

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4860

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 11, 11j, 22e, 24c, 26a, 39a, 81, 94a, 102,  
104, and 166b (MCL 388.1611, 388.1611j, 388.1622e, 388.1624c,  
388.1626a, 388.1639a, 388.1681, 388.1694a, 388.1702, 388.1704, and  
388.1766b), sections 11, 11j, 22e, 24c, 26a, 39a, 81, 94a, 104, and  
166b as amended by 2010 PA 110 and section 102 as amended by 2000  
PA 297, and by adding sections 92 and 93.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 11. (1) ~~For the fiscal year ending September 30, 2010,~~  
2 ~~there is appropriated for the public schools of this state and~~  
3 ~~certain other state purposes relating to education the sum of~~  
4 ~~\$10,614,891,500.00 from the state school aid fund and the sum of~~

~~\$30,206,200.00 from the general fund. For the fiscal year ending~~  
~~September 30, 2010, there is also appropriated the sum of~~  
~~\$450,000,000.00 from the federal funding awarded to this state~~  
~~under title XIV of the American recovery and reinvestment act of~~  
~~2009, Public Law 111-5, to be used solely for the purpose of~~  
~~funding the primary funding formula calculated under section 20, in~~  
~~accordance with federal law. Subject to subsection (5), for the~~  
~~fiscal year ending September 30, 2011, there is appropriated for~~  
~~the public schools of this state and certain other state purposes~~  
~~relating to education the sum of \$10,949,559,200.00~~  
**\$10,937,260,500.00** from the state school aid fund and the sum of  
~~\$30,206,200.00~~ **\$18,642,400.00** from the general fund. For the fiscal  
year ending September 30, 2011, there is also appropriated the sum  
~~of \$184,256,600.00 from~~ **REMAINING BALANCE OF** the federal funding  
awarded to this state under title XIV of the American recovery and  
reinvestment act of 2009, Public Law 111-5, **ESTIMATED AT**  
**\$184,256,600.00**, to be used solely for the purpose of funding the  
primary funding formula calculated under section 20, in accordance  
with federal law. In addition, all other available federal funds,  
**EXCEPT THOSE OTHERWISE APPROPRIATED UNDER SECTION 11P**, are  
~~appropriated each fiscal year for the fiscal year ending September~~  
~~30, 2010 and for the fiscal year ending September 30, 2011.~~

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

1 under this section from the state school aid fund for a fiscal year  
2 exceeds the amount necessary to fully fund allocations under this  
3 act from the state school aid fund, that excess amount shall not be  
4 expended in that state fiscal year and shall not lapse to the  
5 general fund, but instead shall be deposited into the school aid  
6 stabilization fund created in section 11a.

7 (3) If the maximum amount appropriated under this section from  
8 the state school aid fund and the school aid stabilization fund for  
9 a fiscal year exceeds the amount available for expenditure from the  
10 state school aid fund for that fiscal year, payments under sections  
11 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,  
12 and 56 shall be made in full. In addition, for districts beginning  
13 operations after 1994-95 that qualify for payments under section  
14 22b, payments under section 22b shall be made so that the  
15 qualifying districts receive the lesser of an amount equal to the  
16 1994-95 foundation allowance of the district in which the district  
17 beginning operations after 1994-95 is located or \$5,500.00. The  
18 amount of the payment to be made under section 22b for these  
19 qualifying districts shall be as calculated under section 22a, with  
20 the balance of the payment under section 22b being subject to the  
21 proration otherwise provided under this subsection and subsection  
22 (4). If proration is necessary, state payments under each of the  
23 other sections of this act from all state funding sources shall be  
24 prorated in the manner prescribed in subsection (4) as necessary to  
25 reflect the amount available for expenditure from the state school  
26 aid fund for the affected fiscal year. However, if the department  
27 of treasury determines that proration will be required under this

subsection, or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.

(4) If proration is necessary under subsection (3), the department shall calculate the proration in district and intermediate district payments that is required under subsection (3) as follows:

(a) The department shall calculate the percentage of total state school aid allocated under this act for the affected fiscal year for each of the following:

(i) Districts.

(ii) Intermediate districts.

(iii) Entities other than districts or intermediate districts.

1           (b) The department shall recover a percentage of the proration  
2 amount required under subsection (3) that is equal to the  
3 percentage calculated under subdivision (a)(i) for districts by  
4 reducing payments to districts. This reduction shall be made by  
5 calculating an equal dollar amount per pupil as necessary to  
6 recover this percentage of the proration amount and reducing each  
7 district's total state school aid from state sources, other than  
8 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
9 51a(2), 51a(12), 51c, and 53a, by that amount.

10           (c) The department shall recover a percentage of the proration  
11 amount required under subsection (3) that is equal to the  
12 percentage calculated under subdivision (a)(ii) for intermediate  
13 districts by reducing payments to intermediate districts. This  
14 reduction shall be made by reducing the payments to each  
15 intermediate district, other than payments under sections 11f, 11g,  
16 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
17 basis.

18           (d) The department shall recover a percentage of the proration  
19 amount required under subsection (3) that is equal to the  
20 percentage calculated under subdivision (a)(iii) for entities other  
21 than districts and intermediate districts by reducing payments to  
22 these entities. This reduction shall be made by reducing the  
23 payments to each of these entities, other than payments under  
24 sections 11j, 26a, and 26b, on an equal percentage basis.

25 ~~—— (5) If the department reports to the chairpersons of the house~~  
26 ~~and senate appropriations subcommittees responsible for this act,~~  
27 ~~to the house and senate fiscal agencies, and to the state budget~~

1 ~~director that the department has been notified that this state has~~  
2 ~~not been awarded a competitive grant from the federal incentive~~  
3 ~~grant program created under sections 14005 and 14006 of title XIV~~  
4 ~~of the American recovery and reinvestment act of 2009, Public Law~~  
5 ~~111-5, known as the "race to the top" grant program, then in~~  
6 ~~addition to the appropriation in subsection (1) there is also~~  
7 ~~appropriated from the state school aid fund for 2010-2011 an~~  
8 ~~additional amount not to exceed \$26,167,500.00 and the general fund~~  
9 ~~appropriation in subsection (1) for 2010-2011 is reduced by~~  
10 ~~\$2,363,800.00.~~

11       (5) ~~(6) Except for the allocation under section 26a, any ANY~~  
12 general fund allocations under this act that are not expended by  
13 the end of the state fiscal year are transferred to the school aid  
14 stabilization fund created under section 11a.

15       Sec. 11j. From the appropriation in section 11, there is  
16 allocated an amount not to exceed ~~\$45,134,000.00~~ **\$5,167,800.00** for  
17 2010-2011 for payments to the school loan bond redemption fund in  
18 the department of treasury on behalf of districts and intermediate  
19 districts. Notwithstanding section 11 or any other provision of  
20 this act, funds allocated under this section are not subject to  
21 proration and shall be paid in full.

22       Sec. 22e. (1) Beginning in 2008-2009, an amount will be  
23 allocated each fiscal year from the appropriation in section 11 for  
24 additional payments under this subsection to districts that meet  
25 the eligibility requirements under subsection (2). For 2010-2011,  
26 there is allocated for this purpose from the appropriation in  
27 section 11 an amount not to exceed \$1,300,000.00.

1           (2) To be eligible for a payment under subsection (1), a  
2 district must be determined by the department and the department of  
3 treasury to meet all of the following:

4           (a) The district levies 1 of the following operating millage  
5 amounts:

6           (i) All of the operating millage it is authorized to levy under  
7 section 1211 of the revised school code, MCL 380.1211.

8           (ii) The amount of operating millage it is authorized to levy  
9 after a voluntary reduction of its operating millage rate adopted  
10 by the board of the district.

11           (iii) The amount of operating millage it is authorized to levy  
12 after a millage reduction required under the limitation of section  
13 31 of article IX of the state constitution of 1963, if a ballot  
14 question asking for approval to levy millage in excess of the  
15 limitation has been rejected in the district.

16           (b) The district receives a reduced amount of local school  
17 operating revenue under section 1211 of the revised school code,  
18 MCL 380.1211, as a result of the exemptions of industrial personal  
19 property and commercial personal property that were enacted in 2007  
20 PA 37.

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

23           (3) Subject to subsection (4), the amount of the additional  
24 funding to each eligible district under subsection (1) is the sum  
25 of the following and shall be paid to the eligible districts in the  
26 same manner as payments under section 22b:

27           (a) The product of the taxable value of the district's

1 industrial personal property for the calendar year ending in the  
2 fiscal year multiplied by the total number of mills the district  
3 levies on nonexempt property under section 1211 of the revised  
4 school code, MCL 380.1211, for that calendar year.

5 (b) The product of the taxable value of the district's  
6 commercial personal property for the calendar year ending in the  
7 fiscal year multiplied by the lesser of 12 mills or the total  
8 number of mills the district levies on nonexempt property under  
9 section 1211 of the revised school code, MCL 380.1211, for that  
10 calendar year.

11 (4) The amount of the additional funding to an eligible  
12 district under subsection (1) for a fiscal year shall not exceed  
13 15% of the total amount allocated under subsection (1) for that  
14 fiscal year.

15 (5) If the total amount of the payments calculated under  
16 subsection (3) for a fiscal year exceeds the allocation under  
17 subsection (1) for that fiscal year, the payment to each district  
18 under subsection (1) shall be prorated on an equal percentage  
19 basis.

20 (6) **IN ADDITION TO THE AMOUNT ALLOCATED UNDER SUBSECTION (1),**  
21 **FOR 2010-2011 ONLY THERE IS ALSO ALLOCATED FROM THE APPROPRIATION**  
22 **IN SECTION 11 THE AMOUNT OF \$500,000.00 TO A DISTRICT THAT IS**  
23 **ELIGIBLE FOR A PAYMENT UNDER SUBSECTION (1) AND THAT LEVIED 1.8**  
24 **MILLS IN 1993 TO FINANCE AN OPERATING DEFICIT.**

25 Sec. 24c. From the appropriation in section 11, there is  
26 allocated an amount not to exceed ~~\$642,300.00~~ **\$742,300.00** for 2010-  
27 2011 for payments to districts for pupils who are enrolled in a

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

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

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

13 Sec. 26a. From the state school aid fund appropriation in  
14 section 11, there is allocated an amount not to exceed  
15 \$26,300,000.00 ~~for 2010-2011, and from the general fund~~  
16 ~~appropriation in section 11, there is allocated an amount not to~~  
17 ~~exceed \$9,200,000.00 for 2010-2011 to reimburse districts ,~~ **AND**  
18 ~~intermediate districts , and the state school aid fund pursuant to~~  
19 section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL  
20 125.2692, for taxes levied in 2010. The allocations shall be made  
21 not later than 60 days after the department of treasury certifies  
22 to the department and to the state budget director that the  
23 department of treasury has received all necessary information to  
24 properly determine the amounts due to each eligible recipient.

25 Sec. 39a. (1) From the federal funds appropriated in section  
26 11, there is allocated for 2010-2011 to districts, intermediate  
27 districts, and other eligible entities all available federal

1 funding, estimated at \$761,973,600.00, for the federal programs  
2 under the no child left behind act of 2001, Public Law 107-110.

3 These funds are allocated as follows:

4 (a) An amount estimated at \$10,808,600.00 to provide students  
5 with drug- and violence-prevention programs and to implement  
6 strategies to improve school safety, funded from DED-OESE, drug-  
7 free schools and communities funds.

8 (b) An amount estimated at \$7,461,800.00 for the purpose of  
9 improving teaching and learning through a more effective use of  
10 technology, funded from DED-OESE, educational technology state  
11 grant funds.

12 (c) An amount estimated at \$109,411,900.00 for the purpose of  
13 preparing, training, and recruiting high-quality teachers and class  
14 size reduction, funded from DED-OESE, improving teacher quality  
15 funds.

16 (d) An amount estimated at \$10,322,300.00 for programs to  
17 teach English to limited English proficient (LEP) children, funded  
18 from DED-OESE, language acquisition state grant funds.

19 (e) An amount estimated at \$8,550,000.00 for the Michigan  
20 charter school subgrant program, funded from DED-OESE, charter  
21 school funds.

22 (f) An amount estimated at ~~\$898,300.00~~ **\$1,760,000.00** for rural  
23 and low income schools, funded from DED-OESE, rural and low income  
24 school funds.

25 (g) An amount estimated at \$1,000.00 to help schools develop  
26 and implement comprehensive school reform programs, funded from  
27 DED-OESE, title I and title X, comprehensive school reform funds.

1 (h) An amount estimated at \$517,479,800.00 to provide  
2 supplemental programs to enable educationally disadvantaged  
3 children to meet challenging academic standards, funded from DED-  
4 OESE, title I, disadvantaged children funds.

5 (i) An amount estimated at \$2,152,700.00 for the purpose of  
6 providing unified family literacy programs, funded from DED-OESE,  
7 title I, even start funds.

8 (j) An amount estimated at \$8,807,200.00 for the purpose of  
9 identifying and serving migrant children, funded from DED-OESE,  
10 title I, migrant education funds.

11 (k) An amount estimated at \$24,733,200.00 to promote high-  
12 quality school reading instruction for grades K-3, funded from DED-  
13 OESE, title I, reading first state grant funds.

14 (l) An amount estimated at \$2,849,000.00 for the purpose of  
15 implementing innovative strategies for improving student  
16 achievement, funded from DED-OESE, title VI, innovative strategies  
17 funds.

18 (m) An amount estimated at \$40,050,000.00 for the purpose of  
19 providing high-quality extended learning opportunities, after  
20 school and during the summer, for children in low-performing  
21 schools, funded from DED-OESE, twenty-first century community  
22 learning center funds.

23 (n) An amount estimated at \$17,586,100.00 to help support  
24 local school improvement efforts, funded from DED-OESE, title I,  
25 local school improvement grants.

26 (2) From the federal funds appropriated in section 11, there  
27 is allocated for 2010-2011 to districts, intermediate districts,

1 and other eligible entities all available federal funding,  
2 estimated at \$32,359,700.00, for the following programs that are  
3 funded by federal grants:

4 (a) An amount estimated at \$600,000.00 for acquired  
5 immunodeficiency syndrome education grants, funded from HHS -  
6 center for disease control, AIDS funding.

7 (b) An amount estimated at \$1,814,100.00 to provide services  
8 to homeless children and youth, funded from DED-OVAE, homeless  
9 children and youth funds.

10 (c) An amount estimated at \$1,445,600.00 for serve America  
11 grants, funded from the corporation for national and community  
12 service funds.

13 (d) An amount estimated at \$28,500,000.00 for providing career  
14 and technical education services to pupils, funded from DED-OVAE,  
15 basic grants to states.

16 (3) To the extent allowed under federal law, the funds  
17 allocated under subsection (1)(h), (i), (k), and (n) may be used  
18 for 1 or more reading improvement programs that meet at least 1 of  
19 the following:

20 (a) A research-based, validated, structured reading program  
21 that aligns learning resources to state standards and includes  
22 continuous assessment of pupils and individualized education plans  
23 for pupils.

24 (b) A mentoring program that is a research-based, validated  
25 program or a statewide 1-to-1 mentoring program and is designed to  
26 enhance the independence and life quality of pupils who are  
27 mentally impaired by providing opportunities for mentoring and

1 integrated employment.

2 (c) A cognitive development program that is a research-based,  
3 validated educational service program focused on assessing and  
4 building essential cognitive and perceptual learning abilities to  
5 strengthen pupil concentration and learning.

6 (d) A structured mentoring-tutorial reading program for pupils  
7 in preschool to grade 4 that is a research-based, validated program  
8 that develops individualized educational plans based on each  
9 pupil's age, assessed needs, reading level, interests, and learning  
10 style.

11 (4) All federal funds allocated under this section shall be  
12 distributed in accordance with federal law and with flexibility  
13 provisions outlined in Public Law 107-116, and in the education  
14 flexibility partnership act of 1999, Public Law 106-25.

15 Notwithstanding section 17b, payments of federal funds to  
16 districts, intermediate districts, and other eligible entities  
17 under this section shall be paid on a schedule determined by the  
18 department.

19 (5) For the purposes of applying for federal grants  
20 appropriated under this act, the department shall allow an  
21 intermediate district to submit a consolidated application on  
22 behalf of 2 or more districts with the agreement of those  
23 districts.

24 (6) As used in this section:

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

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

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

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

5 (e) "HHS-ACF" means the HHS administration for children and  
6 families.

7 Sec. 81. (1) Except as otherwise provided in this section,  
8 from the appropriation in section 11, there is allocated ~~each~~  
9 ~~fiscal year for 2009-2010 and for 2010-2011~~ to the intermediate  
10 districts the sum necessary, but not to exceed ~~\$67,776,800.00 for~~  
11 ~~2009-2010 and not to exceed \$65,376,800.00, for 2010-2011,~~ to  
12 provide state aid to intermediate districts under this section.  
13 Except as otherwise provided in this section, there shall be  
14 allocated to each intermediate district ~~for 2009-2010 an amount~~  
15 ~~equal to 82.9% of the amount allocated under this subsection for~~  
16 ~~2008-2009 and for 2010-2011 an amount equal to 80% of the amount~~  
17 allocated under this subsection for 2008-2009. Funding provided  
18 under this section shall be used to comply with requirements of  
19 this act and the revised school code that are applicable to  
20 intermediate districts, and for which funding is not provided  
21 elsewhere in this act, and to provide technical assistance to  
22 districts as authorized by the intermediate school board.

23 (2) Intermediate districts receiving funds under this section  
24 shall collaborate with the department to develop expanded  
25 professional development opportunities for teachers to update and  
26 expand their knowledge and skills needed to support the Michigan  
27 merit curriculum.

1           (3) From the allocation in subsection (1), there is allocated  
2 to an intermediate district, formed by the consolidation or  
3 annexation of 2 or more intermediate districts or the attachment of  
4 a total intermediate district to another intermediate school  
5 district or the annexation of all of the constituent K-12 districts  
6 of a previously existing intermediate school district which has  
7 disorganized, an additional allotment of \$3,500.00 each fiscal year  
8 for each intermediate district included in the new intermediate  
9 district for 3 years following consolidation, annexation, or  
10 attachment.

11           (4) During a fiscal year, the department shall not increase an  
12 intermediate district's allocation under subsection (1) because of  
13 an adjustment made by the department during the fiscal year in the  
14 intermediate district's taxable value for a prior year. Instead,  
15 the department shall report the adjustment and the estimated amount  
16 of the increase to the house and senate fiscal agencies and the  
17 state budget director not later than June 1 of the fiscal year, and  
18 the legislature shall appropriate money for the adjustment in the  
19 next succeeding fiscal year.

20           (5) In order to receive funding under this section, an  
21 intermediate district shall do all of the following:

22           (a) Demonstrate to the satisfaction of the department that the  
23 intermediate district employs at least 1 person who is trained in  
24 pupil counting procedures, rules, and regulations.

25           (b) Demonstrate to the satisfaction of the department that the  
26 intermediate district employs at least 1 person who is trained in  
27 rules, regulations, and district reporting procedures for the

1 individual-level student data that serves as the basis for the  
2 calculation of the district and high school graduation and dropout  
3 rates.

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

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

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

11 (f) Comply with section 761 of the revised school code, MCL  
12 380.761.

13 (6) If the amount of the allocation to intermediate districts  
14 under subsection (1) is reduced in a fiscal year after 2010-2011  
15 from the amount of that allocation for 2010-2011, that reduced  
16 allocation shall not result in an intermediate district's  
17 allocation being less than the funding actually received by or paid  
18 on behalf of the intermediate district for the ~~1995-96~~1994-95  
19 fiscal year under former section 146a(1) and section 147(1), as  
20 those sections were in effect for the ~~1995-96~~1994-95 fiscal year.

21 **SEC. 92. FROM THE STATE SCHOOL AID FUND MONEY APPROPRIATED IN**  
22 **SECTION 11, THERE IS ALLOCATED FOR 2010-2011 AN AMOUNT NOT TO**  
23 **EXCEED \$300,000.00 TO SAGINAW VALLEY STATE UNIVERSITY TO BEGIN AN**  
24 **AGRICULTURAL DEGREE PROGRAM THAT FOCUSES ON AGRISCIENCE EDUCATION,**  
25 **AGRICULTURAL BUSINESS, AND AGRICULTURAL COMMUNICATIONS.**

26 **SEC. 93. FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION**  
27 **11, THERE IS ALLOCATED FOR 2010-2011 AN AMOUNT NOT TO EXCEED**

1 \$1,500,000.00 TO THE LIBRARY OF MICHIGAN FOR STATE AID TO LIBRARIES  
2 PAYMENTS TO HELP SUPPORT THE PROVISION OF THE MICHIGAN ELECTRONIC  
3 LIBRARY IN PUBLIC SCHOOLS AND PUBLIC LIBRARIES. THE LIBRARY OF  
4 MICHIGAN SHALL DISTRIBUTE THE PAYMENTS TO LIBRARIES UNDER THIS  
5 SECTION IN AN AMOUNT EQUAL TO 25.0% OF THE ALLOCATION EACH LIBRARY  
6 RECEIVED UNDER THE STATE AID TO LIBRARIES APPROPRIATION ENACTED  
7 UNDER 2009 PA 115.

8 Sec. 94a. (1) There is created within the state budget office  
9 in the department of technology, management, and budget the center  
10 for educational performance and information. The center shall do  
11 all of the following:

12 (a) Coordinate the collection of all data required by state  
13 and federal law from districts, intermediate districts, and  
14 postsecondary institutions.

15 (b) Create, maintain, and enhance this state's statewide  
16 longitudinal data system and ensure that it meets the requirements  
17 of subsection (6).

18 (c) Collect data in the most efficient manner possible in  
19 order to reduce the administrative burden on reporting entities,  
20 including, but not limited to, electronic transcript services.

21 (d) Create, maintain, and enhance this state's web-based  
22 educational portal to provide information to school leaders,  
23 teachers, researchers, and the public in compliance with all  
24 federal and state privacy laws. Data shall include, but are not  
25 limited to, all of the following:

26 (i) Data sets that link teachers to student information,  
27 allowing districts to assess individual teacher impact on student

1 performance and consider student growth factors in teacher and  
2 principal evaluation systems.

3 (ii) Data access or, if practical, data sets, provided for  
4 regional data warehouses that, in combination with local data, can  
5 improve teaching and learning in the classroom.

6 (iii) Research-ready data sets for researchers to perform  
7 research that advances this state's educational performance.

8 (e) Provide data in a useful manner to allow state and local  
9 policymakers to make informed policy decisions.

10 (f) Provide public reports to the citizens of this state to  
11 allow them to assess allocation of resources and the return on  
12 their investment in the education system of this state.

13 (g) Other functions as assigned by the state budget director.

14 (2) Each state department, officer, or agency that collects  
15 information from districts, intermediate districts, or  
16 postsecondary institutions as required under state or federal law  
17 shall make arrangements with the center to ensure that the state  
18 department, officer, or agency is in compliance with subsection  
19 (1). This subsection does not apply to information collected by the  
20 department of treasury under the uniform budgeting and accounting  
21 act, 1968 PA 2, MCL 141.421 to 141.440a; the revised municipal  
22 finance act, 2001 PA 34, MCL 141.2101 to 141.2821; the school bond  
23 qualification, approval, and loan act, 2005 PA 92, MCL 388.1921 to  
24 388.1939; or section 1351a of the revised school code, MCL  
25 380.1351a.

26 (3) The state budget director shall appoint a CEPI advisory  
27 committee to provide advice to the director. The CEPI advisory

1 committee shall consist of the following members:

2 (a) One representative from the house fiscal agency.

3 (b) One representative from the senate fiscal agency.

4 (c) One representative from the state budget office.

5 (d) One representative from the state education agency.

6 (e) One representative each from the department of energy,  
7 labor, and economic growth and the department of treasury.

8 (f) Three representatives from intermediate school districts.

9 (g) One representative from each of the following educational  
10 organizations:

11 (i) Michigan association of school boards.

12 (ii) Michigan association of school administrators.

13 (iii) Michigan school business officials.

14 (h) One representative representing private sector firms  
15 responsible for auditing school records.

16 (i) Other representatives as the state budget director  
17 determines are necessary.

18 (4) The CEPI advisory committee appointed under subsection (3)  
19 shall provide advice to the director of the center regarding the  
20 management of the center's data collection activities, including,  
21 but not limited to:

22 (a) Determining what data is necessary to collect and maintain  
23 in order to perform the center's functions in the most efficient  
24 manner possible.

25 (b) Defining the roles of all stakeholders in the data  
26 collection system.

27 (c) Recommending timelines for the implementation and ongoing

1 collection of data.

2 (d) Establishing and maintaining data definitions, data  
3 transmission protocols, and system specifications and procedures  
4 for the efficient and accurate transmission and collection of data.

5 (e) Establishing and maintaining a process for ensuring the  
6 reasonable accuracy of the data.

7 (f) Establishing and maintaining state and model local  
8 policies related to data collection, including, but not limited to,  
9 privacy policies related to individual student data. These privacy  
10 policies shall ensure that a student's social security number is  
11 not released to the public for any purpose.

12 (g) Working with stakeholders to develop a state research  
13 agenda.

14 (h) Other matters as determined by the state budget director  
15 or the director of the center.

16 (5) The center may enter into any interlocal agreements  
17 necessary to fulfill its functions.

18 (6) The center shall ensure that the statewide longitudinal  
19 data system required under subsection (1)(b) meets all of the  
20 following:

21 (a) Includes data at the individual student level from  
22 preschool through postsecondary education and into the workforce.

23 (b) Supports interoperability by using standard data  
24 structures, data formats, and data definitions to ensure linkage  
25 and connectivity in a manner that facilitates the exchange of data  
26 among agencies and institutions within the state and between  
27 states.

1 (c) Enables the matching of individual teacher and student  
2 records so that an individual student may be matched with those  
3 teachers providing instruction to that student.

4 (d) Enables the matching of individual teachers with  
5 information about their certification and the institutions that  
6 prepared and recommended those teachers for state certification.

7 (e) Enables data to be easily generated for continuous  
8 improvement and decision-making, including timely reporting to  
9 parents, teachers, and school leaders on student achievement.

10 (f) Ensures the reasonable quality, validity, and reliability  
11 of data contained in the system.

12 (g) Provides this state with the ability to meet federal and  
13 state reporting requirements.

14 (h) For data elements related to preschool through grade 12  
15 and postsecondary, meets all of the following:

16 (i) Contains a unique statewide student identifier that does  
17 not permit a student to be individually identified by users of the  
18 system, except as allowed by federal and state law.

19 (ii) Contains student-level enrollment, demographic, and  
20 program participation information.

21 (iii) Contains student-level information about the points at  
22 which students exit, transfer in, transfer out, drop out, or  
23 complete education programs.

24 (iv) Has the capacity to communicate with higher education data  
25 systems.

26 (i) For data elements related to preschool through grade 12  
27 only, meets all of the following:

1 (i) Contains yearly test records of individual students for  
2 assessments approved by DED-OESE for accountability purposes under  
3 section 1111(b) of the elementary and secondary education act of  
4 1965, 20 USC 6311, including information on individual students not  
5 tested, by grade and subject.

6 (ii) Contains student-level transcript information, including  
7 information on courses completed and grades earned.

8 (iii) Contains student-level college readiness test scores.

9 (j) For data elements related to postsecondary education only:

10 (i) Contains data that provide information regarding the extent  
11 to which individual students transition successfully from secondary  
12 school to postsecondary education, including, but not limited to,  
13 all of the following:

14 (A) Enrollment in remedial coursework.

15 (B) Completion of 1 year's worth of college credit applicable  
16 to a degree within 2 years of enrollment.

17 (ii) Contains data that provide other information determined  
18 necessary to address alignment and adequate preparation for success  
19 in postsecondary education.

20 (7) From the general fund appropriation in section 11, there  
21 is allocated an amount not to exceed ~~\$3,486,100.00 for 2009-2010~~  
22 ~~and, subject to subsection (9), an amount not to exceed~~  
23 \$3,621,100.00 for 2010-2011 to the department of technology,  
24 management, and budget to support the operations of the center. In  
25 addition, from the federal funds appropriated in section 11 there  
26 is allocated ~~each fiscal year for 2009-2010 and~~ **FOR** 2010-2011 the  
27 amount necessary, estimated at ~~\$13,416,600.00 for 2009-2010 and~~

1 ~~estimated at \$10,067,800.00~~ for 2010-2011, to support the  
2 operations of the center. The center shall cooperate with the state  
3 education agency to ensure that this state is in compliance with  
4 federal law and is maximizing opportunities for increased federal  
5 funding to improve education in this state.

6 (8) From the federal funds allocated in subsection (7), there  
7 is allocated ~~for 2009-2010 an amount not to exceed \$750,000.00 and~~  
8 for 2010-2011 an amount not to exceed \$850,000.00 funded from the  
9 competitive grants of DED-OESE, title II, educational technology  
10 funds for the purposes of this subsection. Not later than November  
11 30 of each fiscal year, the department shall award a single grant  
12 to an eligible partnership that includes an intermediate district  
13 with at least 1 high-need local school district and the center.

14 ~~(9) If the department reports to the chairpersons of the house~~  
15 ~~and senate appropriations subcommittees responsible for this act,~~  
16 ~~to the house and senate fiscal agencies, and to the state budget~~  
17 ~~director that the department has been notified that this state has~~  
18 ~~not been awarded a competitive grant from the federal incentive~~  
19 ~~grant program created under sections 14005 and 14006 of title XIV~~  
20 ~~of the American recovery and reinvestment act of 2009, Public Law~~  
21 ~~111-5, known as the "race to the top" grant program, then in IN~~  
22 addition to the amount allocated under subsection (7) there is also  
23 allocated from the general fund money appropriated in section 11  
24 for 2010-2011 an additional amount not to exceed \$1,800,000.00 for  
25 the purpose of establishing a longitudinal data system as provided  
26 under this section in compliance with the assurance provided to the  
27 federal department of education in order to receive state fiscal

1 stabilization funds. In addition, there is allocated for 2010-2011  
2 from the state school aid fund money appropriated under section 11  
3 an amount not to exceed \$8,440,000.00 to support the efforts of  
4 districts to match individual teacher and student records. The  
5 funds shall be distributed to districts in an amount and manner  
6 determined by the center.

7 (10) From the federal funds allocated in subsection (7), there  
8 is allocated ~~for 2009-2010 an amount not to exceed \$1,114,000.00~~  
9 ~~and~~ for 2010-2011 an amount not to exceed \$242,000.00 to support  
10 the efforts of postsecondary institutions to comply with the  
11 requirements of this state's statewide longitudinal data system.  
12 The funds shall be distributed to postsecondary institutions in an  
13 amount and manner determined by the center.

14 (11) The center and the department shall work cooperatively to  
15 develop a cost allocation plan that pays for center expenses from  
16 the appropriate federal fund and state restricted fund revenues.

17 (12) Funds allocated under this section that are not expended  
18 in the fiscal year in which they were allocated may be carried  
19 forward to a subsequent fiscal year and are appropriated for the  
20 purposes for which the funds were originally allocated.

21 (13) The center may bill departments as necessary in order to  
22 fulfill reporting requirements of state and federal law. The center  
23 may also enter into agreements to supply custom data, analysis, and  
24 reporting to other principal executive departments, state agencies,  
25 local units of government, and other individuals and organizations.  
26 The center may receive and expend funds in addition to those  
27 authorized in subsection (7) to cover the costs associated with

1 salaries, benefits, supplies, materials, and equipment necessary to  
 2 provide such data, analysis, and reporting services.

3 (14) As used in this section:

4 (a) "DED-OESE" means the United States department of education  
 5 office of elementary and secondary education.

6 (b) "High-need local school district" means a local  
 7 educational agency as defined in the enhancing education through  
 8 technology part of the no child left behind act of 2001, Public Law  
 9 107-110.

10 (c) "State education agency" means the department.

11 Sec. 102. (1) A district or intermediate district receiving  
 12 money under this act shall not adopt or operate under a deficit  
 13 budget, and a district or intermediate district shall not incur an  
 14 operating deficit in a fund during a school fiscal year. A district  
 15 or intermediate district ~~having~~**THAT HAS** an existing deficit ~~or~~  
 16 ~~which~~**FUND BALANCE, THAT** incurs a deficit **FUND BALANCE IN THE MOST**  
 17 **RECENTLY COMPLETED SCHOOL FISCAL YEAR, OR THAT ADOPTS A CURRENT**  
 18 **YEAR BUDGET THAT PROJECTS A DEFICIT FUND BALANCE** shall not be  
 19 allotted or paid a further sum under this act until the district or  
 20 intermediate district submits to the department for approval a  
 21 budget for the current school fiscal year and a plan to eliminate  
 22 the district's or intermediate district's deficit not later than  
 23 the end of the second school fiscal year after the deficit was  
 24 incurred **OR THE BUDGET PROJECTING A DEFICIT WAS ADOPTED**. Withheld  
 25 state aid payments shall be released after the department approves  
 26 the deficit reduction plan and ensures that the budget for the  
 27 current school fiscal year is balanced.

1           (2) Not later than March 1 of each year, the department shall  
2 prepare a report of deficits incurred **OR PROJECTED** by districts and  
3 intermediate districts in the immediately preceding fiscal year and  
4 the progress made in reducing those deficits and submit the report  
5 to the standing committees of the legislature responsible for K-12  
6 education legislation, the appropriations subcommittees of the  
7 legislature responsible for K-12 education appropriations, the  
8 house and senate fiscal agencies, the state treasurer, and the  
9 state budget director. The department shall also submit interim  
10 reports concerning district and intermediate district deficits as  
11 necessary.

12           (3) The amount of the permissible deficit for each school  
13 fiscal year shall not exceed the amount of state aid reduced by an  
14 executive order during that school fiscal year.

15           (4) A district or intermediate district ~~with~~**THAT HAS** an  
16 existing deficit ~~or which~~**FUND BALANCE, THAT** incurs a deficit **FUND**  
17 **BALANCE IN THE MOST RECENTLY COMPLETED SCHOOL FISCAL YEAR, OR THAT**  
18 **ADOPTS A CURRENT YEAR BUDGET THAT PROJECTS A DEFICIT FUND BALANCE**  
19 shall submit to the department a monthly monitoring report on  
20 revenue and expenditures in a form and manner prescribed by the  
21 department.

22           (5) If a district or intermediate district is not able to  
23 comply with the provisions of this section, the district or  
24 intermediate district shall submit to the department a plan to  
25 eliminate its deficit. Upon approval of the plan submitted, the  
26 superintendent of public instruction may continue allotment and  
27 payment of funds under this act, extend the period of time in which

1 a district or intermediate district has to eliminate its deficit,  
 2 and set special conditions that the district or intermediate  
 3 district must meet during the period of the extension.

4 (6) For the purposes of this section, ~~a district or~~  
 5 ~~intermediate district is considered to have incurred an operating~~  
 6 ~~deficit if the district or intermediate district incurs any~~  
 7 ~~withholding of or financial penalty, other than a temporary delay,~~  
 8 ~~against any portion of its total state school aid allocation under~~  
 9 ~~this act.~~ **"DEFICIT FUND BALANCE" MEANS THAT TERM AS DEFINED IN THE**  
 10 **MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL PUBLISHED BY THE**  
 11 **DEPARTMENT.**

12 Sec. 104. (1) In order to receive state aid under this act, a  
 13 district shall comply with sections 1249, 1278a, 1278b, 1279,  
 14 1279g, and 1280b of the revised school code, MCL 380.1249,  
 15 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970  
 16 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from  
 17 the state school aid fund money appropriated in section 11, there  
 18 is allocated for 2010-2011 an amount not to exceed ~~\$26,630,700.00~~  
 19 **\$40,194,400.00** for payments on behalf of districts for costs  
 20 associated with complying with those provisions of law. In  
 21 addition, ~~subject to subsection (2),~~ from the federal funds  
 22 appropriated in section 11, there is allocated for 2010-2011 an  
 23 amount estimated at ~~\$8,313,700.00,~~ **\$3,250,000.00**, funded from ~~DED-~~  
 24 ~~OESE, title VI, state assessments funds and DED-OSERS,~~ section 504  
 25 of part B of the individuals with disabilities education act,  
 26 Public Law 94-142, plus any carryover federal funds from previous  
 27 year appropriations, for the purposes of complying with the federal

1 no child left behind act of 2001, Public Law 107-110.

2 ~~—— (2) If the department reports to the chairpersons of the house~~  
3 ~~and senate appropriations subcommittees responsible for this act,~~  
4 ~~to the house and senate fiscal agencies, and to the state budget~~  
5 ~~director that the department has been notified that this state has~~  
6 ~~not been awarded a competitive grant from the federal incentive~~  
7 ~~grant program created under sections 14005 and 14006 of title XIV~~  
8 ~~of the American recovery and reinvestment act of 2009, Public Law~~  
9 ~~111-5, known as the "race to the top" grant program, then in~~  
10 ~~addition to the amount allocated from the state school aid fund in~~  
11 ~~subsection (1) there is also allocated from the state school aid~~  
12 ~~fund money appropriated in section 11 for 2010-2011 an additional~~  
13 ~~amount not to exceed \$13,563,700.00, and the amount allocated from~~  
14 ~~federal funds in subsection (1) for 2010-2011 is reduced by~~  
15 ~~\$5,063,700.00.~~

16 (2) ~~(3)~~ The results of each test administered as part of the  
17 Michigan educational assessment program, including tests  
18 administered to high school students, shall include an item  
19 analysis that lists all items that are counted for individual pupil  
20 scores and the percentage of pupils choosing each possible  
21 response.

22 (3) ~~(4)~~ All federal funds allocated under this section shall  
23 be distributed in accordance with federal law and with flexibility  
24 provisions outlined in Public Law 107-116, and in the education  
25 flexibility partnership act of 1999, Public Law 106-25.

26 (4) ~~(5)~~ Notwithstanding section 17b, payments on behalf of  
27 districts, intermediate districts, and other eligible entities

1 under this section shall be paid on a schedule determined by the  
2 department.

3 (5) ~~(6)~~As used in this section:

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

5 ~~\_\_\_\_\_ (b) "DED-OESE" means the DED office of elementary and~~  
6 ~~secondary education.~~

7 (B) ~~(c)~~"DED-OSERS" means the DED office of special education  
8 and rehabilitative services.

9 Sec. 166b. (1) This act does not prohibit a parent or legal  
10 guardian of a minor who is enrolled in any of grades 1 to 12 in a  
11 nonpublic school or who is being home-schooled from also enrolling  
12 the minor in a district, **PUBLIC SCHOOL ACADEMY**, or intermediate  
13 district in any curricular offering that is provided by the  
14 district, **PUBLIC SCHOOL ACADEMY**, or intermediate district at a  
15 public school site and is available to pupils in the minor's grade  
16 level or age group, subject to compliance with the same  
17 requirements that apply to a full-time pupil's participation in the  
18 offering. However, state school aid shall be provided under this  
19 act for a minor enrolled as described in this subsection only for  
20 curricular offerings that are offered to full-time pupils in the  
21 minor's grade level or age group during regularly scheduled school  
22 hours.

23 (2) This act does not prohibit a parent or legal guardian of a  
24 minor who is enrolled in any of grades 1 to 12 in a nonpublic  
25 school located within the district or who resides within the  
26 district and is being home-schooled from also enrolling the minor  
27 in the district in a curricular offering being provided by the

1 district at the nonpublic school site. However, state school aid  
2 shall be provided under this act for a minor enrolled as described  
3 in this subsection only if all of the following apply:

4 (a) Either of the following:

5 (i) The nonpublic school site is located, or the nonpublic  
6 students are educated, within the geographic boundaries of the  
7 district.

8 (ii) If the nonpublic school has submitted a written request  
9 for a specific fiscal year to the district in which the nonpublic  
10 school is located for the district to provide certain instruction  
11 under this subsection for a school year and the district does not  
12 agree to provide some or all of that instruction by May 1  
13 immediately preceding that school year or, if the request is  
14 submitted after March 1 immediately preceding that school year,  
15 within 60 days after the nonpublic school submits the request, the  
16 portion of the instruction that the district has not agreed to  
17 provide is instead provided by a district that is contiguous to the  
18 district in which the nonpublic school is located. This  
19 subparagraph applies only to instruction, or a portion of  
20 instruction, that is specifically included in the written request  
21 that was made to the district in which the nonpublic school is  
22 located and that was denied by that district. A public school  
23 academy that is located in the district in which the nonpublic  
24 school is located or in a district that is contiguous to the  
25 district in which the nonpublic school is located also may provide  
26 instruction under this subparagraph ~~in the same manner~~ **UNDER THE**  
27 **SAME CONDITIONS** as a district that is contiguous to the district in

1 which the nonpublic school is located.

2 (b) The nonpublic school is registered with the department as  
3 a nonpublic school and meets all state reporting requirements for  
4 nonpublic schools.

5 (c) The instruction is scheduled to occur during the regular  
6 school day.

7 (d) The instruction is provided directly by an employee of the  
8 district or public school academy or of an intermediate district.

9 (e) The curricular offering is also available to full-time  
10 pupils in the minor's grade level or age group in the district or  
11 public school academy during the regular school day at a public  
12 school site.

13 (f) The curricular offering is restricted to nonessential  
14 elective courses for pupils in grades 1 to 12.

15 (3) A minor enrolled as described in this section is a part-  
16 time pupil for purposes of state school aid under this act.

17 (4) A district that receives a written request to provide  
18 instruction under subsection (2) shall reply to the request in  
19 writing by May 1 immediately preceding the applicable school year  
20 or, if the request is made after March 1 immediately preceding that  
21 school year, within 60 days after the nonpublic school submits the  
22 request. The written reply shall specify whether the district  
23 agrees to provide or does not agree to provide the instruction for  
24 each portion of instruction included in the request.

25 Enacting section 1. In accordance with section 30 of article  
26 IX of the state constitution of 1963, total state spending in this  
27 amendatory act and in 2010 PA 110 from state sources for fiscal

1 year 2010-2011 is estimated at \$10,955,902,900.00 and state  
2 appropriations to be paid to local units of government for fiscal  
3 year 2010-2011 are estimated at \$10,824,041,900.00.

4 Enacting section 2. This amendatory act takes effect October  
5 1, 2010.