEIVED  
11 A GRANT UNDER FORMER SECTION 32E FOR 2001-2002 THAT SUBSEQUENTLY  
12 CONSOLIDATED WITH ANOTHER DISTRICT OR A DISTRICT THAT ISSUED A  
13 CONTRACT TO AUTHORIZE A PUBLIC SCHOOL ACADEMY AND CONTRACTED WITH  
14 THAT PUBLIC SCHOOL ACADEMY TO OPERATE ALL OF ITS SCHOOLS SHALL NOT  
15 RECEIVE AN ADDITIONAL ADJUSTMENT UNDER THIS SUBDIVISION.

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

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

25 (15) As used in this section:

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

1 1993-94.

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

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

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

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

15 (f) "Immediately preceding state fiscal year" means the state  
16 fiscal year immediately preceding the current state fiscal year.

17 (g) "Local school operating revenue" means school operating  
18 taxes levied under section 1211 of the revised school code, MCL  
19 380.1211. For a receiving district, if school operating taxes are  
20 to be levied on behalf of a dissolved district that has been  
21 attached in whole or in part to the receiving district to satisfy  
22 debt obligations of the dissolved district under section 12 of the  
23 revised school code, MCL 380.12, local school operating revenue  
24 does not include school operating taxes levied within the  
25 geographic area of the dissolved district.

26 (h) "Local school operating revenue per membership pupil"  
27 means a district's local school operating revenue divided by the



1 district's membership excluding special education pupils.

2 (i) "Maximum public school academy allocation", except as  
3 otherwise provided in this subdivision, means the maximum per-pupil  
4 allocation as calculated by adding the highest per-pupil allocation  
5 among all public school academies for the immediately preceding  
6 state fiscal year plus the difference between twice the dollar  
7 amount of the adjustment from the immediately preceding state  
8 fiscal year to the current state fiscal year made in the basic  
9 foundation allowance and [(the dollar amount of the adjustment from  
10 the immediately preceding state fiscal year to the current state  
11 fiscal year made in the basic foundation allowance minus \$10.00)  
12 times (the difference between the highest per-pupil allocation  
13 among all public school academies for the immediately preceding  
14 state fiscal year and the sum of \$7,108.00 plus the total dollar  
15 amount of all adjustments made from 2006-2007 to the immediately  
16 preceding state fiscal year in the lowest per-pupil allocation  
17 among all public school academies) divided by the difference  
18 between the basic foundation allowance for the current state fiscal  
19 year and the sum of \$7,108.00 plus the total dollar amount of all  
20 adjustments made from 2006-2007 to the immediately preceding state  
21 fiscal year in the lowest per-pupil allocation among all public  
22 school academies].

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

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

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

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

8 (m) "Receiving district" means a district to which all or part  
9 of the territory of a dissolved district is attached under section  
10 12 of the revised school code, MCL 380.12.

11 (n) "School operating purposes" means the purposes included in  
12 the operation costs of the district as prescribed in sections 7 and  
13 18 and purposes authorized under section 1211 of the revised school  
14 code, MCL 380.1211.

15 (o) "School operating taxes" means local ad valorem property  
16 taxes levied under section 1211 of the revised school code, MCL  
17 380.1211, and retained for school operating purposes.

18 (p) "Tax increment financing acts" means 1975 PA 197, MCL  
19 125.1651 to 125.1681, the tax increment finance authority act, 1980  
20 PA 450, MCL 125.1801 to 125.1830, the local development financing  
21 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
22 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
23 or the corridor improvement authority act, 2005 PA 280, MCL  
24 125.2871 to 125.2899.

25 (q) "Taxable value per membership pupil" means taxable value,  
26 as certified by the department of treasury, for the calendar year  
27 ending in the current state fiscal year divided by the district's

1 membership excluding special education pupils for the school year  
2 ending in the current state fiscal year.

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

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

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

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

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

1 kindergarten, times 10.0% of the lesser of the foundation allowance  
2 of the eligible district as calculated under section 20 or the  
3 basic foundation allowance under section 20(1).

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

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

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

25 Sec. 21f. (1) A pupil enrolled in a district in any of grades  
26 5 to 12 is eligible to enroll in an online course as provided for  
27 in this section. However, this section does not apply to a pupil

1 enrolled in a school of excellence that is a cyber school, as  
2 defined in section 551 of the revised school code, MCL 380.551.

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

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

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

1 orders.

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

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

6 (b) The online course is not capable of generating academic  
7 credit.

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

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

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

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

1 the reasons specified in subsection (5), the district shall allow  
2 the pupil to enroll in the online course.

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

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

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

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

1 district's foundation allowance or per pupil payment as calculated  
2 under section 20 per trimester.

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

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

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

16 (12) As used in this section:

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

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



- 1 (i) The state academic standards addressed in an online course.  
2 (ii) The online course content outline.  
3 (iii) The online course required assessments.  
4 (iv) The online course prerequisites.  
5 (v) Expectations for actual instructor contact time with the  
6 online learning pupil and other pupil-to-instructor communications.  
7 (vi) Academic support available to the online learning pupil.  
8 (vii) The online course learning outcomes and objectives.  
9 (viii) The name of the institution or organization providing the  
10 online content.  
11 (ix) The name of the institution or organization providing the  
12 online instructor.  
13 (x) The course titles assigned by the district **OR INTERMEDIATE**  
14 **DISTRICT** and the course titles and course codes from the national  
15 center for education statistics (NCES) school codes for the  
16 exchange of data (SCED).  
17 (xi) The number of eligible nonresident pupils that will be  
18 accepted by the district **OR INTERMEDIATE DISTRICT** in the online  
19 course.  
20 (xii) The results of the online course quality review using the  
21 guidelines and model review process published by the Michigan  
22 virtual university.  
23 (c) "Online learning pupil" means a pupil enrolled in 1 or  
24 more online courses.

25 Sec. 22a. (1) From the appropriation in section 11, there is  
26 allocated an amount not to exceed ~~\$5,630,000,000.00 for 2012-2013~~  
27 ~~and there is allocated an amount not to exceed \$5,536,700,000.00~~

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

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

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

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

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

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

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

27 (4) A district or qualifying public school academy may use

1 funds allocated under this section in conjunction with any federal  
2 funds for which the district or qualifying public school academy  
3 otherwise would be eligible.

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

22 (6) As used in this section:

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

27 (b) "Certified mills" means the lesser of 18 mills or the

1 number of mills of school operating taxes levied by the district in  
2 1993-94.

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

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

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

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

1 levied on all property as provided in section 1211(2) of the  
2 revised school code, MCL 380.1211, as certified by the department  
3 of treasury for the 1994 tax year. For a receiving district, if  
4 school operating taxes are to be levied on behalf of a dissolved  
5 district that has been attached in whole or in part to the  
6 receiving district to satisfy debt obligations of the dissolved  
7 district under section 12 of the revised school code, MCL 380.12,  
8 school operating taxes do not include school operating taxes levied  
9 within the geographic area of the dissolved district.

10 (g) "Homestead", "qualified agricultural property", "qualified  
11 forest property", "supportive housing property", "industrial  
12 personal property", and "commercial personal property" mean those  
13 terms as defined in section 1211 of the revised school code, MCL  
14 380.1211.

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

25 (k) "Receiving district" means a district to which all or part  
26 of the territory of a dissolved district is attached under section  
27 12 of the revised school code, MCL 380.12.

1           (l) "School operating taxes" means local ad valorem property  
2 taxes levied under section 1211 of the revised school code, MCL  
3 380.1211, and retained for school operating purposes as defined in  
4 section 20.

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

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

14           (i) For the number of mills by which the exemption from the  
15 levy of school operating taxes on a homestead, qualified  
16 agricultural property, qualified forest property, supportive  
17 housing property, industrial personal property, and commercial  
18 personal property may be reduced as provided in section 1211 of the  
19 revised school code, MCL 380.1211, the taxable value of homestead,  
20 qualified agricultural property, qualified forest property,  
21 supportive housing property, industrial personal property, and  
22 commercial personal property for the calendar year ending in the  
23 current state fiscal year. For a receiving district, if school  
24 operating taxes are to be levied on behalf of a dissolved district  
25 that has been attached in whole or in part to the receiving  
26 district to satisfy debt obligations of the dissolved district  
27 under section 12 of the revised school code, MCL 380.12, mills do



1 not include mills within the geographic area of the dissolved  
2 district.

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

14 Sec. 22b. (1) From the appropriation in section 11, there is  
15 allocated an amount not to exceed ~~\$3,215,000,000.00 for 2012-2013~~  
16 ~~and there is allocated an amount not to exceed \$3,373,700,000.00~~  
17 **\$3,337,000,000.00** for 2013-2014 for discretionary nonmandated  
18 payments to districts under this section. Funds allocated under  
19 this section that are not expended in the state fiscal year for  
20 which they were allocated, as determined by the department, may be  
21 used to supplement the allocations under sections 22a and 51c in  
22 order to fully fund those calculated allocations for the same  
23 fiscal year.

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

1 sections 22a and 51c.

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

4 (a) Comply with section 1280b of the revised school code, MCL  
5 380.1280b.

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

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

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

13 (e) Comply with section 21f.

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

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

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

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

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

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

1 under subsection (2).

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

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

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

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

8       Sec. 22g. (1) From the funds appropriated in section 11, there  
9 is allocated for 2013-2014 only an amount not to exceed  
10 \$5,000,000.00 for competitive assistance grants to districts and  
11 intermediate districts.

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

20       Sec. 25e. (1) The center shall work with the department,  
21 districts, and intermediate districts to develop a pupil membership  
22 transfer application and a pupil transfer process under this  
23 section. The center shall complete development of this pupil  
24 membership transfer application not later than November 1, 2013.

25       (2) ~~IF~~ **EXCEPT AS OTHERWISE PROVIDED IN SECTION 25F, IF** a pupil  
26 counted in membership for the pupil membership count day transfers  
27 from a district or intermediate district to enroll in another

district or intermediate district after the pupil membership count day and before the supplemental count day and, due to the pupil's enrollment and attendance status as of the pupil membership count day, the pupil was not counted in membership in the educating district or intermediate district, the educating district or intermediate district may report the enrollment and attendance information to the center through the pupil transfer process within 30 days after the transfer or within 30 days after the sixth Wednesday after the pupil membership count day, whichever is later. Pupil transfers may be submitted no earlier than the first day after the certification deadline for the pupil membership count day and before the supplemental count day. Upon receipt of the transfer information under this subsection indicating that a pupil has enrolled and is in attendance in an educating district or intermediate district as described in this subsection, the pupil transfer process shall do the following:

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

(b) Notify both the pupil auditing staff of the intermediate district in which the educating district is located and the pupil auditing staff of the intermediate district in which the district that previously enrolled the pupil is located. The pupil auditing staff shall approve or deny the pupil membership transfer.

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

~~(3) The~~ **UPON RECEIPT OF A NOTIFICATION UNDER SUBSECTION**

**(2) (C), THE** department shall do all of the following:

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

20           (b) Adjust the membership calculation for the educating  
21 district or intermediate district in which the pupil is enrolled  
22 and is in attendance so that the district's or intermediate  
23 district's membership is increased to allow the district or  
24 intermediate district to receive an amount equal to the difference  
25 between the full-time equated membership claimed in the fall pupil  
26 membership count and the sum of the adjustments calculated under  
27 subdivision (a) for each district or intermediate district in which

1 the pupil was previously enrolled and in attendance. The educating  
2 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 educating district or  
5 intermediate district multiplied by the foundation allowance or per  
6 pupil payment as calculated under section 20 for the educating  
7 district or intermediate district. The foundation allowance or per  
8 pupil payment shall be adjusted by the pupil's full-time equated  
9 status as affected by the membership definition under section 6(4).

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

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

25 (6) As used in this section, "educating district or  
26 intermediate district" means the district or intermediate district  
27 in which a pupil enrolls after the pupil membership count day or



1 after an adjustment was made in another district's or intermediate  
2 district's membership calculation under this section due to the  
3 pupil's enrollment and attendance.

4 SEC. 25F. (1) IF A PUPIL IS ENROLLED IN A STRICT DISCIPLINE  
5 ACADEMY FOR PUPILS WHO HAVE BEEN EXPELLED OR SUSPENDED FROM SCHOOL  
6 OR OTHERWISE PLACED IN A STRICT DISCIPLINE ACADEMY AS DESCRIBED IN  
7 SECTION 1311G OF THE REVISED SCHOOL CODE, MCL 380.1311G, AND IF THE  
8 PUPIL IS COUNTED IN MEMBERSHIP IN ANOTHER DISTRICT OR INTERMEDIATE  
9 DISTRICT, THE STRICT DISCIPLINE ACADEMY SHALL REPORT THE ENROLLMENT  
10 INFORMATION TO THE DEPARTMENT AND TO THE DISTRICT OR INTERMEDIATE  
11 DISTRICT IN WHICH THE PUPIL IS COUNTED IN MEMBERSHIP. EXCEPT AS  
12 OTHERWISE DIRECTED BY THE DEPARTMENT, THE STRICT DISCIPLINE ACADEMY  
13 SHALL REPORT THE ENROLLMENT AND ATTENDANCE INFORMATION TO THE  
14 INTERMEDIATE DISTRICT AND THE CENTER THROUGH THE PUPIL TRANSFER  
15 PROCESS UNDER SECTION 25E. AN INTERMEDIATE DISTRICT THAT IS  
16 NOTIFIED OF AN ENROLLMENT TRANSFER UNDER THIS SUBSECTION SHALL  
17 APPROVE OR DENY THE ENROLLMENT TRANSFER WITHIN 30 DAYS AFTER THE  
18 NOTIFICATION OR THE DEPARTMENT SHALL AUTOMATICALLY PROCESS THE  
19 ENROLLMENT TRANSFER FOR INCLUSION IN THE NEXT SCHOOL AID  
20 INSTALLMENT PAYMENT. AN INTERMEDIATE DISTRICT MAY ISSUE A  
21 CORRECTION IN SUBSEQUENT PAYMENTS TO COLLECT ANY ENROLLMENT  
22 TRANSFER PAID IN ERROR. UPON RECEIPT OF ENROLLMENT INFORMATION  
23 UNDER THIS SECTION INDICATING THAT A PUPIL HAS ENROLLED IN A STRICT  
24 DISCIPLINE ACADEMY AS DESCRIBED IN THIS SECTION, THE DEPARTMENT  
25 SHALL DO BOTH OF THE FOLLOWING:

26 (A) ADJUST THE MEMBERSHIP CALCULATION FOR THE DISTRICT OR  
27 INTERMEDIATE DISTRICT IN WHICH THE PUPIL WAS COUNTED IN MEMBERSHIP

1 SO THAT THE DISTRICT'S OR INTERMEDIATE DISTRICT'S MEMBERSHIP IS  
2 PRORATED TO ALLOW THE DISTRICT OR INTERMEDIATE DISTRICT TO RECEIVE  
3 FOR EACH SCHOOL DAY IN WHICH THE PUPIL WAS ENROLLED IN THE DISTRICT  
4 AN AMOUNT EQUAL TO 1/180 OF THE FOUNDATION ALLOWANCE OR PER-PUPIL  
5 PAYMENT AS CALCULATED UNDER SECTION 20 FOR THE DISTRICT OR  
6 INTERMEDIATE DISTRICT. THE FOUNDATION ALLOWANCE OR PER-PUPIL  
7 PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S FULL-TIME EQUATED STATUS  
8 AS AFFECTED BY THE MEMBERSHIP DEFINITION UNDER SECTION 6(4).

9 (B) INCLUDE IN THE CALCULATION OF STATE SCHOOL AID FOR THE  
10 STRICT DISCIPLINE ACADEMY FOR EACH SCHOOL DAY IN WHICH THE PUPIL IS  
11 ENROLLED IN THE STRICT DISCIPLINE ACADEMY, NOT TO EXCEED A NUMBER  
12 OF SCHOOL DAYS EQUAL TO THE DIFFERENCE BETWEEN 180 AND THE NUMBER  
13 OF SCHOOL DAYS IN WHICH THE PUPIL WAS REPORTED UNDER THIS SECTION  
14 AS PREVIOUSLY ENROLLED IN 1 OR MORE OTHER DISTRICTS OR INTERMEDIATE  
15 DISTRICTS, AN AMOUNT EQUAL TO 1/180 OF THE PER-PUPIL PAYMENT AS  
16 CALCULATED UNDER SECTION 20 FOR THE STRICT DISCIPLINE ACADEMY. THE  
17 PER-PUPIL PAYMENT SHALL BE ADJUSTED BY THE PUPIL'S FULL-TIME  
18 EQUATED STATUS AS AFFECTED BY THE MEMBERSHIP DEFINITION UNDER  
19 SECTION 6(4).

20 (2) THE CHANGES IN CALCULATION OF STATE SCHOOL AID REQUIRED  
21 UNDER THIS SECTION SHALL TAKE EFFECT AS OF THE DATE THAT THE PUPIL  
22 ENROLLS IN THE STRICT DISCIPLINE ACADEMY, AND THE DEPARTMENT SHALL  
23 BASE ALL SUBSEQUENT PAYMENTS UNDER THIS ACT FOR THE FISCAL YEAR TO  
24 THE AFFECTED DISTRICTS OR INTERMEDIATE DISTRICTS AND FOR THE STRICT  
25 DISCIPLINE ACADEMY, AS APPLICABLE, ON THIS RECALCULATION OF STATE  
26 SCHOOL AID.

27 (3) IF A PUPIL ENROLLS IN A STRICT DISCIPLINE ACADEMY AS

1 DESCRIBED IN SUBSECTION (1), THE DISTRICT OR INTERMEDIATE DISTRICT  
2 IN WHICH THE PUPIL IS COUNTED IN MEMBERSHIP AND THE STRICT  
3 DISCIPLINE ACADEMY SHALL PROVIDE TO THE DEPARTMENT ALL INFORMATION  
4 THE DEPARTMENT REQUIRES TO COMPLY WITH THIS SECTION.

5 (4) THIS SECTION APPLIES BEGINNING WITH PAYMENTS MADE FOR THE  
6 2013-2014 FISCAL YEAR.

7 (5) THIS SECTION AND SECTION 25E SHALL NOT BE CONSTRUED OR  
8 ADMINISTERED TO ALLOW AN INDIVIDUAL PUPIL TO BE COUNTED FOR MORE  
9 THAN 1 FULL-TIME EQUATED MEMBERSHIP FOR A FISCAL YEAR.

10 Sec. 31a. (1) From the state school aid fund money  
11 appropriated in section 11, there is allocated for 2013-2014 an  
12 amount not to exceed ~~\$317,695,500.00~~ **\$347,695,500.00** for payments  
13 to eligible districts, eligible public school academies, and the  
14 education achievement system under this section. Subject to  
15 subsection (14), the amount of the additional allowance under this  
16 section, other than funding under subsection (6) or (7), shall be  
17 based on the number of actual pupils in membership in the district  
18 or public school academy or the education achievement system who  
19 met the income eligibility criteria for free breakfast, lunch, or  
20 milk in the immediately preceding state fiscal year, as determined  
21 under the Richard B. Russell national school lunch act, 42 USC 1751  
22 to 1769i, and reported to the department not later than the fifth  
23 Wednesday after the pupil membership count day of the immediately  
24 preceding fiscal year and adjusted not later than December 31 of  
25 the immediately preceding fiscal year in the form and manner  
26 prescribed by the center. However, for a public school academy that  
27 began operations as a public school academy, or for an achievement

1 school that began operations as an achievement school, after the  
2 pupil membership count day of the immediately preceding school  
3 year, the basis for the additional allowance under this section  
4 shall be the number of actual pupils in membership in the public  
5 school academy or the education achievement system who met the  
6 income eligibility criteria for free breakfast, lunch, or milk in  
7 the current state fiscal year, as determined under the Richard B.  
8 Russell national school lunch act and reported to the department  
9 not later than the fifth Wednesday after the pupil membership count  
10 day.

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

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

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

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

1 fiscal year and adjusted not later than December 31 of the current  
2 fiscal year, an amount per pupil equal to 11.5% of the public  
3 school academy's or the education achievement system's per  
4 membership pupil amount calculated under section 20 for the current  
5 state fiscal year.

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

1 provided under this section may be conducted before or after  
2 regular school hours or by adding extra school days to the school  
3 year and may include, but are not limited to, tutorial services,  
4 early childhood programs to serve children age 0 to 5, and reading  
5 programs as described in former section 32f as in effect for 2001-  
6 2002. A tutorial method may be conducted with paraprofessionals  
7 working under the supervision of a certificated teacher. The ratio  
8 of pupils to paraprofessionals shall be between 10:1 and 15:1. Only  
9 1 certificated teacher is required to supervise instruction using a  
10 tutorial method. As used in this subsection, "to supplant another  
11 program" means to take the place of a previously existing  
12 instructional program or direct noninstructional services funded  
13 from a funding source other than funding under this section.

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

24 (6) From the funds allocated under subsection (1), there is  
25 allocated for 2013-2014 an amount not to exceed \$3,557,300.00 to  
26 support child and adolescent health centers. These grants shall be  
27 awarded for 5 consecutive years beginning with 2003-2004 in a form

1 and manner approved jointly by the department and the department of  
2 community health. Each grant recipient shall remain in compliance  
3 with the terms of the grant award or shall forfeit the grant award  
4 for the duration of the 5-year period after the noncompliance. To  
5 continue to receive funding for a child and adolescent health  
6 center under this section a grant recipient shall ensure that the  
7 child and adolescent health center has an advisory committee and  
8 that at least one-third of the members of the advisory committee  
9 are parents or legal guardians of school-aged children. A child and  
10 adolescent health center program shall recognize the role of a  
11 child's parents or legal guardian in the physical and emotional  
12 well-being of the child. Funding under this subsection shall be  
13 used to support child and adolescent health center services  
14 provided to children up to age 21. If any funds allocated under  
15 this subsection are not used for the purposes of this subsection  
16 for the fiscal year in which they are allocated, those unused funds  
17 shall be used that fiscal year to avoid or minimize any proration  
18 that would otherwise be required under subsection (14) for that  
19 fiscal year.

20 (7) From the funds allocated under subsection (1), there is  
21 allocated for 2013-2014 an amount not to exceed \$5,150,000.00 for  
22 the state portion of the hearing and vision screenings as described  
23 in section 9301 of the public health code, 1978 PA 368, MCL  
24 333.9301. A local public health department shall pay at least 50%  
25 of the total cost of the screenings. The frequency of the  
26 screenings shall be as required under R 325.13091 to R 325.13096  
27 and R 325.3271 to R 325.3276 of the Michigan administrative code.



1 Funds shall be awarded in a form and manner approved jointly by the  
2 department and the department of community health. Notwithstanding  
3 section 17b, payments to eligible entities under this subsection  
4 shall be paid on a schedule determined by the department.

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

26 (9) In order to receive funds under this section, a district  
27 or public school academy or the education achievement system shall

1 allow access for the department or the department's designee to  
2 audit all records related to the program for which it receives  
3 those funds. The district or public school academy or the education  
4 achievement system shall reimburse the state for all disallowances  
5 found in the audit.

6 (10) Subject to subsections (5), (6), (7), (12), and (13), a  
7 district may use up to 100% of the funds it receives under this  
8 section to reduce the ratio of pupils to teachers in grades K-12,  
9 or any combination of those grades, in school buildings in which  
10 the percentage of pupils described in subsection (1) exceeds the  
11 district's aggregate percentage of those pupils. Subject to  
12 subsections (5), (6), (7), (12), and (13), a district may use up to  
13 100% of the funds it receives under this section to reduce the  
14 ratio of pupils to teachers in grades K-12, or any combination of  
15 those grades, in school buildings in which the percentage of pupils  
16 described in subsection (1) is at least 60% of the district's  
17 aggregate percentage of those pupils and at least 30% of the total  
18 number of pupils enrolled in the school building.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20 (A) THE DISTRICT IS ELIGIBLE IN 2013-2014 FOR THE COMMUNITY  
21 ELIGIBILITY OPTION FOR FREE AND REDUCED PRICE LUNCH UNDER 42 USC  
22 1759A.

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

1 LEAST 3 SCHOOL YEARS.

2 (3) A DISTRICT SEEKING A GRANT UNDER THIS SECTION SHALL APPLY  
3 TO THE DEPARTMENT IN THE FORM AND MANNER PRESCRIBED BY THE  
4 DEPARTMENT NOT LATER THAN MAY 1, 2014. THE DEPARTMENT SHALL SELECT  
5 DISTRICTS FOR GRANTS AND MAKE NOTIFICATION NOT LATER THAN JUNE 1,  
6 2014.

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

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

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

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

17 (5) THE AMOUNT OF A GRANT UNDER THIS SECTION TO ANY 1 DISTRICT  
18 SHALL NOT EXCEED \$250,000.00.

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

23 (7) A DISTRICT RECEIVING A GRANT UNDER THIS SECTION IS NOT  
24 REQUIRED TO PROVIDE MORE THAN THE MINIMUM NUMBER OF DAYS AND HOURS  
25 OF PUPIL INSTRUCTION PRESCRIBED UNDER SECTION 101, BUT SHALL SPREAD  
26 AT LEAST THOSE MINIMUM AMOUNTS OF PUPIL INSTRUCTION OVER THE ENTIRE  
27 YEAR IN EACH OF ITS SCHOOLS IN WHICH A YEAR-ROUND INSTRUCTIONAL

1 CALENDAR IS IMPLEMENTED. THE DISTRICT SHALL COMMIT TO PROVIDING THE  
2 YEAR-ROUND INSTRUCTIONAL CALENDAR IN EACH OF THOSE SCHOOLS FOR AT  
3 LEAST 3 SCHOOL YEARS.

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

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

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

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

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



1 (B) INCREASE OPPORTUNITIES FOR LICENSED AND UNLICENSED  
2 SUBSIDIZED HOME CARE PROVIDERS TO IMPROVE THE QUALITY OF THEIR  
3 PROGRAMS.

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

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

8 (E) INCREASE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR EARLY  
9 LEARNING CARE PROVIDERS.

10 (F) DEVELOP AN EARLY LEARNING DATA SYSTEM TO MONITOR AND  
11 EVALUATE QUALITY STANDARDS OF INDIVIDUAL PROGRAMS. THE DEPARTMENT  
12 SHALL ENSURE THAT DATA REPORTED UNDER THE DATA SYSTEM ARE REPORTED  
13 IN THE AGGREGATE AND DO NOT IDENTIFY INDIVIDUALS. THIS DATA SYSTEM  
14 SHALL BE MAINTAINED ONLY AS LONG AS THERE IS FEDERAL FUNDING  
15 AVAILABLE FOR EXPENDITURE UNDER THIS SECTION.

16 (3) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT  
17 OVER 4 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION.  
18 ANY UNEXPENDED FUNDS FOR 2013-2014 ARE CARRIED FORWARD INTO 2014-  
19 2015. THE PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER  
20 SUBSECTION (2). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT  
21 IS SEPTEMBER 30, 2018.

22 Sec. 51a. (1) From the appropriation in section 11, there is  
23 allocated an amount not to exceed ~~\$952,569,100.00 for 2012-2013 and~~  
24 ~~there is allocated an amount not to exceed \$980,446,100.00~~  
25 \$919,846,100.00 for 2013-2014 from state sources and all available  
26 federal funding under sections 611 to 619 of part B of the  
27 individuals with disabilities education act, 20 USC 1411 to 1419,

1 ~~estimated at \$365,000,000.00 for 2012-2013, and estimated at~~  
2 \$370,000,000.00 for 2013-2014, plus any carryover federal funds  
3 from previous year appropriations. The allocations under this  
4 subsection are for the purpose of reimbursing districts and  
5 intermediate districts for special education programs, services,  
6 and special education personnel as prescribed in article 3 of the  
7 revised school code, MCL 380.1701 to 380.1766; net tuition payments  
8 made by intermediate districts to the Michigan schools for the deaf  
9 and blind; and special education programs and services for pupils  
10 who are eligible for special education programs and services  
11 according to statute or rule. For meeting the costs of special  
12 education programs and services not reimbursed under this article,  
13 a district or intermediate district may use money in general funds  
14 or special education funds, not otherwise restricted, or  
15 contributions from districts to intermediate districts, tuition  
16 payments, gifts and contributions from individuals or other  
17 entities, or federal funds that may be available for this purpose,  
18 as determined by the intermediate district plan prepared pursuant  
19 to article 3 of the revised school code, MCL 380.1701 to 380.1766.  
20 All federal funds allocated under this section in excess of those  
21 allocated under this section for 2002-2003 may be distributed in  
22 accordance with the flexible funding provisions of the individuals  
23 with disabilities education act, Public Law 108-446, including, but  
24 not limited to, 34 CFR 300.206 and 300.208. Notwithstanding section  
25 17b, payments of federal funds to districts, intermediate  
26 districts, and other eligible entities under this section shall be  
27 paid on a schedule determined by the department.

1           (2) From the funds allocated under subsection (1), there is  
2 allocated the amount necessary, estimated at ~~\$251,000,000.00 for~~  
3 ~~2012-2013, and estimated at \$257,800,000.00~~ **\$247,000,000.00** for  
4 2013-2014, for payments toward reimbursing districts and  
5 intermediate districts for 28.6138% of total approved costs of  
6 special education, excluding costs reimbursed under section 53a,  
7 and 70.4165% of total approved costs of special education  
8 transportation. Allocations under this subsection shall be made as  
9 follows:

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

1 residence, not to exceed the basic foundation allowance under  
2 section 20 for the current fiscal year.

3 (b) After the allocations under subdivision (a), districts and  
4 intermediate districts for which the payments calculated under  
5 subdivision (a) do not fulfill the specified percentages shall be  
6 paid the amount necessary to achieve the specified percentages for  
7 the district or intermediate district.

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

27 (4) If the department determines that the sum of the amounts

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

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

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

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

15           (a) "Total approved costs of special education" shall be  
16 determined in a manner specified by the department and may include  
17 indirect costs, but shall not exceed 115% of approved direct costs  
18 for section 52 and section 53a programs. The total approved costs  
19 include salary and other compensation for all approved special  
20 education personnel for the program, including payments for social  
21 security and medicare and public school employee retirement system  
22 contributions. The total approved costs do not include salaries or  
23 other compensation paid to administrative personnel who are not  
24 special education personnel as defined in section 6 of the revised  
25 school code, MCL 380.6. Costs reimbursed by federal funds, other  
26 than those federal funds included in the allocation made under this  
27 article, are not included. Special education approved personnel not

1 utilized full time in the evaluation of students or in the delivery  
2 of special education programs, ancillary, and other related  
3 services shall be reimbursed under this section only for that  
4 portion of time actually spent providing these programs and  
5 services, with the exception of special education programs and  
6 services provided to youth placed in child caring institutions or  
7 juvenile detention programs approved by the department to provide  
8 an on-grounds education program.

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

23 (c) If the department determines before bookclosing for a  
24 fiscal year that the amounts allocated for that fiscal year under  
25 subsections (2), (3), (6), and (11) and sections 53a, 54, and 56  
26 will exceed expenditures for that fiscal year under subsections  
27 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a

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

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

26 (e) Beginning with calculations for 2004-2005, if an  
27 intermediate district purchases a special education pupil



1 transportation service from a constituent district that was  
2 previously purchased from a private entity; if the purchase from  
3 the constituent district is at a lower cost, adjusted for changes  
4 in fuel costs; and if the cost shift from the intermediate district  
5 to the constituent does not result in any net change in the revenue  
6 the constituent district receives from payments under sections 22b  
7 and 51c, then upon application by the intermediate district, the  
8 department shall direct the intermediate district to continue to  
9 report the cost associated with the specific identified special  
10 education pupil transportation service and shall adjust the costs  
11 reported by the constituent district to remove the cost associated  
12 with that specific service.

13 (8) A pupil who is enrolled in a full-time special education  
14 program conducted or administered by an intermediate district or a  
15 pupil who is enrolled in the Michigan schools for the deaf and  
16 blind shall not be included in the membership count of a district,  
17 but shall be counted in membership in the intermediate district of  
18 residence.

19 (9) Special education personnel transferred from 1 district to  
20 another to implement the revised school code shall be entitled to  
21 the rights, benefits, and tenure to which the person would  
22 otherwise be entitled had that person been employed by the  
23 receiving district originally.

24 (10) If a district or intermediate district uses money  
25 received under this section for a purpose other than the purpose or  
26 purposes for which the money is allocated, the department may  
27 require the district or intermediate district to refund the amount

1 of money received. Money that is refunded shall be deposited in the  
2 state treasury to the credit of the state school aid fund.

3 (11) From the funds allocated in subsection (1), there is  
4 allocated the amount necessary, estimated at ~~\$4,300,000.00~~ for  
5 ~~2012-2013, and estimated at \$4,300,000.00~~ **\$3,500,000.00** for 2013-  
6 2014, to pay the foundation allowances for pupils described in this  
7 subsection. The allocation to a district under this subsection  
8 shall be calculated by multiplying the number of pupils described  
9 in this subsection who are counted in membership in the district  
10 times the foundation allowance under section 20 of the pupil's  
11 district of residence, not to exceed the basic foundation allowance  
12 under section 20 for the current fiscal year, or, for a pupil  
13 described in this subsection who is counted in membership in a  
14 district that is a public school academy, times an amount equal to  
15 the amount per membership pupil under section 20(6) or, for a pupil  
16 described in this subsection who is counted in membership in the  
17 education achievement system, times an amount equal to the amount  
18 per membership pupil under section 20(7). The allocation to an  
19 intermediate district under this subsection shall be calculated in  
20 the same manner as for a district, using the foundation allowance  
21 under section 20 of the pupil's district of residence, not to  
22 exceed the basic foundation allowance under section 20 for the  
23 current fiscal year. This subsection applies to all of the  
24 following pupils:

25 (a) Pupils described in section 53a.

26 (b) Pupils counted in membership in an intermediate district  
27 who are not special education pupils and are served by the

1 intermediate district in a juvenile detention or child caring  
2 facility.

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

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

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

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

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

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

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

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

23 (14) If a public school academy enrolls pursuant to this  
24 section a pupil who resides outside of the intermediate district in  
25 which the public school academy is located and who is eligible for  
26 special education programs and services according to statute or  
27 rule, or who is a child with disabilities, as defined under the

1 individuals with disabilities education act, Public Law 108-446,  
2 the provision of special education programs and services and the  
3 payment of the added costs of special education programs and  
4 services for the pupil are the responsibility of the district and  
5 intermediate district in which the pupil resides unless the  
6 enrolling district or intermediate district has a written agreement  
7 with the district or intermediate district in which the pupil  
8 resides or the public school academy for the purpose of providing  
9 the pupil with a free appropriate public education and the written  
10 agreement includes at least an agreement on the responsibility for  
11 the payment of the added costs of special education programs and  
12 services for the pupil.

13       Sec. 51c. As required by the court in the consolidated cases  
14 known as Durant v State of Michigan, Michigan supreme court docket  
15 no. 104458-104492, from the allocation under section 51a(1), there  
16 is allocated ~~each fiscal year for 2012-2013 and for 2013-2014~~ the  
17 amount necessary, estimated at ~~\$642,000,000.00 for 2012-2013, and~~  
18 ~~estimated at \$662,200,000.00 for 2013-2014, \$613,200,000.00,~~ for  
19 payments to reimburse districts for 28.6138% of total approved  
20 costs of special education excluding costs reimbursed under section  
21 53a, and 70.4165% of total approved costs of special education  
22 transportation. Funds allocated under this section that are not  
23 expended in the state fiscal year for which they were allocated, as  
24 determined by the department, may be used to supplement the  
25 allocations under sections 22a and 22b in order to fully fund those  
26 calculated allocations for the same fiscal year.

27       **SEC. 64D. (1) FROM THE GENERAL FUND MONEY APPROPRIATED IN**

1 SECTION 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2013-2014 THE  
2 AMOUNT OF \$3,900,000.00 FOR A CONTRACT WITH A SINGLE PROVIDER TO  
3 PROVIDE INFORMATION TECHNOLOGY EDUCATION OPPORTUNITIES TO HIGH  
4 SCHOOL, CAREER ACADEMY, AND COMMUNITY COLLEGE STUDENTS. THE  
5 PROVIDER SHALL ALLOW PARTICIPATING STUDENTS AND FACULTY TO ACHIEVE  
6 BROAD-BASED INFORMATION TECHNOLOGY CERTIFICATIONS AND COLLEGE  
7 CREDIT. THE PROVIDER SHALL MAKE AVAILABLE THROUGH DISTRICTS,  
8 INTERMEDIATE DISTRICTS, CAREER ACADEMIES, AND COMMUNITY COLLEGES  
9 INSTRUCTION ON INFORMATION TECHNOLOGY SKILLS AND COMPETENCIES THAT  
10 ARE ESSENTIAL FOR THE WORKPLACE AND THAT ARE REQUESTED BY  
11 EMPLOYERS. THE DEPARTMENT SHALL USE A COMPETITIVE REQUEST FOR  
12 PROPOSALS PROCESS FOR THE CONTRACT, AND THE REQUEST FOR PROPOSALS  
13 SHALL INCLUDE, BUT NOT BE LIMITED TO, ALL OF THE FOLLOWING  
14 REQUIREMENTS:

15 (A) A CURRICULUM BASED ON RESEARCH, INFORMATION TECHNOLOGY,  
16 AND SKILL DEVELOPMENT.

17 (B) ONLINE ACCESS TO THE CURRICULUM.

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

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

21 (E) PROFESSIONAL DEVELOPMENT FOR FACULTY.

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

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

25 (2) THE DEPARTMENT SHALL ENSURE THAT THE REQUEST FOR PROPOSALS  
26 UNDER SUBSECTION (1) IS DELIVERED TO ALL COMMUNITY COLLEGES IN THIS  
27 STATE. IF A COMMUNITY COLLEGE OR GROUP OF COMMUNITY COLLEGES

1 SUBMITS A PROPOSAL, BEFORE MAKING A DECISION TO AWARD A CONTRACT  
2 UNDER THIS SECTION TO ANY PROVIDER THAT IS NOT A COMMUNITY COLLEGE  
3 OR GROUP OF COMMUNITY COLLEGES, THE DEPARTMENT SHALL PROVIDE TO THE  
4 COMMUNITY COLLEGE OR GROUP OF COMMUNITY COLLEGES AN INTERACTIVE  
5 RESPONSE TO THE PROPOSAL.

6 (3) THE FUNDS APPROPRIATED UNDER THIS SECTION ARE TO BE SPENT  
7 OVER 3 YEARS AND SHALL BE CONSIDERED A WORK PROJECT APPROPRIATION.  
8 ANY UNEXPENDED FUNDS FOR 2013-2014 ARE CARRIED FORWARD INTO 2014-  
9 2015. THE PURPOSE OF THE WORK PROJECT IS AS DESCRIBED UNDER  
10 SUBSECTION (1). THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT  
11 IS SEPTEMBER 30, 2017.

12 SEC. 94. (1) FROM THE GENERAL FUND APPROPRIATION IN SECTION  
13 11, THERE IS ALLOCATED TO THE DEPARTMENT FOR 2013-2014 AN AMOUNT  
14 NOT TO EXCEED \$250,000.00 FOR EFFORTS TO INCREASE THE NUMBER OF  
15 PUPILS WHO PARTICIPATE AND SUCCEED IN ADVANCED PLACEMENT AND  
16 INTERNATIONAL BACCALAUREATE PROGRAMS.

17 (2) FROM THE FUNDS ALLOCATED UNDER THIS SECTION, THE  
18 DEPARTMENT SHALL AWARD FUNDS TO COVER ALL OR PART OF THE COSTS OF  
19 ADVANCED PLACEMENT TEST FEES OR INTERNATIONAL BACCALAUREATE TEST  
20 FEES FOR LOW-INCOME PUPILS WHO TAKE AN ADVANCED PLACEMENT OR AN  
21 INTERNATIONAL BACCALAUREATE TEST. PAYMENTS SHALL NOT EXCEED \$20.00  
22 PER TEST COMPLETED.

23 (3) THE DEPARTMENT SHALL ONLY AWARD FUNDS UNDER THIS SECTION  
24 IF THE DEPARTMENT DETERMINES THAT ALL OF FOLLOWING CRITERIA ARE  
25 MET:

26 (A) EACH PUPIL FOR WHOM PAYMENT IS MADE MEETS ELIGIBILITY  
27 REQUIREMENTS OF THE FEDERAL ADVANCED PLACEMENT TEST FEE PROGRAM

1 UNDER SECTION 1701 OF THE NO CHILD LEFT BEHIND ACT OF 2001, PUBLIC  
2 LAW 107-110.

3 (B) THE TESTS ARE ADMINISTERED BY THE COLLEGE BOARD, THE  
4 INTERNATIONAL BACCALAUREATE ORGANIZATION, OR ANOTHER TEST PROVIDER  
5 APPROVED BY THE DEPARTMENT.

6 (C) THE PUPIL FOR WHOM PAYMENT IS MADE PAYS AT LEAST \$5.00  
7 TOWARD THE COST OF EACH TEST FOR WHICH PAYMENT IS MADE.

8 (4) THE DEPARTMENT SHALL ESTABLISH PROCEDURES FOR AWARDING  
9 FUNDS UNDER THIS SECTION.

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

12 Sec. 99h. (1) From the appropriation in section 11, there is  
13 allocated an amount not to exceed \$3,000,000.00 for 2013-2014 for  
14 competitive grants to districts that provide pupils in grades 7 to  
15 12 with expanded opportunities to improve mathematics, science, and  
16 technology skills by participating in events hosted by a science  
17 and technology development program known as FIRST (for inspiration  
18 and recognition of science and technology) robotics.

19 (2) A district applying for a FIRST tech challenge or FIRST  
20 robotics competition program grant shall submit an application in a  
21 form and manner determined by the department. To be eligible for a  
22 grant, a district shall demonstrate in its application that the  
23 district has established a partnership for the purposes of the  
24 FIRST program with at least 1 sponsor, business entity, higher  
25 education institution, or technical school.

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

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

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

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

9 (iii) If the requests for stipends exceed the numbers of  
10 stipends allowed under subparagraphs (i) and (ii), and if there is  
11 funding remaining unspent under subdivisions (b) and (c), the  
12 department shall use that remaining unspent funding for grants to  
13 districts to pay for additional stipends in a manner that expands  
14 the geographical distribution of teams.

15 (b) ~~Not more than~~ **AN AMOUNT ESTIMATED AT** \$1,000,000.00 for  
16 grants to districts for event registrations, materials, travel  
17 costs, and other expenses associated with the preparation for and  
18 attendance at FIRST tech challenge and FIRST robotics competitions.  
19 Each grant recipient shall provide a local match from other private  
20 or local funds for the funds received under this subdivision equal  
21 to at least 50% of the costs of participating in an event. The  
22 department shall set maximum grant amounts under this subdivision  
23 in a manner that maximizes the number of teams that will be able to  
24 receive funding.

25 (c) ~~Not more than~~ **AN AMOUNT ESTIMATED AT** \$1,000,000.00 for  
26 grants to districts for awards to teams that advance to the state  
27 and world championship competitions. The department shall determine



1 an equal amount per team for those teams that advance to the state  
2 championship and a second equal award amount to those teams that  
3 advance to the world championship.

4 (4) THE FUNDS ALLOCATED UNDER THIS SECTION ARE A WORK PROJECT  
5 APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2013-2014 ARE CARRIED  
6 FORWARD INTO 2014-2015. THE PURPOSE OF THE WORK PROJECT IS TO  
7 CONTINUE TO IMPLEMENT THE PROJECTS DESCRIBED UNDER SUBSECTION (1).  
8 THE ESTIMATED COMPLETION DATE OF THE WORK PROJECT IS SEPTEMBER 30,  
9 2016.

10 Sec. 101. (1) To be eligible to receive state aid under this  
11 article, not later than the fifth Wednesday after the pupil  
12 membership count day and not later than the fifth Wednesday after  
13 the supplemental count day, each district superintendent shall  
14 submit to the center and the intermediate superintendent, in the  
15 form and manner prescribed by the center, the number of pupils  
16 enrolled and in regular daily attendance in the district as of the  
17 pupil membership count day and as of the supplemental count day, as  
18 applicable, for the current school year. In addition, a district  
19 maintaining school during the entire year, as provided under  
20 section 1561 of the revised school code, MCL 380.1561, shall submit  
21 to the center and the intermediate superintendent, in the form and  
22 manner prescribed by the center, the number of pupils enrolled and  
23 in regular daily attendance in the district for the current school  
24 year pursuant to rules promulgated by the superintendent. Not later  
25 than the sixth Wednesday after the pupil membership count day and  
26 not later than the sixth Wednesday after the supplemental count  
27 day, the district shall certify the data in a form and manner

1 prescribed by the center and file the certified data with the  
2 intermediate superintendent. If a district fails to submit and  
3 certify the attendance data, as required under this subsection, the  
4 center shall notify the department and state aid due to be  
5 distributed under this article shall be withheld from the  
6 defaulting district immediately, beginning with the next payment  
7 after the failure and continuing with each payment until the  
8 district complies with this subsection. If a district does not  
9 comply with this subsection by the end of the fiscal year, the  
10 district forfeits the amount withheld. A person who willfully  
11 falsifies a figure or statement in the certified and sworn copy of  
12 enrollment shall be punished in the manner prescribed by section  
13 161.

14 (2) To be eligible to receive state aid under this article,  
15 not later than the twenty-fourth Wednesday after the pupil  
16 membership count day and not later than the twenty-fourth Wednesday  
17 after the supplemental count day, an intermediate district shall  
18 submit to the center, in a form and manner prescribed by the  
19 center, the audited enrollment and attendance data for the pupils  
20 of its constituent districts and of the intermediate district. If  
21 an intermediate district fails to submit the audited data as  
22 required under this subsection, state aid due to be distributed  
23 under this article shall be withheld from the defaulting  
24 intermediate district immediately, beginning with the next payment  
25 after the failure and continuing with each payment until the  
26 intermediate district complies with this subsection. If an  
27 intermediate district does not comply with this subsection by the

1 end of the fiscal year, the intermediate district forfeits the  
2 amount withheld.

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

5 (a) Except as otherwise provided in this section, each  
6 district shall provide at least 1,098 hours and, beginning in 2010-  
7 2011, the required minimum number of days of pupil instruction.  
8 Beginning in 2012-2013, the required minimum number of days of  
9 pupil instruction is 170. Beginning in 2014-2015, the required

10 minimum number of days of pupil instruction is 175. However, a  
11 district shall not provide fewer days of pupil instruction than the  
12 district provided for 2009-2010. **IF A COLLECTIVE BARGAINING**

13 **AGREEMENT THAT PROVIDES FOR AT LEAST 170 BUT LESS THAN 175 DAYS,**

14 **AND AT LEAST 1,098 HOURS, OF PUPIL INSTRUCTION IS IN EFFECT FOR**

15 **EMPLOYEES OF A DISTRICT AS OF OCTOBER 1, 2013, THEN UNTIL THE**

16 **SCHOOL YEAR THAT BEGINS AFTER THE EXPIRATION OF THAT COLLECTIVE**

17 **BARGAINING AGREEMENT THE DISTRICT SHALL PROVIDE AT LEAST 170 DAYS**

18 **AND 1,098 HOURS OF PUPIL INSTRUCTION.** A district may apply for a

19 waiver under subsection (9) from the requirements of this

20 subdivision. For 2012-2013 only, if a district is unable to provide

21 the required minimum number of days of pupil instruction because of

22 school closures occurring before April 20, 2013 due to conditions

23 not within the control of school authorities, such as severe

24 storms, fires, epidemics, utility power unavailability, water or

25 sewer failure, or health conditions as defined by the city, county,

26 or state health authorities, but the district does provide at least

27 the required minimum number of hours of pupil instruction, the

1 district is not subject to the minimum number of days of pupil  
2 instruction requirement of this subsection. A district that uses  
3 the 2012-2013 exception from the minimum number of days of pupil  
4 instruction requirement shall submit to the department not later  
5 than July 1, 2013, in the form and manner prescribed by the  
6 department, a report that details the amount of instructional time  
7 that was lost due to school closures and the amount of additional  
8 instructional time that was added to compensate; when the  
9 additional instructional time was provided; the activities that  
10 were carried out and subject areas addressed during the additional  
11 instructional time; and other information specified by the  
12 department to assess whether appropriate instruction occurred  
13 during the additional instructional time. The department shall  
14 aggregate and provide these reports to the senate and house  
15 standing committees on education.

16 (b) Except as otherwise provided in this article, a district  
17 failing to comply with the required minimum hours and days of pupil  
18 instruction under this subsection shall forfeit from its total  
19 state aid allocation an amount determined by applying a ratio of  
20 the number of hours or days the district was in noncompliance in  
21 relation to the required minimum number of hours and days under  
22 this subsection. Not later than August 1, the board of each  
23 district shall certify to the department the number of hours and  
24 days of pupil instruction in the previous school year. If the  
25 district did not provide at least the required minimum number of  
26 hours and days of pupil instruction under this subsection, the  
27 deduction of state aid shall be made in the following fiscal year

1 from the first payment of state school aid. A district is not  
2 subject to forfeiture of funds under this subsection for a fiscal  
3 year in which a forfeiture was already imposed under subsection  
4 (6).

5 (c) Hours or days lost because of strikes or teachers'  
6 conferences shall not be counted as hours or days of pupil  
7 instruction.

8 (d) If a collective bargaining agreement that provides a  
9 complete school calendar is in effect for employees of a district  
10 as of October 19, 2009, and if that school calendar is not in  
11 compliance with this subsection, then this subsection does not  
12 apply to that district until after the expiration of that  
13 collective bargaining agreement.

14 (e) Except as otherwise provided in subdivision (f), a  
15 district not having at least 75% of the district's membership in  
16 attendance on any day of pupil instruction shall receive state aid  
17 in that proportion of 1/180 that the actual percent of attendance  
18 bears to the specified percentage.

19 (f) At the request of a district that operates a department-  
20 approved alternative education program and that does not provide  
21 instruction for pupils in all of grades K to 12, the superintendent  
22 may grant a waiver from the requirements of subdivision (e). The  
23 waiver shall indicate that an eligible district is subject to the  
24 proration provisions of subdivision (e) only if the district does  
25 not have at least 50% of the district's membership in attendance on  
26 any day of pupil instruction. In order to be eligible for this  
27 waiver, a district must maintain records to substantiate its

1 compliance with the following requirements:

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

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

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

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

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

16 (ii) If the waiver is for a 100% online model of delivery and  
17 the educational program for which the waiver is granted makes  
18 educational services available to pupils for a minimum of at least  
19 1,098 hours during a school year and ensures that each pupil  
20 participates in the educational program for at least 1,098 hours  
21 during a school year, a waiver that is granted for the 2011-2012  
22 fiscal year or a subsequent fiscal year remains in effect unless it  
23 is revoked by the superintendent.

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

27 (h) The superintendent shall promulgate rules for the

1 implementation of this subsection.

2 (4) Except as otherwise provided in this subsection, the first  
3 6 days or the equivalent number of hours for which pupil  
4 instruction is not provided because of conditions not within the  
5 control of school authorities, such as severe storms, fires,  
6 epidemics, utility power unavailability, water or sewer failure, or  
7 health conditions as defined by the city, county, or state health  
8 authorities, shall be counted as hours and days of pupil  
9 instruction. With the approval of the superintendent of public  
10 instruction, the department shall count as hours and days of pupil  
11 instruction for a fiscal year not more than 6 additional days or  
12 the equivalent number of additional hours for which pupil  
13 instruction is not provided in a district after April 1 of the  
14 applicable school year due to unusual and extenuating occurrences  
15 resulting from conditions not within the control of school  
16 authorities such as those conditions described in this subsection.  
17 Subsequent such hours or days shall not be counted as hours or days  
18 of pupil instruction.

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

25 (6) In addition to any other penalty or forfeiture under this  
26 section, if at any time the department determines that 1 or more of  
27 the following have occurred in a district, the district shall

1 forfeit in the current fiscal year beginning in the next payment to  
2 be calculated by the department a proportion of the funds due to  
3 the district under this article that is equal to the proportion  
4 below the required minimum number of hours and days of pupil  
5 instruction under subsection (3), as specified in the following:

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

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

14 (7) In providing the minimum number of hours and days of pupil  
15 instruction required under subsection (3), a district shall use the  
16 following guidelines, and a district shall maintain records to  
17 substantiate its compliance with the following guidelines:

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

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

26 (c) Except as otherwise provided in this subdivision, a pupil  
27 in grades 9 to 12 for whom a reduced schedule is determined to be



1 in the individual pupil's best educational interest must be  
2 scheduled for a number of hours equal to at least 80% of the  
3 required minimum number of hours of pupil instruction to be  
4 considered a full-time equivalent pupil. A pupil in grades 9 to 12  
5 who is scheduled in a 4-block schedule may receive a reduced  
6 schedule under this subsection if the pupil is scheduled for a  
7 number of hours equal to at least 75% of the required minimum  
8 number of hours of pupil instruction to be considered a full-time  
9 equivalent pupil.

10 (d) If a pupil in grades 9 to 12 who is enrolled in a  
11 cooperative education program or a special education pupil cannot  
12 receive the required minimum number of hours of pupil instruction  
13 solely because of travel time between instructional sites during  
14 the school day, that travel time, up to a maximum of 3 hours per  
15 school week, shall be considered to be pupil instruction time for  
16 the purpose of determining whether the pupil is receiving the  
17 required minimum number of hours of pupil instruction. However, if  
18 a district demonstrates to the satisfaction of the department that  
19 the travel time limitation under this subdivision would create  
20 undue costs or hardship to the district, the department may  
21 consider more travel time to be pupil instruction time for this  
22 purpose.

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

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

5           (ii) The board of the district or intermediate district  
6 employing or assigning the instructor complies with the  
7 requirements of sections 1230 and 1230a of the revised school code,  
8 MCL 380.1230 and 380.1230a, with respect to the instructor to the  
9 same extent as if employing the instructor as a regular classroom  
10 teacher.

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

14           (9) Upon application by the district for a particular fiscal  
15 year, the superintendent may waive for a district the minimum  
16 number of hours and days of pupil instruction requirement of  
17 subsection (3) for a department-approved alternative education  
18 program or another innovative program approved by the department,  
19 including a 4-day school week. If a district applies for and  
20 receives a waiver under this subsection and complies with the terms  
21 of the waiver, the district is not subject to forfeiture under this  
22 section for the specific program covered by the waiver. If the  
23 district does not comply with the terms of the waiver, the amount  
24 of the forfeiture shall be calculated based upon a comparison of  
25 the number of hours and days of pupil instruction actually provided  
26 to the minimum number of hours and days of pupil instruction  
27 required under subsection (3). Pupils enrolled in a department-

1 approved alternative education program under this subsection shall  
2 be reported to the center in a form and manner determined by the  
3 center. All of the following apply to a waiver granted under this  
4 subsection:

5 (a) If the waiver is for a blended model of delivery, a waiver  
6 that is granted for the 2011-2012 fiscal year or a subsequent  
7 fiscal year remains in effect unless it is revoked by the  
8 superintendent.

9 (b) If the waiver is for a 100% online model of delivery and  
10 the educational program for which the waiver is granted makes  
11 educational services available to pupils for a minimum of at least  
12 1,098 hours during a school year and ensures that each pupil  
13 participates in the educational program for at least 1,098 hours  
14 during a school year, a waiver that is granted for the 2011-2012  
15 fiscal year or a subsequent fiscal year remains in effect unless it  
16 is revoked by the superintendent.

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

20 (10) Until 2014-2015, a district may count up to 38 hours of  
21 qualifying professional development for teachers as hours of pupil  
22 instruction. **HOWEVER, IF A COLLECTIVE BARGAINING AGREEMENT THAT**  
23 **PROVIDES FOR THE COUNTING OF UP TO 38 HOURS OF QUALIFYING**  
24 **PROFESSIONAL DEVELOPMENT FOR TEACHERS AS PUPIL INSTRUCTION IS IN**  
25 **EFFECT FOR EMPLOYEES OF A DISTRICT AS OF OCTOBER 1, 2013, THEN**  
26 **UNTIL THE SCHOOL YEAR THAT BEGINS AFTER THE EXPIRATION OF THAT**  
27 **COLLECTIVE BARGAINING AGREEMENT A DISTRICT MAY COUNT UP TO THE**

**1 CONTRACTUALLY SPECIFIED NUMBER OF HOURS OF QUALIFYING PROFESSIONAL**  
**2 DEVELOPMENT FOR TEACHERS AS HOURS OF PUPIL INSTRUCTION.**

3 Professional development provided online is allowable and  
4 encouraged, as long as the instruction has been approved by the  
5 district. The department shall issue a list of approved online  
6 professional development providers, which shall include the  
7 Michigan virtual school. As used in this subsection, "qualifying  
8 professional development" means professional development that is  
9 focused on 1 or more of the following:

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

12 (b) Achieving accreditation or improving a school's  
13 accreditation status under section 1280 of the revised school code,  
14 MCL 380.1280.

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

17 (d) Integrating technology into classroom instruction.

18 (e) Maintaining teacher certification.

19 (11) Subsections (3) and (8) do not apply to a school of  
20 excellence that is a cyber school, as defined in section 551 of the  
21 revised school code, MCL 380.551, and is in compliance with section  
22 553a of the revised school code, MCL 380.553a.

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

27 (13) Beginning in 2013, at least every 2 years the

1 superintendent shall review the waiver standards set forth in the  
2 pupil accounting and auditing manuals to ensure that the waiver  
3 standards and waiver process continue to be appropriate and  
4 responsive to changing trends in online learning. The  
5 superintendent shall solicit and consider input from stakeholders  
6 as part of this review.

7       Sec. 147c. (1) ~~From the state school aid fund money~~  
8 ~~appropriated in section 11, there is allocated for 2012-2013 an~~  
9 ~~amount not to exceed \$160,000,000.00 for payments to districts and~~  
10 ~~intermediate districts that are participating entities of the~~  
11 ~~retirement system. From the appropriation in section 11, there is~~  
12 ~~allocated for 2013-2014 an amount not to exceed \$247,300,000.00~~  
13 ~~\$249,500,000.00 from the state school aid fund, and there is~~  
14 ~~appropriated for 2013-2014 an amount not to exceed \$156,000,000.00~~  
15 ~~from the MPSERS retirement obligation reform reserve fund, for~~  
16 ~~payments to districts and intermediate districts that are~~  
17 ~~participating entities of the Michigan public school employees'~~  
18 ~~retirement system.~~

19       (2) In addition to the allocation under subsection (1), from  
20 the general fund money appropriated under section 11, there is  
21 allocated for payments to district libraries that are participating  
22 entities of the retirement system an amount not to exceed  
23 ~~\$500,000.00 for 2012-2013 and an amount not to exceed \$1,300,000.00~~  
24 ~~for 2013-2014.~~

25       (3) ~~Payments made under this section for 2012-2013 shall be~~  
26 ~~equal to the difference between the unfunded actuarial accrued~~  
27 ~~liability contribution rate as calculated pursuant to section 41 of~~

1 ~~the public school employees retirement act of 1979, 1980 PA 300,~~  
2 ~~MCL 38.1341, and the maximum employer rate of 20.96% included in~~  
3 ~~section 41 of the public school employees retirement act of 1979,~~  
4 ~~1980 PA 300, MCL 38.1341.~~ Payments made under this section for  
5 2013-2014 shall be equal to the difference between the unfunded  
6 actuarial accrued liability contribution rate as calculated  
7 pursuant to section 41 of the public school employees retirement  
8 act of 1979, 1980 PA 300, MCL 38.1341, as calculated without taking  
9 into account the maximum employer rate of 20.96% included in  
10 section 41 of the public school employees retirement act of 1979,  
11 1980 PA 300, MCL 38.1341, and the maximum employer rate of 20.96%  
12 included in section 41 of the public school employees retirement  
13 act of 1979, 1980 PA 300, MCL 38.1341.

14 (4) The amount allocated to each participating entity under  
15 this section shall be based on each participating entity's  
16 proportion of the total covered payroll for the immediately  
17 preceding fiscal year for the same type of participating entities.  
18 A participating entity that receives funds under this section shall  
19 use the funds solely for the purpose of retirement contributions as  
20 specified in subsection (5).

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

25 (6) Funds allocated under this section should be considered  
26 when comparing a district's growth in total state aid funding from  
27 1 fiscal year to the next.

1 (7) As used in this section:

2 (a) "Participating entity" means a district, intermediate  
3 district, or district library that is a reporting unit of the  
4 Michigan public school employees' retirement system under the  
5 public school employees retirement act of 1979, 1980 PA 300, MCL  
6 38.1301 to 38.1437, and that reports employees to the Michigan  
7 public school employees' retirement system for the applicable  
8 fiscal year.

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

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

15 Enacting section 1. In accordance with section 30 of article  
16 IX of the state constitution of 1963, total state spending on  
17 school aid under 2013 PA 60, 2013 PA 130, and this amendatory act  
18 from state sources for fiscal year 2013-2014 is estimated at  
19 \$11,536,132,300.00 and state appropriations for school aid to be  
20 paid to local units of government for fiscal year 2013-2014 are  
21 estimated at \$11,373,224,700.00.