

SENATE BILL No. 755

February 9, 2016, Introduced by Senators KNOLLENBERG, PROOS, PAVLOV, HILDENBRAND and MARLEAU and referred to the Committee on Education.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 13, 18, 19, 51a, and 58 (MCL 388.1613, 388.1618, 388.1619, 388.1651a, and 388.1658), section 13 as amended by 2004 PA 351, section 18 as amended by 2015 PA 114, section 19 as amended by 2014 PA 196, section 51a as amended by 2015 PA 85, and section 58 as amended by 1997 PA 93.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 13. (1) Except as otherwise provided in this act, the
2 apportionments and limitations of the apportionments made under
3 this act shall be made on the membership and number of teachers and
4 other professionals approved by the superintendent employed as of
5 the pupil membership count day of each year and on the taxable
6 value and the operating millage of each district for the calendar
7 year. In addition, a district maintaining school during the entire

1 year, as provided in section 1561 of the revised school code, MCL
2 380.1561, shall count memberships and educational personnel
3 pursuant to rules promulgated by the superintendent and shall
4 report to the center as required by state and federal law.

5 **(2) FOR THE PURPOSES OF DETERMINING THE NUMBER OR EDUCATIONAL**
6 **PERSONNEL AS NECESSARY UNDER THIS SECTION, THE SUPERINTENDENT AND**
7 **THE CENTER SHALL USE DATA SUPPLIED BY THE OFFICE OF RETIREMENT**
8 **SERVICES IN THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT, AND BUDGET.**

9 Sec. 18. (1) Except as provided in another section of this
10 article, each district or other entity shall apply the money
11 received by the district or entity under this article to salaries
12 and other compensation of teachers and other employees, tuition,
13 transportation, lighting, heating, ventilation, water service, the
14 purchase of textbooks, other supplies, and any other school
15 operating expenditures defined in section 7. However, not more than
16 20% of the total amount received by a district under sections 22a
17 and 22b or received by an intermediate district under section 81
18 may be transferred by the board to either the capital projects fund
19 or to the debt retirement fund for debt service. The money shall
20 not be applied or taken for a purpose other than as provided in
21 this section. The department shall determine the reasonableness of
22 expenditures and may withhold from a recipient of funds under this
23 article the apportionment otherwise due upon a violation by the
24 recipient.

25 (2) A district or intermediate district shall adopt an annual
26 budget in a manner that complies with the uniform budgeting and
27 accounting act, 1968 PA 2, MCL 141.421 to 141.440a. Within 15 days

1 after a district board adopts its annual operating budget for the
2 following school fiscal year, or after a district board adopts a
3 subsequent revision to that budget, the district shall make all of
4 the following available through a link on its website homepage, or
5 may make the information available through a link on its
6 intermediate district's website homepage, in a form and manner
7 prescribed by the department:

8 (a) The annual operating budget and subsequent budget
9 revisions.

10 (b) Using data that have already been collected and submitted
11 to the department, a summary of district expenditures for the most
12 recent fiscal year for which they are available, expressed in the
13 following 2 pie charts:

14 (i) A chart of personnel expenditures, broken into the
15 following subcategories:

16 (A) Salaries and wages.

17 (B) Employee benefit costs, including, but not limited to,
18 medical, dental, vision, life, disability, and long-term care
19 benefits.

20 (C) Retirement benefit costs.

21 (D) All other personnel costs.

22 (ii) A chart of all district expenditures, broken into the
23 following subcategories:

24 (A) Instruction.

25 (B) Support services.

26 (C) Business and administration.

27 (D) Operations and maintenance.

1 (c) Links to all of the following:

2 (i) The current collective bargaining agreement for each
3 bargaining unit.

4 (ii) Each health care benefits plan, including, but not
5 limited to, medical, dental, vision, disability, long-term care, or
6 any other type of benefits that would constitute health care
7 services, offered to any bargaining unit or employee in the
8 district.

9 (iii) The audit report of the audit conducted under subsection
10 (4) for the most recent fiscal year for which it is available.

11 (iv) The bids required under section 5 of the public employees
12 health benefits act, 2007 PA 106, MCL 124.75.

13 (v) The district's written policy governing procurement of
14 supplies, materials, and equipment.

15 (vi) The district's written policy establishing specific
16 categories of reimbursable expenses, as described in section
17 1254(2) of the revised school code, MCL 380.1254.

18 (vii) Either the district's accounts payable check register
19 for the most recent school fiscal year or a statement of the total
20 amount of expenses incurred by board members or employees of the
21 district that were reimbursed by the district for the most recent
22 school fiscal year.

23 (d) The total salary and a description and cost of each fringe
24 benefit included in the compensation package for the superintendent
25 of the district and for each employee of the district whose salary
26 exceeds \$100,000.00.

27 (e) The annual amount spent on dues paid to associations.

1 (f) The annual amount spent on lobbying or lobbying services.
2 As used in this subdivision, "lobbying" means that term as defined
3 in section 5 of 1978 PA 472, MCL 4.415.

4 (g) Any deficit elimination plan or enhanced deficit
5 elimination plan the district was required to submit under the
6 revised school code.

7 (h) Identification of all credit cards maintained by the
8 district as district credit cards, the identity of all individuals
9 authorized to use each of those credit cards, the credit limit on
10 each credit card, and the dollar limit, if any, for each
11 individual's authorized use of the credit card.

12 (i) Costs incurred for each instance of out-of-state travel by
13 the school administrator of the district that is fully or partially
14 paid for by the district and the details of each of those instances
15 of out-of-state travel, including at least identification of each
16 individual on the trip, destination, and purpose.

17 (3) For the information required under subsection (2) (a),
18 (2) (b) (i), and (2) (c), an intermediate district shall provide the
19 same information in the same manner as required for a district
20 under subsection (2).

21 (4) For the purposes of determining the reasonableness of
22 expenditures, whether a district or intermediate district has
23 received the proper amount of funds under this article, and whether
24 a violation of this article has occurred, all of the following
25 apply:

26 (a) The department shall require that each district and
27 intermediate district have an audit of the district's or

1 intermediate district's financial and pupil accounting records
2 conducted at least annually, and at such other times as determined
3 by the department, at the expense of the district or intermediate
4 district, as applicable. The audits must be performed by a
5 certified public accountant or by the intermediate district
6 superintendent, as may be required by the department, or in the
7 case of a district of the first class by a certified public
8 accountant, the intermediate superintendent, or the auditor general
9 of the city. A district or intermediate district shall retain these
10 records for the current fiscal year and from at least the 3
11 immediately preceding fiscal years.

12 (b) If a district operates in a single building with fewer
13 than 700 full-time equated pupils, if the district has stable
14 membership, and if the error rate of the immediately preceding 2
15 pupil accounting field audits of the district is less than 2%, the
16 district may have a pupil accounting field audit conducted
17 biennially but must continue to have desk audits for each pupil
18 count. The auditor must document compliance with the audit cycle in
19 the pupil auditing manual. As used in this subdivision, "stable
20 membership" means that the district's membership for the current
21 fiscal year varies from the district's membership for the
22 immediately preceding fiscal year by less than 5%.

23 (c) A district's or intermediate district's annual financial
24 audit shall include an analysis of the financial and pupil
25 accounting data used as the basis for distribution of state school
26 aid.

27 (d) The pupil and financial accounting records and reports,

1 audits, and management letters are subject to requirements
2 established in the auditing and accounting manuals approved and
3 published by the department.

4 (e) All of the following shall be done not later than November
5 1 each year for reporting the prior fiscal year data:

6 (i) A district shall file the annual financial audit reports
7 with the intermediate district and the department.

8 (ii) The intermediate district shall file the annual financial
9 audit reports for the intermediate district with the department.

10 (iii) The intermediate district shall enter the pupil
11 membership audit reports for its constituent districts and for the
12 intermediate district, for the pupil membership count day and
13 supplemental count day, in the Michigan student data system.

14 (f) The annual financial audit reports and pupil accounting
15 procedures reports shall be available to the public in compliance
16 with the freedom of information act, 1976 PA 442, MCL 15.231 to
17 15.246.

18 (g) Not later than January 31 of each year, the department
19 shall notify the state budget director and the legislative
20 appropriations subcommittees responsible for review of the school
21 aid budget of districts and intermediate districts that have not
22 filed an annual financial audit and pupil accounting procedures
23 report required under this section for the school year ending in
24 the immediately preceding fiscal year.

25 ~~By November 1 each fiscal year, each district and~~
26 ~~intermediate district shall submit to the center, in a manner~~
27 ~~prescribed by the center, annual comprehensive financial data~~

1 ~~consistent with accounting manuals and charts of accounts approved~~
2 ~~and published by the department. For an intermediate district, the~~
3 ~~report shall also contain the website address where the department~~
4 ~~can access the report required under section 620 of the revised~~
5 ~~school code, MCL 380.620. The department shall ensure that the~~
6 ~~prescribed Michigan public school accounting manual chart of~~
7 ~~accounts includes standard conventions to distinguish expenditures~~
8 ~~by allowable fund function and object. The functions shall include~~
9 ~~at minimum categories for instruction, pupil support, instructional~~
10 ~~staff support, general administration, school administration,~~
11 ~~business administration, transportation, facilities operation and~~
12 ~~maintenance, facilities acquisition, and debt service; and shall~~
13 ~~include object classifications of salary, benefits, including~~
14 ~~categories for active employee health expenditures, purchased~~
15 ~~services, supplies, capital outlay, and other. Districts shall~~
16 ~~report the required level of detail consistent with the manual as~~
17 ~~part of the comprehensive annual financial report.~~

18 (5) ~~(6)~~ By September 30 of each year, each district and
19 intermediate district shall file with the department the special
20 education actual cost report, known as "SE-4096", on a form and in
21 the manner prescribed by the department.

22 (6) ~~(7)~~ By October 7 of each year, each district and
23 intermediate district shall file with the center the transportation
24 expenditure report, known as "SE-4094", on a form and in the manner
25 prescribed by the center.

26 (7) ~~(8)~~ The department shall review its pupil accounting and
27 pupil auditing manuals at least annually and shall periodically

1 update those manuals to reflect changes in this article.

2 (8) ~~(9)~~—If a district that is a public school academy
3 purchases property using money received under this article, the
4 public school academy shall retain ownership of the property unless
5 the public school academy sells the property at fair market value.

6 (9) ~~(10)~~—If a district or intermediate district does not
7 comply with subsections (4), (5), **AND** (6), ~~and (7)~~, the department
8 shall withhold all state school aid due to the district or
9 intermediate district under this article, beginning with the next
10 payment due to the district or intermediate district, until the
11 district or intermediate district complies with subsections (4),
12 (5), **AND** (6). ~~, and (7)~~. If the district or intermediate district
13 does not comply with subsections (4), (5), **AND** (6) ~~, and (7)~~ by the
14 end of the fiscal year, the district or intermediate district
15 forfeits the amount withheld.

16 (10) ~~(11)~~—If a district or intermediate district does not
17 comply with subsection (2), the department may withhold up to 10%
18 of the total state school aid due to the district or intermediate
19 district under this article, beginning with the next payment due to
20 the district or intermediate district, until the district or
21 intermediate district complies with subsection (2). If the district
22 or intermediate district does not comply with subsection (2) by the
23 end of the fiscal year, the district or intermediate district
24 forfeits the amount withheld.

25 (11) ~~(12)~~—Not later than November 1, 2015, if a district or
26 intermediate district offers online learning under section 21f, the
27 district or intermediate district shall submit to the department a

1 report that details the per-pupil costs of operating the online
2 learning by vendor type. The report shall include at least all of
3 the following information concerning the operation of online
4 learning for the school fiscal year ending June 30, 2015:

5 (a) The name of the district operating the online learning and
6 of each district that enrolled students in the online learning.

7 (b) The total number of students enrolled in the online
8 learning and the total number of membership pupils enrolled in the
9 online learning.

10 (c) For each pupil who is enrolled in a district other than
11 the district offering online learning, the name of that district.

12 (d) The district in which the pupil was enrolled before
13 enrolling in the district offering online learning.

14 (e) The number of participating students who had previously
15 dropped out of school.

16 (f) The number of participating students who had previously
17 been expelled from school.

18 (g) The total cost to enroll a student in the program. This
19 cost shall be reported on a per-pupil, per-course, per-semester or
20 trimester basis by vendor type. The total shall include costs
21 broken down by cost for content development, content licensing,
22 training, online instruction and instructional support, personnel,
23 hardware and software, payment to each online learning provider,
24 and other costs associated with operating online learning.

25 (h) The name of each online education provider contracted by
26 the district and the state in which each online education provider
27 is headquartered.

1 (12) ~~(13)~~ Not later than March 31, 2016, the department shall
2 submit to the house and senate appropriations subcommittees on
3 state school aid, the state budget director, and the house and
4 senate fiscal agencies a report summarizing the per-pupil costs by
5 vendor type of online courses available under section 21f.

6 (13) ~~(14)~~ As used in subsections (11) **AND** (12), ~~and (13)~~,
7 "vendor type" means the following:

8 (a) Online courses provided by the Michigan Virtual
9 University.

10 (b) Online courses provided by a school of excellence that is
11 a cyber school, as defined in section 551 of the revised school
12 code, MCL 380.551.

13 (c) Online courses provided by third party vendors not
14 affiliated with a Michigan public school.

15 (d) Online courses created and offered by a district or
16 intermediate district.

17 (14) ~~(15)~~ An allocation to a district or another entity under
18 this article is contingent upon the district's or entity's
19 compliance with this section.

20 Sec. 19. (1) A district or intermediate district shall comply
21 with all applicable reporting requirements specified in state and
22 federal law. Data provided to the center, in a form and manner
23 prescribed by the center, shall be aggregated and disaggregated as
24 required by state and federal law. In addition, a district or
25 intermediate district shall cooperate with all measures taken by
26 the center to establish and maintain a statewide P-20 longitudinal
27 data system.

1 (2) Each district shall furnish to the center not later than 5
2 weeks after the pupil membership count day and by June 30 of the
3 school fiscal year ending in the fiscal year, in a manner
4 prescribed by the center, the information necessary for the
5 preparation of the district and high school graduation report. This
6 information shall meet requirements established in the pupil
7 auditing manual approved and published by the department. The
8 center shall calculate an annual graduation and pupil dropout rate
9 for each high school, each district, and this state, in compliance
10 with nationally recognized standards for these calculations. The
11 center shall report all graduation and dropout rates to the senate
12 and house education committees and appropriations committees, the
13 state budget director, and the department not later than 30 days
14 after the publication of the list described in subsection (6).

15 **BEFORE REPORTING THESE GRADUATION AND DROPOUT RATES, THE DEPARTMENT**
16 **SHALL ALLOW A SCHOOL OR DISTRICT TO APPEAL THE CALCULATIONS. THE**
17 **DEPARTMENT SHALL CONSIDER AND ACT UPON THE APPEAL WITHIN 30 DAYS**
18 **AFTER IT IS SUBMITTED AND SHALL NOT REPORT THESE GRADUATION AND**
19 **DROPOUT RATES UNTIL AFTER ALL APPEALS HAVE BEEN CONSIDERED AND**
20 **DECIDED.**

21 ~~(3) By the first business day in December and by June 30 of~~
22 ~~each year, a district shall furnish to the center, in a manner~~
23 ~~prescribed by the center, **TO OBTAIN** information related to~~
24 ~~educational personnel as necessary for reporting required by state~~
25 ~~and federal law, **THE CENTER SHALL USE DATA SUPPLIED BY THE OFFICE**~~
26 ~~**OF RETIREMENT SERVICES IN THE DEPARTMENT OF TECHNOLOGY, MANAGEMENT,**~~
27 ~~**AND BUDGET.**~~

1 (4) By June 30 of each year, a district shall furnish to the
2 center, in a manner prescribed by the center, information related
3 to safety practices and criminal incidents as necessary for
4 reporting required by state and federal law.

5 (5) If a district or intermediate district fails to meet the
6 requirements of this section, the department shall withhold 5% of
7 the total funds for which the district or intermediate district
8 qualifies under this article until the district or intermediate
9 district complies with all of those subsections. If the district or
10 intermediate district does not comply with all of those subsections
11 by the end of the fiscal year, the department shall place the
12 amount withheld in an escrow account until the district or
13 intermediate district complies with all of those subsections.

14 (6) Before publishing a list of school or district
15 accountability designations as required by the no child left behind
16 act of 2001, Public Law 107-110, the department shall allow a
17 school or district to appeal that determination. The department
18 shall consider and act upon the appeal within 30 days after it is
19 submitted and shall not publish the list until after all appeals
20 have been considered and decided.

21 (7) It is the intent of the legislature to implement not later
22 than 2016-2017, statewide standard reporting requirements for
23 education data approved by the department in conjunction with the
24 center. The department shall work with the center, intermediate
25 districts, districts, and other interested stakeholders to develop
26 recommendations on the implementation of this policy change. A
27 district or intermediate district shall implement the statewide

1 standard reporting requirements not later than 2014-2015 or when a
2 district or intermediate district updates its education data
3 reporting system, whichever is later.

4 Sec. 51a. (1) From the appropriation in section 11, there is
5 allocated an amount not to exceed ~~\$901,946,100.00 for 2014-2015 and~~
6 ~~an amount not to exceed~~ \$918,546,100.00 for 2015-2016 from state
7 sources and all available federal funding under sections 611 to 619
8 of part B of the individuals with disabilities education act, 20
9 USC 1411 to 1419, estimated at \$370,000,000.00 ~~each fiscal year for~~
10 ~~2014-2015 and~~ for 2015-2016, plus any carryover federal funds from
11 previous year appropriations. The allocations under this subsection
12 are for the purpose of reimbursing districts and intermediate
13 districts for special education programs, services, and special
14 education personnel as prescribed in article 3 of the revised
15 school code, MCL 380.1701 to 380.1766; net tuition payments made by
16 intermediate districts to the Michigan schools for the deaf and
17 blind; and special education programs and services for pupils who
18 are eligible for special education programs and services according
19 to statute or rule. For meeting the costs of special education
20 programs and services not reimbursed under this article, a district
21 or intermediate district may use money in general funds or special
22 education funds, not otherwise restricted, or contributions from
23 districts to intermediate districts, tuition payments, gifts and
24 contributions from individuals or other entities, or federal funds
25 that may be available for this purpose, as determined by the
26 intermediate district plan prepared pursuant to article 3 of the
27 revised school code, MCL 380.1701 to 380.1766. Notwithstanding

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

4 (2) From the funds allocated under subsection (1), there is
5 allocated the amount necessary, estimated at ~~\$248,100,000.00 for~~
6 ~~2014-2015 and estimated at~~ \$251,800,000.00 for 2015-2016, for
7 payments toward reimbursing districts and intermediate districts
8 for 28.6138% of total approved costs of special education,
9 excluding costs reimbursed under section 53a, and 70.4165% of total
10 approved costs of special education transportation. Allocations
11 under this subsection shall be made as follows:

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

1 calculated in the same manner as for a district, using the
2 foundation allowance under section 20 of the pupil's district of
3 residence, not to exceed the basic foundation allowance under
4 section 20 for the current fiscal year.

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

10 (3) From the funds allocated under subsection (1), ~~there is~~
11 ~~allocated for 2014-2015 an amount not to exceed \$1,000,000.00 and~~
12 there is allocated for 2015-2016 an amount not to exceed
13 \$1,300,000.00 to make payments to districts and intermediate
14 districts under this subsection. If the amount allocated to a
15 district or intermediate district for a fiscal year under
16 subsection (2)(b) is less than the sum of the amounts allocated to
17 the district or intermediate district for 1996-97 under sections 52
18 and 58, there is allocated to the district or intermediate district
19 for the fiscal year an amount equal to that difference, adjusted by
20 applying the same proration factor that was used in the
21 distribution of funds under section 52 in 1996-97 as adjusted to
22 the district's or intermediate district's necessary costs of
23 special education used in calculations for the fiscal year. This
24 adjustment is to reflect reductions in special education program
25 operations or services between 1996-97 and subsequent fiscal years.
26 Adjustments for reductions in special education program operations
27 or services shall be made in a manner determined by the department

1 and shall include adjustments for program or service shifts.

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

21 (5) State funds shall be allocated on a total approved cost
22 basis. Federal funds shall be allocated under applicable federal
23 requirements, except that an amount not to exceed \$3,500,000.00 may
24 be allocated by the department ~~each fiscal year for 2014-2015 and~~
25 for 2015-2016 to districts, intermediate districts, or other
26 eligible entities on a competitive grant basis for programs,
27 equipment, and services that the department determines to be

1 designed to benefit or improve special education on a statewide
2 scale.

3 (6) From the amount allocated in subsection (1), there is
4 allocated an amount not to exceed \$2,200,000.00 ~~each fiscal year~~
5 ~~for 2014-2015 and~~ for 2015-2016 to reimburse 100% of the net
6 increase in necessary costs incurred by a district or intermediate
7 district in implementing the revisions in the administrative rules
8 for special education that became effective on July 1, 1987. As
9 used in this subsection, "net increase in necessary costs" means
10 the necessary additional costs incurred solely because of new or
11 revised requirements in the administrative rules minus cost savings
12 permitted in implementing the revised rules. Net increase in
13 necessary costs shall be determined in a manner specified by the
14 department.

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

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

1 by federal funds, other than those federal funds included in the
2 allocation made under this article, are not included. Special
3 education approved personnel not utilized full time in the
4 evaluation of students or in the delivery of special education
5 programs, ancillary, and other related services shall be reimbursed
6 under this section only for that portion of time actually spent
7 providing these programs and services, with the exception of
8 special education programs and services provided to youth placed in
9 child caring institutions or juvenile detention programs approved
10 by the department to provide an on-grounds education program.

11 (b) Beginning with the 2004-2005 fiscal year, a district or
12 intermediate district that employed special education support
13 services staff to provide special education support services in
14 2003-2004 or in a subsequent fiscal year and that in a fiscal year
15 after 2003-2004 receives the same type of support services from
16 another district or intermediate district shall report the cost of
17 those support services for special education reimbursement purposes
18 under this article. **FOR THE PURPOSES OF THIS SUBDIVISION, THE**
19 **DEPARTMENT OR THE CENTER SHALL ONLY REQUIRE DISTRICTS AND**
20 **INTERMEDIATE DISTRICTS TO REPORT INFORMATION THAT IS NOT ALREADY**
21 **AVAILABLE FROM THE CENTER'S FINANCIAL INFORMATION DATABASE.** This
22 subdivision does not prohibit the transfer of special education
23 classroom teachers and special education classroom aides if the
24 pupils counted in membership associated with those special
25 education classroom teachers and special education classroom aides
26 are transferred and counted in membership in the other district or
27 intermediate district in conjunction with the transfer of those

1 teachers and aides.

2 (c) If the department determines before bookclosing for a
3 fiscal year that the amounts allocated for that fiscal year under
4 subsections (2), (3), (6), and (11) and sections 53a, 54, and 56
5 will exceed expenditures for that fiscal year under subsections
6 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a
7 district or intermediate district whose reimbursement for that
8 fiscal year would otherwise be affected by subdivision (b),
9 subdivision (b) does not apply to the calculation of the
10 reimbursement for that district or intermediate district and
11 reimbursement for that district or intermediate district shall be
12 calculated in the same manner as it was for 2003-2004. If the
13 amount of the excess allocations under subsections (2), (3), (6),
14 and (11) and sections 53a, 54, and 56 is not sufficient to fully
15 fund the calculation of reimbursement to those districts and
16 intermediate districts under this subdivision, then the
17 calculations and resulting reimbursement under this subdivision
18 shall be prorated on an equal percentage basis. Beginning in 2015-
19 2016, the amount of reimbursement under this subdivision for a
20 fiscal year shall not exceed \$2,000,000.00 for any district or
21 intermediate district.

22 (d) Reimbursement for ancillary and other related services, as
23 defined by R 340.1701c of the Michigan administrative code, shall
24 not be provided when those services are covered by and available
25 through private group health insurance carriers or federal
26 reimbursed program sources unless the department and district or
27 intermediate district agree otherwise and that agreement is

1 approved by the state budget director. Expenses, other than the
2 incidental expense of filing, shall not be borne by the parent. In
3 addition, the filing of claims shall not delay the education of a
4 pupil. A district or intermediate district shall be responsible for
5 payment of a deductible amount and for an advance payment required
6 until the time a claim is paid.

7 (e) Beginning with calculations for 2004-2005, if an
8 intermediate district purchases a special education pupil
9 transportation service from a constituent district that was
10 previously purchased from a private entity; if the purchase from
11 the constituent district is at a lower cost, adjusted for changes
12 in fuel costs; and if the cost shift from the intermediate district
13 to the constituent does not result in any net change in the revenue
14 the constituent district receives from payments under sections 22b
15 and 51c, then upon application by the intermediate district, the
16 department shall direct the intermediate district to continue to
17 report the cost associated with the specific identified special
18 education pupil transportation service and shall adjust the costs
19 reported by the constituent district to remove the cost associated
20 with that specific service. **FOR THE PURPOSES OF THIS SUBDIVISION,**
21 **THE DEPARTMENT OR THE CENTER SHALL ONLY REQUIRE DISTRICTS AND**
22 **INTERMEDIATE DISTRICTS TO REPORT INFORMATION THAT IS NOT ALREADY**
23 **AVAILABLE FROM THE CENTER'S FINANCIAL INFORMATION DATABASE.**

24 (8) A pupil who is enrolled in a full-time special education
25 program conducted or administered by an intermediate district or a
26 pupil who is enrolled in the Michigan schools for the deaf and
27 blind shall not be included in the membership count of a district,

1 but shall be counted in membership in the intermediate district of
2 residence.

3 (9) Special education personnel transferred from 1 district to
4 another to implement the revised school code shall be entitled to
5 the rights, benefits, and tenure to which the person would
6 otherwise be entitled had that person been employed by the
7 receiving district originally.

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

14 (11) From the funds allocated in subsection (1), there is
15 allocated the amount necessary, estimated at ~~\$3,400,000.00 for~~
16 ~~2014-2015 and estimated at~~ \$3,300,000.00 for 2015-2016, to pay the
17 foundation allowances for pupils described in this subsection. The
18 allocation to a district under this subsection shall be calculated
19 by multiplying the number of pupils described in this subsection
20 who are counted in membership in the district times the foundation
21 allowance under section 20 of the pupil's district of residence,
22 not to exceed the basic foundation allowance under section 20 for
23 the current fiscal year, or, for a pupil described in this
24 subsection who is counted in membership in a district that is a
25 public school academy, times an amount equal to the amount per
26 membership pupil under section 20(6) or, for a pupil described in
27 this subsection who is counted in membership in the education

1 achievement system, times an amount equal to the amount per
2 membership pupil under section 20(7). The allocation to an
3 intermediate district under this subsection shall be calculated in
4 the same manner as for a district, using the foundation allowance
5 under section 20 of the pupil's district of residence, not to
6 exceed the basic foundation allowance under section 20 for the
7 current fiscal year. This subsection applies to all of the
8 following pupils:

9 (a) Pupils described in section 53a.

10 (b) Pupils counted in membership in an intermediate district
11 who are not special education pupils and are served by the
12 intermediate district in a juvenile detention or child caring
13 facility.

14 (c) Pupils with an emotional impairment counted in membership
15 by an intermediate district and provided educational services by
16 the department of health and human services.

17 (12) If it is determined that funds allocated under subsection
18 (2) or (11) or under section 51c will not be expended, funds up to
19 the amount necessary and available may be used to supplement the
20 allocations under subsection (2) or (11) or under section 51c in
21 order to fully fund those allocations. After payments under
22 subsections (2) and (11) and section 51c, the remaining
23 expenditures from the allocation in subsection (1) shall be made in
24 the following order:

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

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

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

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

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

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

7 (14) If a public school academy enrolls pursuant to this
8 section a pupil who resides outside of the intermediate district in
9 which the public school academy is located and who is eligible for
10 special education programs and services according to statute or
11 rule, or who is a child with disabilities, as defined under the
12 individuals with disabilities education act, Public Law 108-446,
13 the provision of special education programs and services and the
14 payment of the added costs of special education programs and
15 services for the pupil are the responsibility of the district and
16 intermediate district in which the pupil resides unless the
17 enrolling district or intermediate district has a written agreement
18 with the district or intermediate district in which the pupil
19 resides or the public school academy for the purpose of providing
20 the pupil with a free appropriate public education and the written
21 agreement includes at least an agreement on the responsibility for
22 the payment of the added costs of special education programs and
23 services for the pupil.

24 (15) It is the intent of the legislature that, beginning in
25 2016-2017, a district, public school academy, or intermediate
26 district that fails to comply with subsection (14) or with the
27 requirements of federal regulations regarding the treatment of

1 public school academies and public school academy pupils for the
2 purposes of special education, 34 CFR 300.209, forfeits from its
3 total state aid an amount equal to 10% of its total state aid.

4 Sec. 58. Allocations to districts and intermediate districts
5 under section 51a for providing special education transportation
6 services shall be based on data reported by the districts and
7 intermediate districts for the current school year. **FOR THE**
8 **PURPOSES OF THIS SECTION, THE DEPARTMENT OR THE CENTER SHALL ONLY**
9 **REQUIRE DISTRICTS AND INTERMEDIATE DISTRICTS TO REPORT INFORMATION**
10 **THAT IS NOT ALREADY AVAILABLE FROM THE CENTER'S FINANCIAL**
11 **INFORMATION DATABASE.**

12 Enacting section 1. This amendatory act takes effect 90 days
13 after the date it is enacted into law.