

Act No. 204
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**STATE OF MICHIGAN
95TH LEGISLATURE
REGULAR SESSION OF 2010**

Introduced by Rep. Terry Brown

ENROLLED HOUSE BILL No. 4860

AN ACT to amend 1979 PA 94, entitled "An act to make appropriations to aid in the support of the public schools and the intermediate school districts of the state; to make appropriations for certain other purposes relating to education; to provide for the disbursement of the appropriations; to supplement the school aid fund by the levy and collection of certain taxes; to authorize the issuance of certain bonds and provide for the security of those bonds; to prescribe the powers and duties of certain state departments, the state board of education, and certain other boards and officials; to create certain funds and provide for their expenditure; to prescribe penalties; and to repeal acts and parts of acts," 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:

Sec. 11. (1) 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 \$10,937,260,500.00 from the state school aid fund and the sum of \$18,642,400.00 from the general fund. For the fiscal year ending September 30, 2011, there is also appropriated the 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 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 under this section from the state school aid fund for a fiscal year exceeds the amount necessary to fully fund allocations under this act from the state school aid fund, that excess amount shall not be expended in that state fiscal year and shall not lapse to the general fund, but instead shall be deposited into the school aid stabilization fund created in section 11a.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) The product of the taxable value of the district's industrial personal property for the calendar year ending in the fiscal year multiplied by the total number of mills the district levies on nonexempt property under section 1211 of the revised school code, MCL 380.1211, for that calendar year.

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

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

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

(6) In addition to the amount allocated under subsection (1), for 2010-2011 only there is also allocated from the appropriation in section 11 the amount of \$500,000.00 to a district that is eligible for a payment under subsection (1) and that levied 1.8 mills in 1993 to finance an operating deficit.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed \$742,300.00 for 2010-2011 for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. Both of the following apply to a district receiving payments under this section:

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

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

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

Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated for 2010-2011 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$761,973,600.00, for the federal programs under the no child left behind act of 2001, Public Law 107-110. These funds are allocated as follows:

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

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

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

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

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

(f) An amount estimated at \$1,760,000.00 for rural and low income schools, funded from DED-OESE, rural and low income school funds.

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

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

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

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

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

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

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

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

(2) From the federal funds appropriated in section 11, there is allocated for 2010-2011 to districts, intermediate districts, and other eligible entities all available federal funding, estimated at \$32,359,700.00, for the following programs that are funded by federal grants:

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

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

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

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

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

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

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

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

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

(4) All federal funds allocated under this section shall be distributed in accordance with federal law and with flexibility provisions outlined in Public Law 107-116, and in the education flexibility partnership act of 1999, Public Law 106-25. Notwithstanding section 17b, payments of federal funds to districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

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

(6) As used in this section:

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

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

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

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

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

Sec. 81. (1) Except as otherwise provided in this section, from the appropriation in section 11, there is allocated for 2010-2011 to the intermediate districts the sum necessary, but not to exceed \$65,376,800.00, to provide state aid to intermediate districts under this section. Except as otherwise provided in this section, there shall be allocated to each intermediate district for 2010-2011 an amount equal to 80% of the amount allocated under this subsection for 2008-2009. Funding provided under this section shall be used to comply with requirements of this act and the revised school code that are applicable to intermediate districts, and for which funding is not provided elsewhere in this act, and to provide technical assistance to districts as authorized by the intermediate school board.

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

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

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

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

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

(b) Demonstrate to the satisfaction of the department that the intermediate district employs at least 1 person who is trained in rules, regulations, and district reporting procedures for the individual-level student data that serves as the basis for the calculation of the district and high school graduation and dropout rates.

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

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

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

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

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

Sec. 92. From the state school aid fund money appropriated in section 11, there is allocated for 2010-2011 an amount not to exceed \$300,000.00 to Saginaw Valley state university to begin an agricultural degree program that focuses on agriscience education, agricultural business, and agricultural communications.

Sec. 93. From the general fund money appropriated in section 11, there is allocated for 2010-2011 an amount not to exceed \$1,500,000.00 to the library of Michigan for state aid to libraries payments to help support the provision of the Michigan electronic library in public schools and public libraries. The library of Michigan shall distribute the payments to libraries under this section in an amount equal to 25.0% of the allocation each library received under the state aid to libraries appropriation enacted under 2009 PA 115.

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

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

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

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

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

(i) Data sets that link teachers to student information, allowing districts to assess individual teacher impact on student performance and consider student growth factors in teacher and principal evaluation systems.

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

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

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

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

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

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

(3) The state budget director shall appoint a CEPI advisory committee to provide advice to the director. The CEPI advisory committee shall consist of the following members:

(a) One representative from the house fiscal agency.

(b) One representative from the senate fiscal agency.

(c) One representative from the state budget office.

(d) One representative from the state education agency.

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

(f) Three representatives from intermediate school districts.

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

(i) Michigan association of school boards.

(ii) Michigan association of school administrators.

(iii) Michigan school business officials.

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

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

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

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

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

(c) Recommending timelines for the implementation and ongoing collection of data.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(A) Enrollment in remedial coursework.

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

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

(7) From the general fund appropriation in section 11, there is allocated an amount not to exceed \$3,621,100.00 for 2010-2011 to the department of technology, management, and budget to support the operations of the center. In addition, from the federal funds appropriated in section 11 there is allocated for 2010-2011 the amount necessary, estimated at \$10,067,800.00 for 2010-2011, to support the operations of the center. The center shall cooperate with the state education agency to ensure that this state is in compliance with federal law and is maximizing opportunities for increased federal funding to improve education in this state.

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

(9) In addition to the amount allocated under subsection (7) there is also allocated from the general fund money appropriated in section 11 for 2010-2011 an additional amount not to exceed \$1,800,000.00 for the purpose of establishing a longitudinal data system as provided under this section in compliance with the assurance provided to the federal department of education in order to receive state fiscal stabilization funds. In addition, there is allocated for 2010-2011 from the state school aid fund money appropriated under section 11 an amount not to exceed \$8,440,000.00 to support the efforts of districts to match individual teacher and student records. The funds shall be distributed to districts in an amount and manner determined by the center.

(10) From the federal funds allocated in subsection (7), there is allocated for 2010-2011 an amount not to exceed \$242,000.00 to support the efforts of postsecondary institutions to comply with the requirements of this state's statewide

longitudinal data system. The funds shall be distributed to postsecondary institutions in an amount and manner determined by the center.

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

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

(13) The center may bill departments as necessary in order to fulfill reporting requirements of state and federal law. The center may also enter into agreements to supply custom data, analysis, and reporting to other principal executive departments, state agencies, local units of government, and other individuals and organizations. The center may receive and expend funds in addition to those authorized in subsection (7) to cover the costs associated with salaries, benefits, supplies, materials, and equipment necessary to provide such data, analysis, and reporting services.

(14) As used in this section:

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

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

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

Sec. 102. (1) A district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and a district or intermediate district shall not incur an operating deficit in a fund during a school fiscal year. A district or intermediate district that has an existing deficit fund balance, that incurs a deficit fund balance in the most recently completed school fiscal year, or that adopts a current year budget that projects a deficit fund balance shall not be allotted or paid a further sum under this act until the district or intermediate district submits to the department for approval a budget for the current school fiscal year and a plan to eliminate the district's or intermediate district's deficit not later than the end of the second school fiscal year after the deficit was incurred or the budget projecting a deficit was adopted. Withheld state aid payments shall be released after the department approves the deficit reduction plan and ensures that the budget for the current school fiscal year is balanced.

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

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

(4) A district or intermediate district that has an existing deficit fund balance, that incurs a deficit fund balance in the most recently completed school fiscal year, or that adopts a current year budget that projects a deficit fund balance shall submit to the department a monthly monitoring report on revenue and expenditures in a form and manner prescribed by the department.

(5) If a district or intermediate district is not able to comply with the provisions of this section, the district or intermediate district shall submit to the department a plan to eliminate its deficit. Upon approval of the plan submitted, the superintendent of public instruction may continue allotment and payment of funds under this act, extend the period of time in which a district or intermediate district has to eliminate its deficit, and set special conditions that the district or intermediate district must meet during the period of the extension.

(6) For the purposes of this section, "deficit fund balance" means that term as defined in the Michigan public school accounting manual published by the department.

Sec. 104. (1) In order to receive state aid under this act, a district shall comply with sections 1249, 1278a, 1278b, 1279, 1279g, and 1280b of the revised school code, MCL 380.1249, 380.1278a, 380.1278b, 380.1279, 380.1279g, and 380.1280b, and 1970 PA 38, MCL 388.1081 to 388.1086. Subject to subsection (2), from the state school aid fund money appropriated in section 11, there is allocated for 2010-2011 an amount not to exceed \$40,194,400.00 for payments on behalf of districts for costs associated with complying with those provisions of law. In addition, from the federal funds appropriated in section 11, there is allocated for 2010-2011 an amount estimated at \$3,250,000.00, funded from DED-OSERS, section 504 of part B of the individuals with disabilities education act, Public Law 94-142, plus any carryover federal funds from previous year appropriations, for the purposes of complying with the federal no child left behind act of 2001, Public Law 107-110.

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

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

(4) Notwithstanding section 17b, payments on behalf of districts, intermediate districts, and other eligible entities under this section shall be paid on a schedule determined by the department.

(5) As used in this section:

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

(b) "DED-OSERS" means the DED office of special education and rehabilitative services.

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

(2) This act does not prohibit a parent or legal guardian of a minor who is enrolled in any of grades 1 to 12 in a nonpublic school located within the district or who resides within the district and is being home-schooled from also enrolling the minor in the district in a curricular offering being provided by the district at the nonpublic school site. However, state school aid shall be provided under this act for a minor enrolled as described in this subsection only if all of the following apply:

(a) Either of the following:

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

(ii) If the nonpublic school has submitted a written request for a specific fiscal year to the district in which the nonpublic school is located for the district to provide certain instruction under this subsection for a school year and the district does not agree to provide some or all of that instruction by May 1 immediately preceding that school year or, if the request is submitted after March 1 immediately preceding that school year, within 60 days after the nonpublic school submits the request, the portion of the instruction that the district has not agreed to provide is instead provided by a district that is contiguous to the district in which the nonpublic school is located. This subparagraph applies only to instruction, or a portion of instruction, that is specifically included in the written request that was made to the district in which the nonpublic school is located and that was denied by that district. A public school academy that is located in the district in which the nonpublic school is located or in a district that is contiguous to the district in which the nonpublic school is located also may provide instruction under this subparagraph under the same conditions as a district that is contiguous to the district in which the nonpublic school is located.

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

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

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

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

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

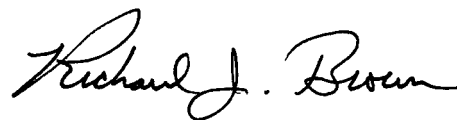
(3) A minor enrolled as described in this section is a part-time pupil for purposes of state school aid under this act.

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

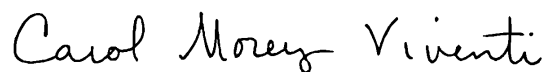
Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2010 PA 110 from state sources for fiscal year 2010-2011 is estimated at \$10,955,902,900.00 and state appropriations to be paid to local units of government for fiscal year 2010-2011 are estimated at \$10,824,041,900.00.

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

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved

Governor