

**SENATE SUBSTITUTE FOR**

**HOUSE BILL NO. 5516**

(As amended July 2, 1998)

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 6, 11, 20, 81, 101, and 166b (MCL 388.1606,  
388.1611, 388.1620, 388.1681, 388.1701, and 388.1766b), sections  
6, 11, 20, 81, and 101 as amended by 1997 PA 142 and section 166b  
as amended by 1996 PA 300, and by adding sections 11l and 20b.

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

1       Sec. 6. (1) "Center program" means a program operated by a  
2 district or intermediate district for special education pupils  
3 from several districts in programs for the autistically impaired,  
4 trainable mentally impaired, severely mentally impaired, severely  
5 multiply impaired, hearing impaired, physically and otherwise  
6 health impaired, and visually impaired. Programs for emotionally  
7 impaired pupils housed in buildings that do not serve regular  
8 education pupils also qualify. Unless otherwise approved by the

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1 department, a center program either shall serve all constituent  
2 districts within an intermediate district or shall serve several  
3 districts with less than 50% of the pupils residing in the oper-  
4 ating district. In addition, special education center program  
5 pupils placed part-time in noncenter programs to comply with the  
6 least restrictive environment provisions of section 612 of part B  
7 of the individuals with disabilities education act, title VI of  
8 Public Law 91-230, 20 U.S.C. 1412, may be considered center pro-  
9 gram pupils for pupil accounting purposes for the time scheduled  
10 in either a center program or a noncenter program.

11 (2) "District pupil retention rate" means the proportion of  
12 pupils who have not dropped out of school in the immediately pre-  
13 ceding school year and is equal to 1 minus the quotient of the  
14 number of pupils unaccounted for in the immediately preceding  
15 school year, as determined pursuant to subsection (3), divided by  
16 the pupils of the immediately preceding school year.

17 (3) "District pupil retention report" means a report of the  
18 number of pupils, excluding migrant and adult, in the district  
19 for the immediately preceding school year, adjusted for those  
20 pupils who have transferred into the district, transferred out of  
21 the district, transferred to alternative programs, and have grad-  
22 uated, to determine the number of pupils who are unaccounted  
23 for. The number of pupils unaccounted for shall be calculated as  
24 determined by the department.

25 (4) "Membership", except as otherwise provided in this act,  
26 means for a district, public school academy, university school,  
27 or intermediate district the sum of the product of .6 times the

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1 number of full-time equated pupils in grades K to 12 actually  
2 enrolled and in regular daily attendance on the pupil membership  
3 count day for the current school year, plus the product of .4  
4 times the final audited count from the supplemental count day for  
5 the immediately preceding school year, as determined by the  
6 department and calculated by adding the number of pupils regis-  
7 tered for attendance plus pupils received by transfer and minus  
8 pupils lost as defined by rules promulgated by the state board,  
9 and as corrected by a subsequent department audit. The amount of  
10 the foundation allowance for a pupil in membership is determined  
11 under section 20. In making the calculation of membership, all  
12 of the following, as applicable, apply to determining the member-  
13 ship of a district, public school academy, university school, or  
14 intermediate district:

15       (a) Except as otherwise provided in this subsection, a pupil  
16 shall be counted in membership in the pupil's educating district  
17 or districts. An individual pupil shall not be counted for more  
18 than a total of 1.0 full-time equated membership.

19       (b) If a pupil is educated in a district other than the  
20 pupil's district of residence and the educating district is not  
21 in the same intermediate district as the pupil's district of res-  
22 idence, if the pupil is not being educated as part of a coopera-  
23 tive education program, if the pupil's district of residence does  
24 not give the educating district its approval to count the pupil  
25 in membership in the educating district, and if the pupil is not  
26 covered by an exception specified in subsection (6) to the  
27 requirement that the educating district must have the approval of

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1 the pupil's district of residence to count the pupil in  
2 membership, the pupil shall not be counted in membership in any  
3 district.

4 (c) A special education pupil educated by the intermediate  
5 district shall be counted in membership in the intermediate  
6 district.

7 (d) A pupil placed by a court or state agency in an  
8 on-grounds program of a juvenile detention facility, a child  
9 caring institution, or a mental health institution, or a pupil  
10 funded under section 53a, shall be counted in membership in the  
11 district or intermediate district approved by the department to  
12 operate the program.

13 (e) A pupil enrolled in the Michigan schools for the deaf  
14 and blind shall be counted in membership in the pupil's interme-  
15 diate district of residence.

16 (f) A pupil enrolled in a vocational education program sup-  
17 ported by a millage levied over an area larger than a single dis-  
18 trict or in an area vocational-technical education program estab-  
19 lished pursuant to section 690 of the revised school code, MCL  
20 380.690, shall be counted only in the pupil's district of  
21 residence.

22 (g) A pupil enrolled in a university school shall be counted  
23 in membership in the university school.

24 (h) A pupil enrolled in a public school academy shall be  
25 counted in membership in the public school academy.

26 (i) For a new district, university school, or public school  
27 academy beginning its operation after December 31, 1994,

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1 membership for the first 2 full or partial fiscal years of  
2 operation shall be determined as follows:

3       (i) If operations begin before the pupil membership count  
4 day for the fiscal year, membership is the average number of  
5 full-time equated pupils in grades K to 12 actually enrolled and  
6 in regular daily attendance on the pupil membership count day for  
7 the current school year and on the supplemental count day for the  
8 current school year, as determined by the department and calcu-  
9 lated by adding the number of pupils registered for attendance on  
10 the pupil membership count day plus pupils received by transfer  
11 and minus pupils lost as defined by rules promulgated by the  
12 state board, and as corrected by a subsequent department audit,  
13 plus the final audited count from the supplemental count day for  
14 the current school year, and dividing that sum by 2.

15       (ii) If operations begin after the pupil membership count  
16 day for the fiscal year and not later than the supplemental count  
17 day for the fiscal year, membership is the final audited count of  
18 the number of full-time equated pupils in grades K to 12 actually  
19 enrolled and in regular daily attendance on the supplemental  
20 count day for the current school year.

21       (j) If a district is the authorizing body for a public  
22 school academy, then, in the first school year in which pupils  
23 are counted in membership on the pupil membership count day in  
24 the public school academy, the determination of the district's  
25 membership shall exclude from the district's pupil count for the  
26 immediately preceding supplemental count day any pupils who are  
27 counted in the public school academy on that first pupil

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1 membership count day who were also counted in the district on the  
2 immediately preceding supplemental count day.

3       (k) In a district, public school academy, university school,  
4 or intermediate district operating an extended school year pro-  
5 gram approved by the state board, a pupil enrolled, but not  
6 scheduled to be in regular daily attendance on a pupil membership  
7 count day, shall be counted.

8       (l) Pupils to be counted in membership shall be not less  
9 than 5 years of age on December 1 and less than 20 years of age  
10 on September 1 of the school year except a special education  
11 pupil who is enrolled and receiving instruction in a special edu-  
12 cation program approved by the department and not having a high  
13 school diploma who is less than 26 years of age as of September 1  
14 of the current school year shall be counted in membership.

15       (m) An individual who has obtained a high school diploma  
16 shall not be counted in membership. An individual who has  
17 obtained a general education development (G.E.D.) certificate  
18 shall not be counted in membership. An individual participating  
19 in a job training program funded under former section 107a or a  
20 jobs program funded under former section 107b, both administered  
21 by the Michigan jobs commission, or participating in any succes-  
22 sor of either of those 2 programs, shall not be counted in  
23 membership.

24       (n) If a pupil counted in membership in a public school  
25 academy is also educated by a district or intermediate district  
26 as part of a cooperative education program, the pupil shall be  
27 counted in membership only in the public school academy, and the

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1 instructional time scheduled for the pupil in the district or  
2 intermediate district shall be included in the full-time equated  
3 membership determination under subdivision (q). However, for  
4 pupils receiving instruction in both a public school academy and  
5 in a district or intermediate district but not as a part of a  
6 cooperative education program, the following apply:

7       (i) If the public school academy provides instruction for at  
8 least 1/2 of the class hours specified in subdivision (q), the  
9 public school academy shall receive as its prorated share of the  
10 full-time equated membership for each of those pupils an amount  
11 equal to 1 times the product of the hours of instruction the  
12 public school academy provides divided by the number of hours  
13 specified in subdivision (q) for full-time equivalency, and the  
14 remainder of the full-time membership for each of those pupils  
15 shall be allocated to the district or intermediate district pro-  
16 viding the remainder of the hours of instruction.

17       (ii) If the public school academy provides instruction for  
18 less than 1/2 of the class hours specified in subdivision (q),  
19 the district or intermediate district providing the remainder of  
20 the hours of instruction shall receive as its prorated share of  
21 the full-time equated membership for each of those pupils an  
22 amount equal to 1 times the product of the hours of instruction  
23 the district or intermediate district provides divided by the  
24 number of hours specified in subdivision (q) for full-time equiv-  
25 alency, and the remainder of the full-time membership for each of  
26 those pupils shall be allocated to the public school academy.

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1 (o) An individual less than 16 years of age as of September  
2 1 of the current school year who is being educated in an  
3 alternative education program shall not be counted in membership  
4 if there are also adult education participants being educated in  
5 the same program or classroom.

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

8 (q) The number of class hours used to calculate full-time  
9 equated memberships shall be consistent with section 1284 of the  
10 revised school code, MCL 380.1284. In determining full-time  
11 equated memberships for pupils who are enrolled in a postsecond-  
12 ary institution under the postsecondary enrollment options act,  
13 1996 PA 160, MCL 388.511 to 388.524, a pupil shall not be consid-  
14 ered to be less than a full-time equated pupil solely because of  
15 the effect of his or her postsecondary enrollment, including nec-  
16 essary travel time, on the number of class hours provided by the  
17 district to the pupil.

18 (r) Full-time equated memberships for pupils in kindergarten  
19 shall be determined by dividing the number of class hours sched-  
20 uled and provided per year per kindergarten pupil by a number  
21 equal to 1/2 the number used for determining full-time equated  
22 memberships for pupils in grades 1 to 12.

23 (s) For a district that has qualified currently migrant  
24 pupils enrolled in the district as of the pupil membership count  
25 day who were not counted in membership in the district on the  
26 supplemental count day for the immediately preceding school year,  
27 as determined by the department using the criteria used for

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1 eligibility for the migrant education program under the improving  
2 America's schools act of 1994, Public Law 103-382, 108  
3 Stat. 3518, the number of those pupils counted in the district's  
4 membership is  $\frac{3}{4}$  of the number of those pupils counted on the  
5 pupil membership count day only.

6 (t) For a district, university school, or public school  
7 academy that has pupils enrolled in a grade level that was not  
8 offered by the district, university school, or public school  
9 academy in the immediately preceding school year, the number of  
10 pupils enrolled in that grade level to be counted in membership  
11 is the average of the number of those pupils enrolled and in reg-  
12 ular daily attendance on the pupil membership count day and the  
13 supplemental count day of the current school year, as determined  
14 by the department. Membership shall be calculated by adding the  
15 number of pupils registered for attendance in that grade level on  
16 the pupil membership count day plus pupils received by transfer  
17 and minus pupils lost as defined by rules promulgated by the  
18 state board, and as corrected by subsequent department audit,  
19 plus the final audited count from the supplemental count day for  
20 the current school year, and dividing that sum by 2.

21 (u) A pupil enrolled in a cooperative education program may  
22 be counted in membership in the pupil's district of residence  
23 with the written approval of all parties to the cooperative  
24 agreement.

25 (v) If, as a result of a disciplinary action, a district  
26 determines through the district's alternative education program  
27 that the best instructional placement for a pupil is in the

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1 pupil's home, if that placement is authorized in writing by the  
2 district superintendent and district alternative education super-  
3 visor, and if the district provides appropriate instruction as  
4 described in this subdivision to the pupil at the pupil's home,  
5 the district may count the pupil in membership on a pro rata  
6 basis, with the proration based on the number of hours of  
7 instruction the district actually provides to the pupil divided  
8 by the number of hours specified in subdivision (q) for full-time  
9 equivalency. For the purposes of this subdivision, a district  
10 shall be considered to be providing appropriate instruction if  
11 all of the following are met:

12       (i) The district provides at least 2 nonconsecutive hours of  
13 instruction per week to the pupil at the pupil's home under the  
14 supervision of a certificated teacher.

15       (ii) The district provides instructional materials,  
16 resources, and supplies, except computers, that are comparable to  
17 those otherwise provided in the district's alternative education  
18 program.

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

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

23       (w) A pupil enrolled in an alternative education program  
24 described in section 25 shall be counted in membership in the  
25 district or public school academy that expelled the pupil.

26       (x) For 1997-98 only, if a pupil was enrolled in a public  
27 school academy on the pupil membership count day, if the public

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1 school academy's contract with its authorizing body is revoked,  
2 and if the pupil enrolls in a district within 45 days after the  
3 pupil membership count day, the department shall adjust the  
4 district's pupil count for the pupil membership count day to  
5 include the pupil in the count.

(Y) IF A DISTRICT HAS LESS THAN 7.00 FULL-TIME EQUATED PUPILS  
IN MEMBERSHIP, THE DISTRICT'S MEMBERSHIP SHALL BE CONSIDERED TO BE  
6.00 FULL-TIME EQUATED PUPILS.

(Z) FOR 1998-99 ONLY, IF A DISTRICT'S 1997-98 MEMBERSHIP WAS  
BETWEEN 70 AND 100 FULL-TIME EQUATED PUPILS AND THE DISTRICT MEETS  
AT LEAST 1 OF THE FOLLOWING REQUIREMENTS, THE DISTRICT'S MEMBERSHIP  
SHALL BE CONSIDERED TO BE NOT LESS THAN 90 FULL-TIME EQUATED PUPILS:

(i) THE DISTRICT IS LOCATED ENTIRELY ON AN ISLAND.

(ii) EACH SCHOOL BUILDING IN THE DISTRICT IS AT LEAST 40 MILES  
FROM THE NEAREST SCHOOL BUILDING IN ANY OTHER DISTRICT.

6 (5) "Public school academy" means a public school academy  
7 operating under the revised school code.

8 (6) "Pupil" means a person in membership in a public  
9 school. A district must have the approval of the pupil's dis-  
10 trict of residence to count the pupil in membership, except  
11 approval by the pupil's district of residence shall not be  
12 required for nonpublic part-time pupils ENROLLED IN GRADES 1 TO  
13 12 IN ACCORDANCE WITH SECTION 166B, for pupils receiving 1/2 or  
14 less of their instruction in a district other than their district  
15 of residence, for pupils enrolled in a public school academy or  
16 university school, for pupils enrolled in a district other than  
17 their district of residence under an intermediate district  
18 schools of choice pilot program as described in section 91a or  
19 former section 91 if the intermediate district and its constitu-  
20 ent districts have been exempted from section 105, for pupils  
21 enrolled in a district other than their district of residence but  
22 within the same intermediate district if the educating district  
23 enrolls nonresident pupils in accordance with section 105, or for  
24 pupils enrolled in a district other than their district of resi-  
25 dence if the pupils have been continuously enrolled in the edu-  
26 cating district since a school year in which the pupils enrolled  
27 in the educating district under section 105 and in which the

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1 educating district enrolled nonresident pupils in accordance with  
2 section 105. However, if a district that is not a first class  
3 district educates pupils who reside in a first class district and  
4 if the primary instructional site for those pupils is located  
5 within the boundaries of the first class district, the educating  
6 district must have the approval of the first class district to  
7 count those pupils in membership. As used in this subsection,  
8 "first class district" means a district organized as a school  
9 district of the first class under the revised school code.

10 (7) "Pupil membership count day" of a district or intermedi-  
11 ate district means:

12 (a) Except as provided in subdivision (b), the fourth  
13 Wednesday in September each school year.

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

16 (i) Fourth Wednesday in July.

17 (ii) Fourth Wednesday in September.

18 (iii) Second Wednesday in February.

19 (iv) Fourth Wednesday in April.

20 (8) "Rule" means a rule promulgated pursuant to the adminis-  
21 trative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
22 24.328.

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

25 (10) "School fiscal year" means a fiscal year that commences  
26 July 1 and continues through June 30.

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1 (11) "State board" means the state board of education.

2 (12) "Supplemental count day" means the day on which the  
3 supplemental pupil count is conducted under section 6a.

4 (13) "Tuition pupil" means a pupil of school age attending  
5 school in a district other than the pupil's district of residence  
6 for whom tuition may be charged. Tuition pupil does not include  
7 a pupil who is a special education pupil; a pupil enrolled in a  
8 district other than the pupil's district of residence but within  
9 the same intermediate district if the educating district enrolls  
10 nonresident pupils in accordance with section 105; a pupil  
11 enrolled in a district other than the pupil's district of resi-  
12 dence if the pupil has been continuously enrolled in the educat-  
13 ing district since a school year in which the pupil enrolled in  
14 the educating district under section 105 and in which the educat-  
15 ing district enrolled nonresident pupils in accordance with sec-  
16 tion 105; or a pupil served by an intermediate district schools  
17 of choice pilot program as described in section 91a or former  
18 section 91 if the intermediate district and its constituent dis-  
19 tricts have been exempted from section 105. A pupil's district  
20 of residence shall not require a high school tuition pupil, as  
21 provided under section 111, to attend another school district  
22 after the pupil has been assigned to a school district.

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

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1 (15) "Taxable value" means the taxable value of property as  
2 determined under section 27a of the general property tax act,  
3 1893 PA 206, MCL 211.27a.

4 (16) "Total state aid" or "total state school aid" means the  
5 total combined amount of all funds due to a district, intermedi-  
6 ate district, or other entity under all of the provisions of this  
7 act.

8 (17) "University school" means an instructional program  
9 operated by a public university under section 23 that meets the  
10 requirements of section 23.

11 Sec. 11. (1) For the fiscal year ending September 30, 1998,  
12 there is appropriated for the public schools of this state and  
13 certain other state purposes relating to education the sum of  
14 \$8,717,471,600.00 from the state school aid fund established by  
15 section 11 of article IX of the state constitution of 1963 and  
16 the sum of \$377,935,400.00 from the general fund. For the fiscal  
17 year ending September 30, 1999, there is appropriated for the  
18 public schools of this state and certain other state purposes  
19 relating to education the sum of ~~-\$9,036,198,400.00~~  
20 \$9,125,993,700.00 from the state school aid fund established by  
21 section 11 of article IX of the state constitution of 1963 and  
22 the sum of \$420,613,500.00 from the general fund. FOR THE FISCAL  
23 YEAR ENDING SEPTEMBER 30, 2000, THERE IS APPROPRIATED FOR THE  
24 PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES  
25 RELATING TO EDUCATION THE SUM OF \$9,346,533,300.00 FROM THE STATE  
26 SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE  
27 STATE CONSTITUTION OF 1963 AND THE SUM OF \$420,613,500.00 FROM

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1 THE GENERAL FUND. In addition, available federal funds are  
2 appropriated for 1997-98, ~~and~~ for 1998-99, AND FOR 1999-2000.

3 (2) The appropriations under this section shall be allocated  
4 as provided in this act. Money appropriated under this section  
5 from the general fund and from available federal funds shall be  
6 expended to fund the purposes of this act before the expenditure  
7 of money appropriated under this section from the state school  
8 aid fund. If the maximum amount appropriated under this section  
9 from the state school aid fund for a fiscal year exceeds the  
10 amount necessary to fully fund allocations under this act from  
11 the state school aid fund, that excess amount shall not be  
12 expended in that state fiscal year and shall not lapse to the  
13 general fund, but instead shall remain in the state school aid  
14 fund.

15 (3) If the maximum amount appropriated under this section  
16 and sections 11f and 11g from the state school aid fund for a  
17 fiscal year exceeds the amount available for expenditure from the  
18 state school aid fund for that fiscal year, payments under sec-  
19 tions 11f, 11g, and 51a(2) shall be made in full and payments  
20 under each of the other sections of this act shall be prorated on  
21 an equal percentage basis as necessary to reflect the amount  
22 available for expenditure from the state school aid fund for that  
23 fiscal year. However, if the department of treasury determines  
24 that proration will be required under this subsection, the  
25 department of treasury shall notify the director of the depart-  
26 ment of management and budget, and the director of the department  
27 of management and budget shall notify the legislature at least 30

1 calendar days or 6 legislative session days, whichever is more,  
2 before the department reduces any payments under this act because  
3 of the proration. During the 30 calendar day or 6 legislative  
4 session day period after that notification by the director of the  
5 department of management and budget, the department shall not  
6 reduce any payments under this act because of proration under  
7 this subsection. The legislature may prevent proration from  
8 occurring by, within the 30 calendar day or 6 legislative session  
9 day period after that notification by the department of manage-  
10 ment and budget, enacting legislation appropriating additional  
11 funds from the general fund, countercyclical budget and economic  
12 stabilization fund, state school aid fund balance, or another  
13 source to fund the amount of the projected shortfall.

SEC. 111. (1) IN ADDITION TO ANY OTHER MONEY APPROPRIATED UNDER THIS ACT, THERE IS APPROPRIATED FROM THE STATE SCHOOL AID FUND AN AMOUNT NOT TO EXCEED \$2,000,000.00 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1999 AND THERE SHALL BE APPROPRIATED FROM THE STATE SCHOOL AID FUND AN AMOUNT NOT TO EXCEED \$2,000,000.00 EACH FISCAL YEAR FOR EACH SUCCEEDING FISCAL YEAR THROUGH THE FISCAL YEAR ENDING SEPTEMBER 30, 2008. PAYMENTS UNDER THIS SECTION WILL CEASE AFTER SEPTEMBER 30, 2008. THESE APPROPRIATIONS ARE FOR PAYING THE AMOUNTS DESCRIBED IN SUBSECTION (2) TO DISTRICTS, OTHER THAN THOSE RECEIVING A LUMP SUM PAYMENT UNDER SUBSECTION (3), THAT HAVE ISSUED FOR A SCHOOL CONSTRUCTION PROJECT BONDS THAT MEET ALL OF THE FOLLOWING:

(A) THE ISSUANCE OF THE BONDS WAS APPROVED BY THE SCHOOL ELECTORS AT AN ELECTION THAT OCCURRED AFTER NOVEMBER 21, 1994 AND BEFORE JUNE 27, 1997.

(B) THE BONDS ARE QUALIFIED BONDS UNDER 1961 PA 108, MCL 388.951 TO 388.963.

(2) THE AMOUNT PAID EACH FISCAL YEAR TO EACH DISTRICT UNDER SUBSECTION (1) SHALL BE 1/10 OF THE TOTAL AMOUNT, AS DETERMINED BY THE DEPARTMENT, THAT THE DISTRICT IS OR HAS BEEN REQUIRED TO PAY TO COMPLY WITH 1965 PA 116, MCL 408.551 TO 408.558, ON THOSE PORTIONS OF THE CONSTRUCTION PROJECT DESCRIBED IN SUBSECTION (1) THAT WERE NOT CONTRACTED FOR OR BID BEFORE JUNE 27, 1997.

(3) IN ADDITION TO ANY OTHER MONEY APPROPRIATED UNDER THIS ACT, THERE IS APPROPRIATED FROM THE STATE SCHOOL AID FUND AN AMOUNT NOT TO EXCEED \$50,000.00 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1999. THIS APPROPRIATION IS FOR PAYING THE AMOUNTS DESCRIBED IN THIS SUBSECTION TO DISTRICTS THAT HAVE ISSUED FOR A SCHOOL CONSTRUCTION PROJECT BONDS THAT MEET THE REQUIREMENTS UNDER SUBSECTION (1), AND FOR WHICH THE TOTAL AMOUNT AS OTHERWISE CALCULATED UNDER SUBSECTION (2) IS LESS THAN \$25,000.00. FOR A DISTRICT QUALIFYING FOR A PAYMENT UNDER THIS SUBSECTION, THE ENTIRE AMOUNT CALCULATED UNDER SUBSECTION (2) SHALL BE PAID IN A LUMP SUM ON NOVEMBER 15, 1998 OR ON THE NEXT BUSINESS DAY FOLLOWING THAT DATE.

(4) THE ENTIRE AMOUNT OF EACH PAYMENT UNDER SUBSECTION (1) EACH FISCAL YEAR SHALL BE PAID ON NOVEMBER 15 OF THE APPLICABLE FISCAL YEAR OR ON THE NEXT BUSINESS DAY FOLLOWING THAT DATE.

(5) TO BE ELIGIBLE FOR A PAYMENT UNDER THIS SECTION, A DISTRICT SHALL SUBMIT TO THE DEPARTMENT EVIDENCE SATISFACTORY TO THE DEPARTMENT THAT IT MEETS THE REQUIREMENTS FOR A PAYMENT UNDER THIS SECTION AND SHALL SUBMIT TO THE DEPARTMENT ALL INFORMATION THE DEPARTMENT CONSIDERS NECESSARY TO CALCULATE THE AMOUNT OF THE PAYMENT.

14 Sec. 20. (1) For 1997-98 and 1998-99, the basic foundation

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15 allowance is \$5,462.00 per membership pupil. FOR 1999-2000, THE  
05188'97 (S-1)

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16 BASIC FOUNDATION ALLOWANCE IS \$5,649.00 PER MEMBERSHIP PUPIL.

17 (2) From the appropriation in section 11, there is allocated  
18 for 1997-98 an amount not to exceed \$8,022,595,100.00, ~~and~~ for  
19 1998-99 an amount not to exceed \$8,091,400,000.00, AND FOR  
20 1999-2000 AN AMOUNT NOT TO EXCEED \$8,208,750,000.00, to guarantee  
21 each district a foundation allowance per membership pupil other  
22 than special education pupils and to make payments under this  
23 section to public school academies and university schools for  
24 membership pupils other than special education pupils. The  
25 amount of each district's foundation allowance shall be calcu-  
26 lated as provided in this section, using a basic foundation  
27 allowance in the amount specified in subsection (1). If the

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1 maximum amount allocated under this section is not sufficient to  
2 fully fund payments under this section, and before any proration  
3 required under section 11, the amount of the payment to each dis-  
4 trict, university school, and public school academy shall be pro-  
5 rated by reducing by an equal percentage the total payment under  
6 this section to each district, university school, and public  
7 school academy. However, if the department determines that pro-  
8 ration will be required under this section, the superintendent of  
9 public instruction shall notify the department of management and  
10 budget, and the department of management and budget shall notify  
11 the legislature at least 30 calendar days or 6 legislative ses-  
12 sion days, whichever is more, before the department reduces any  
13 payments under this section because of the proration. During the  
14 30 calendar day or 6 legislative session day period after that  
15 notification by the department of management and budget, the  
16 department shall not reduce any payments under this section  
17 because of proration. The legislature may prevent proration  
18 under this section from occurring by, within the 30 calendar day  
19 or 6 legislative session day period after that notification by  
20 the director, enacting legislation appropriating additional funds  
21 from the general fund, countercyclical budget and economic stabi-  
22 lization fund, state school aid fund balance, or another source  
23 to ensure full foundation allowance funding for each district,  
24 university school, and public school academy.

25 (3) Except as otherwise provided in this section, the amount  
26 of a district's foundation allowance shall be calculated as  
27 follows, using in all calculations the total amount of the

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1 district's foundation allowance as calculated before any  
2 proration:

3       (a) For a district that in the immediately preceding state  
4 fiscal year had a foundation allowance at least equal to the sum  
5 of \$4,200.00 plus the total dollar amount of all adjustments made  
6 from 1994-95 to the immediately preceding state fiscal year in  
7 the lowest foundation allowance among all districts, but less  
8 than the basic foundation allowance in the immediately preceding  
9 state fiscal year, the district shall receive a foundation allow-  
10 ance in an amount equal to the sum of the district's foundation  
11 allowance for the immediately preceding state fiscal year plus  
12 the difference between twice the dollar amount of the adjustment  
13 from the immediately preceding state fiscal year to the current  
14 state fiscal year made in the basic foundation allowance and  
15 [(the dollar amount of the adjustment from the immediately pre-  
16 ceding state fiscal year to the current state fiscal year made in  
17 the basic foundation allowance minus \$50.00) times (the differ-  
18 ence between the district's foundation allowance for the immedi-  
19 ately preceding state fiscal year and the sum of \$4,200.00 plus  
20 the total dollar amount of all adjustments made from 1994-95 to  
21 the immediately preceding state fiscal year in the lowest founda-  
22 tion allowance among all districts) divided by the difference  
23 between the basic foundation allowance for the current state  
24 fiscal year and the sum of \$4,200.00 plus the total dollar amount  
25 of all adjustments made from 1994-95 to the immediately preceding  
26 state fiscal year in the lowest foundation allowance among all  
27 districts]. However, the foundation allowance for a district

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1 that had less than the basic foundation allowance in the  
2 immediately preceding state fiscal year shall not exceed the  
3 basic foundation allowance for the current state fiscal year.

4 (b) For a district that in the immediately preceding state  
5 fiscal year had a foundation allowance in an amount at least  
6 equal to the amount of the basic foundation allowance for the  
7 immediately preceding state fiscal year, the district shall  
8 receive a foundation allowance in an amount equal to the sum of  
9 the district's foundation allowance for the immediately preceding  
10 state fiscal year plus the dollar amount of the adjustment from  
11 the immediately preceding state fiscal year to the current state  
12 fiscal year in the basic foundation allowance.

13 (c) For 1998-99, each district's foundation allowance shall  
14 be at least \$5,170.00.

15 (4) To ensure that a district receives the district's foun-  
16 dation allowance, there is allocated to each district a state  
17 portion of the district's foundation allowance in an amount cal-  
18 culated under this subsection. The state portion of a district's  
19 foundation allowance is an amount equal to the district's founda-  
20 tion allowance or \$6,500.00, whichever is less, minus the differ-  
21 ence between the product of the taxable value per membership  
22 pupil of all property in the district that is not a homestead or  
23 qualified agricultural property times the lesser of 18 mills or  
24 the number of mills of school operating taxes levied by the dis-  
25 trict in 1993-94 and the quotient of the ad valorem property tax  
26 revenue of the district captured under 1975 PA 197, MCL 125.1651  
27 to 125.1681, the tax increment finance authority act, 1980 PA

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1 450, MCL 125.1801 to 125.1830, the local development financing  
2 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield  
3 redevelopment financing act, 1996 PA 381, MCL 125.2651 to  
4 125.2672, divided by the district's membership excluding special  
5 education pupils. For a district that has a millage reduction  
6 required under section 31 of article IX of the state constitution  
7 of 1963, except for a district that was notified of such a mill-  
8 age reduction in 1996 after the last permissible date to schedule  
9 an election to override that millage reduction, the state portion  
10 of the district's foundation allowance shall be calculated as if  
11 that reduction did not occur. For each fiscal year after  
12 1994-95, the \$6,500.00 amount prescribed in this subsection shall  
13 be adjusted each year by an amount equal to the dollar amount of  
14 the difference between the basic foundation allowance for the  
15 current state fiscal year and \$5,000.00.

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

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1 foundation allowance is greater than the foundation allowance of  
2 the pupil's district of residence.

3       (6) Subject to subsection (7) and except as otherwise pro-  
4 vided in this subsection, for pupils in membership, other than  
5 special education pupils, in a public school academy or a univer-  
6 sity school, there is allocated under this section for 1997-98,  
7 ~~and~~ for 1998-99, AND FOR 1999-2000 to the authorizing body that  
8 is the fiscal agent for the public school academy for forwarding  
9 to the public school academy, or to the board of the public uni-  
10 versity operating the university school, an amount per membership  
11 pupil other than special education pupils in the public school  
12 academy or university school equal to the sum of the local school  
13 operating revenue per membership pupil other than special educa-  
14 tion pupils for the district in which the public school academy  
15 or university school is located and the state portion of that  
16 district's foundation allowance, or the sum of the basic founda-  
17 tion allowance under subsection (1) plus \$500.00, whichever is  
18 less. Notwithstanding section 101(2), for a public school acad-  
19 emy that begins operations in 1997-98, ~~or~~ 1998-99, OR  
20 1999-2000, as applicable, after the pupil membership count day,  
21 the amount per membership pupil calculated under this subsection  
22 shall be adjusted by multiplying that amount per membership pupil  
23 by the number of hours of pupil instruction provided by the  
24 public school academy after it begins operations, as determined  
25 by the department, divided by the minimum number of hours of  
26 pupil instruction required under section 1284 of the revised  
27 school code, MCL 380.1284. The result of this calculation shall

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1 not exceed the amount per membership pupil otherwise calculated  
2 under this subsection. Also, a public school academy that begins  
3 operations in 1997-98, ~~or~~ 1998-99, OR 1999-2000, as applicable,  
4 after the pupil membership count day shall not receive any funds  
5 under this section unless the public school academy provides for  
6 the school year a number of hours of pupil instruction that is at  
7 least in the same proportion to the minimum number of hours of  
8 pupil instruction required under section 1284 of the revised  
9 school code, MCL 380.1284, as the number of days of pupil  
10 instruction provided by the public school academy for the school  
11 year is in proportion to the number of days of pupil instruction  
12 required under section 1284 of the revised school code, MCL  
13 380.1284.

14 (7) If more than 25% of the pupils residing within a dis-  
15 trict are in membership in 1 or more public school academies  
16 located in the district, then the amount per membership pupil  
17 allocated under this section to the authorizing body that is the  
18 fiscal agent for a public school academy located in the district  
19 for forwarding to the public school academy shall be reduced by  
20 an amount equal to the difference between the product of the tax-  
21 able value per membership pupil of all property in the district  
22 that is not a homestead or qualified agricultural property times  
23 the lesser of 18 mills or the number of mills of school operating  
24 taxes levied by the district in 1993-94 and the quotient of the  
25 ad valorem property tax revenue of the district captured under  
26 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance  
27 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local

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1 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,  
2 or the Brownfield redevelopment financing act, 1996 PA 381, MCL  
3 125.2651 to 125.2672, divided by the district's membership  
4 excluding special education pupils, in the school fiscal year  
5 ending in the current state fiscal year, calculated as if the  
6 resident pupils in membership in 1 or more public school acade-  
7 mies located in the district were in membership in the district.  
8 In order to receive state school aid under this act, a district  
9 described in this subsection shall pay to the authorizing body  
10 that is the fiscal agent for a public school academy located in  
11 the district for forwarding to the public school academy an  
12 amount equal to that local school operating revenue per member-  
13 ship pupil for each resident pupil in membership other than spe-  
14 cial education pupils in the public school academy, as determined  
15 by the department.

16 (8) If a district does not receive a payment under subsec-  
17 tion (9); if the number of mills the district may levy on a home-  
18 stead and qualified agricultural property under section 1211(1)  
19 of the revised school code, MCL 380.1211, is 0.5 mills or less;  
20 and if the district elects not to levy those mills, the district  
21 instead shall receive a separate supplemental payment under this  
22 subsection in an amount equal to the amount the district would  
23 have received had it levied those mills, as determined by the  
24 department of treasury. A district shall not receive a separate  
25 supplemental payment under this subsection for a fiscal year  
26 unless in the calendar year ending in the fiscal year the  
27 district levies 18 mills or the number of mills of school

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1 operating taxes levied by the district in 1993, whichever is  
2 less, on property that is not a homestead or qualified agricul-  
3 tural property.

4 (9) For a district that had combined state and local revenue  
5 per membership pupil in the 1993-94 state fiscal year of more  
6 than \$6,500.00 and that had fewer than 350 pupils in membership,  
7 if the district elects not to reduce the number of mills from  
8 which a homestead and qualified agricultural property are exempt  
9 and not to levy school operating taxes on a homestead and quali-  
10 fied agricultural property as provided in section 1211(1) of the  
11 revised school code, MCL 380.1211, and not to levy school operat-  
12 ing taxes on all property as provided in section 1211(2) of the  
13 revised school code, MCL 380.1211, there is allocated under this  
14 subsection for 1994-95 and each succeeding fiscal year a separate  
15 supplemental payment in an amount equal to the amount the dis-  
16 trict would have received per membership pupil had it levied  
17 school operating taxes on a homestead and qualified agricultural  
18 property at the rate authorized for the district under section  
19 1211(1) of the revised school code, MCL 380.1211, and levied  
20 school operating taxes on all property at the rate authorized for  
21 the district under section 1211(2) of the revised school code,  
22 MCL 380.1211, as determined by the department of treasury. A  
23 district shall not receive a separate supplemental payment under  
24 this subsection for a fiscal year unless in the calendar year  
25 ending in the fiscal year the district levies 18 mills or the  
26 number of mills of school operating taxes levied by the district

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1 in 1993, whichever is less, on property that is not a homestead  
2 or qualified agricultural property.

3 (10) A district or public school academy may use any funds  
4 allocated under this section in conjunction with any federal  
5 funds for which the district or public school academy otherwise  
6 would be eligible.

7 (11) For a district that is formed or reconfigured after  
8 June 1, 1994 by consolidation of 2 or more districts or by annex-  
9 ation, the resulting district's foundation allowance under this  
10 section beginning after the effective date of the consolidation  
11 or annexation shall be the average of the foundation allowances  
12 of each of the original or affected districts, calculated as pro-  
13 vided in this section, weighted as to the percentage of pupils in  
14 total membership in the resulting district who reside in the geo-  
15 graphic area of each of the original districts. If an affected  
16 district's foundation allowance is less than the basic foundation  
17 allowance, the amount of that district's foundation allowance  
18 shall be considered for the purpose of calculations under this  
19 subsection to be equal to the amount of the basic foundation  
20 allowance.

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

25 (13) State payments related to payment of the foundation  
26 allowance for a special education pupil are not funded under this  
27 section but are instead funded under section 51a.

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1           (14) FOR 1999-2000 ONLY, THE TOTAL AMOUNT OF THE PAYMENT TO  
2 A DISTRICT, PUBLIC SCHOOL ACADEMY, OR UNIVERSITY SCHOOL UNDER  
3 THIS SECTION SHALL BE REDUCED BY THE AMOUNT THE DISTRICT, PUBLIC  
4 SCHOOL ACADEMY, OR UNIVERSITY SCHOOL RECEIVED UNDER SECTION 20B  
5 FOR 1998-99.

6           (15) ~~(14)~~ To assist the legislature in determining the  
7 basic foundation allowance for the subsequent state fiscal year,  
8 except for the January 1998 revenue estimating conference, each  
9 revenue estimating conference conducted under section 367b of the  
10 management and budget act, 1984 PA 431, MCL 18.1367b, shall cal-  
11 culate a pupil membership factor, a revenue adjustment factor,  
12 and an index as follows:

13           (a) The pupil membership factor shall be computed by divid-  
14 ing the estimated membership in the school year ending in the  
15 current state fiscal year, excluding intermediate district mem-  
16 bership, by the estimated membership for the school year ending  
17 in the subsequent state fiscal year, excluding intermediate dis-  
18 trict membership. If a consensus membership factor is not deter-  
19 mined at the revenue estimating conference, the principals of the  
20 revenue estimating conference shall report their estimates to the  
21 house and senate subcommittees responsible for school aid appro-  
22 priations not later than 7 days after the conclusion of the reve-  
23 nue conference.

24           (b) The revenue adjustment factor shall be computed by  
25 dividing the sum of the estimated total state school aid fund  
26 revenue for the subsequent state fiscal year plus the estimated  
27 total state school aid fund revenue for the current state fiscal

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1 year, adjusted for any change in the rate or base of a tax the  
2 proceeds of which are deposited in that fund and excluding money  
3 transferred into that fund from the countercyclical budget and  
4 economic stabilization fund under section 353e of the management  
5 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the  
6 estimated total school aid fund revenue for the current state  
7 fiscal year plus the estimated total state school aid fund reve-  
8 nue for the immediately preceding state fiscal year, adjusted for  
9 any change in the rate or base of a tax the proceeds of which are  
10 deposited in that fund. If a consensus revenue factor is not  
11 determined at the revenue estimating conference, the principals  
12 of the revenue estimating conference shall report their estimates  
13 to the house and senate subcommittees responsible for school aid  
14 appropriations not later than 7 days after the conclusion of the  
15 revenue conference.

16 (c) The index shall be calculated by multiplying the pupil  
17 membership factor by the revenue adjustment factor. ~~However,~~  
18 ~~for 1998-99 only, the index shall be 1.00.~~ If a consensus index  
19 is not determined at the revenue estimating conference, the prin-  
20 cipals of the revenue estimating conference shall report their  
21 estimates to the house and senate subcommittees responsible for  
22 school aid appropriations not later than 7 days after the conclu-  
23 sion of the revenue conference.

24 ~~(15) If the principals at the revenue estimating conference~~  
25 ~~reach a consensus on the index described in subsection (14)(c),~~  
26 ~~the basic foundation allowance for the subsequent state fiscal~~  
27 ~~year shall be at least the amount of that consensus index~~

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1 ~~multiplied by the basic foundation allowance specified in~~  
2 ~~subsection (1).~~

3 ~~(16) If the estimated amount of total state school aid fund~~  
4 ~~revenue available for 1998-99 as estimated at the May 1998 reve-~~  
5 ~~nue estimating conference is greater than \$9,036,198,400.00, then~~  
6 ~~the revenue estimating conference shall estimate the increase in~~  
7 ~~the basic foundation allowance for 1998-99 and it is the intent~~  
8 ~~of the legislature that the amount of the basic foundation allow-~~  
9 ~~ance for 1998-99 shall be increased accordingly.~~

10 (16) ~~(17)~~ If the pupil membership, excluding intermediate  
11 district membership, for the school year ending in the next state  
12 fiscal year is estimated at the January revenue estimating con-  
13 ference to be greater than 101% of the pupil membership, exclud-  
14 ing intermediate district membership, for the school year ending  
15 in the current state fiscal year, then it is the intent of the  
16 legislature that the executive budget proposal for the school aid  
17 budget in the subsequent state fiscal year incorporate a general  
18 fund/general purpose allocation that is greater than the general  
19 fund/general purpose allocation in the current fiscal year, to  
20 support the estimated membership in excess of 101% of the member-  
21 ship in the current year.

22 (17) ~~(18)~~ As used in this section:

23 (a) "Combined state and local revenue per membership pupil"  
24 means the aggregate of the district's state school aid received  
25 by or paid on behalf of the district under this section and the  
26 district's local school operating revenue, divided by the  
27 district's membership excluding special education pupils.

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

3 (c) "Homestead" means that term as defined in section 1211  
4 of the revised school code, MCL 380.1211.

5 (d) "Immediately preceding state fiscal year" means the  
6 state fiscal year immediately preceding the current state fiscal  
7 year.

8 (e) "Local school operating revenue" means school operating  
9 taxes levied under section 1211 of the revised school code, MCL  
10 380.1211.

11 (f) "Local school operating revenue per membership pupil"  
12 means a district's local school operating revenue divided by the  
13 district's membership excluding special education pupils.

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

17 (h) "Qualified agricultural property" means that term as  
18 defined in section 1211 of the revised school code, MCL  
19 380.1211.

20 (i) "School operating purposes" means the purposes included  
21 in the operation costs of the district as prescribed in  
22 sections 7 and 18.

23 (j) "School operating taxes" means local ad valorem property  
24 taxes levied under section 1211 of the revised school code, MCL  
25 380.1211, and retained for school operating purposes.

26 (k) "Taxable value per membership pupil" means taxable  
27 value, as certified by the department of treasury, for the

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1 calendar year ending in the current state fiscal year divided by  
2 the district's membership excluding special education pupils for  
3 the school year ending in the current state fiscal year.

4 SEC. 20B. (1) FROM THE STATE SCHOOL AID FUND MONEY APPRO-  
5 PRIATED IN SECTION 11 FOR 1998-99, THERE IS ALLOCATED FOR 1998-99  
6 ONLY AN AMOUNT NOT TO EXCEED \$91,000,000.00 FOR PAYMENTS TO DIS-  
7 TRICTS AND INTERMEDIATE DISTRICTS UNDER THIS SECTION.

8 (2) THE TOTAL AMOUNT ALLOCATED TO DISTRICTS UNDER THIS SEC-  
9 TION IS \$90,250,000.00. THE AMOUNT OF THE PAYMENT TO EACH DIS-  
10 TRICT UNDER THIS SECTION SHALL BE AN AMOUNT PER 1998-99 MEMBER-  
11 SHIP PUPIL OF THE DISTRICT, OTHER THAN SPECIAL EDUCATION PUPILS,  
12 EQUAL TO THE QUOTIENT OF \$90,250,000.00 DIVIDED BY THE TOTAL  
13 STATEWIDE NUMBER OF 1998-99 MEMBERSHIP PUPILS OTHER THAN SPECIAL  
14 EDUCATION PUPILS.

15 (3) THE TOTAL AMOUNT ALLOCATED TO INTERMEDIATE DISTRICTS  
16 UNDER THIS SECTION IS \$750,000.00. THE AMOUNT OF THE PAYMENT TO  
17 EACH INTERMEDIATE DISTRICT UNDER THIS SECTION SHALL BE IN THE  
18 SAME PROPORTION TO \$750,000.00 AS THE PROPORTION THAT THE AMOUNT  
19 THE INTERMEDIATE DISTRICT RECEIVES UNDER SECTION 81 FOR 1998-99  
20 BEARS TO THE TOTAL ALLOCATION UNDER SECTION 81 FOR 1998-99.

21 (4) NOTWITHSTANDING SECTION 17B, THE PAYMENTS DUE TO A DIS-  
22 TRICT OR INTERMEDIATE DISTRICT UNDER THIS SECTION SHALL BE MADE  
23 IN 8 EQUAL INSTALLMENTS AND SHALL BE INCLUDED IN THE MONTHLY PAY-  
24 MENTS UNDER SECTION 17B FOR EACH MONTH FROM JANUARY 1999 THROUGH  
25 AUGUST 1999.

26 (5) NOTWITHSTANDING SECTION 17B, A DISTRICT OR INTERMEDIATE  
27 DISTRICT MAY USE FUNDS RECEIVED UNDER THIS SECTION DURING EITHER

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1 THE 1998-99 SCHOOL FISCAL YEAR OR THE 1999-2000 SCHOOL FISCAL  
2 YEAR AND MAY ACCRUE FUNDS RECEIVED UNDER THIS SECTION TO EITHER  
3 OF THOSE SCHOOL FISCAL YEARS.

4       Sec. 81. (1) Except as otherwise provided in this section,  
5 from the appropriation in section 11, there is allocated each  
6 fiscal year for 1997-98, ~~and~~ for 1998-99, AND FOR 1999-2000 to  
7 the intermediate districts the sum necessary, but not to exceed  
8 \$81,266,700.00 ~~each fiscal year~~ FOR 1997-98, NOT TO EXCEED  
9 \$79,850,000.00 FOR 1998-99, AND NOT TO EXCEED \$81,814,900.00 FOR  
10 1999-2000, to provide state aid to intermediate districts under  
11 this ~~subsection and subsections (2) and (3)~~ SECTION. Except as  
12 otherwise provided in this section, there shall be allocated to  
13 each intermediate district FOR 1997-98 an amount equal to 102.9%  
14 of the sum of the amount of funding actually received by the  
15 intermediate district under this subsection in 1996-97 and the  
16 amount of funding actually received by the intermediate district  
17 under FORMER section 11b as in effect for 1995-96. EXCEPT AS  
18 OTHERWISE PROVIDED IN THIS SECTION, THERE SHALL BE ALLOCATED TO  
19 EACH INTERMEDIATE DISTRICT FOR 1998-99 AN AMOUNT EQUAL TO THE  
20 AMOUNT OF FUNDING ACTUALLY RECEIVED BY THE INTERMEDIATE DISTRICT  
21 UNDER THIS SUBSECTION FOR 1997-98. EXCEPT AS OTHERWISE PROVIDED  
22 IN THIS SECTION, THERE SHALL BE ALLOCATED TO EACH INTERMEDIATE  
23 DISTRICT FOR 1999-2000 AN AMOUNT EQUAL TO 103.4% OF THE AMOUNT OF  
24 FUNDING ACTUALLY RECEIVED BY THE INTERMEDIATE DISTRICT UNDER THIS  
25 SUBSECTION FOR 1998-99, MINUS THE AMOUNT THE INTERMEDIATE DIS-  
26 TRICT RECEIVED UNDER SECTION 20B FOR 1998-99. Funding provided  
27 under this section shall be used to comply with requirements of

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1 this act and the revised school code that are applicable to  
2 intermediate districts, and for which funding is not provided  
3 elsewhere in this act, and to provide technical assistance to  
4 districts as authorized by the intermediate school board.

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

15       (3) If an intermediate district participated in 1993-94 in a  
16 consortium operating a regional educational media center under  
17 section 671 of the revised school code, MCL 380.671, and rules  
18 promulgated by the state board, and if the intermediate district  
19 obtains written consent from each of the other intermediate dis-  
20 tricts that participated in the consortium in 1993-94, the inter-  
21 mediate district may notify the department not later than  
22 October 1, 1996 that it is electing to directly receive its pay-  
23 ment attributable to participation in that consortium. An inter-  
24 mediate district making that election, and that has obtained the  
25 necessary consent, shall receive each fiscal year for 1997-98,  
26 ~~and for~~ 1998-99, AND 1999-2000 for each pupil in membership in  
27 the intermediate district or a constituent district an amount

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1 equal to the quotient of the 1993-94 allocation to the fiscal  
2 agent for that consortium under former section 83, adjusted as  
3 determined by the department to account for that election,  
4 divided by the combined total membership for the current fiscal  
5 year in all of the intermediate districts that participated in  
6 that consortium and their constituent districts. The amount  
7 allocated to an intermediate district under this subsection for a  
8 fiscal year shall be deducted from the total allocation for that  
9 fiscal year under this section to the intermediate district that  
10 was the 1993-94 fiscal agent for the consortium.

11 (4) During a fiscal year, the department shall not increase  
12 an intermediate district's allocation under subsection (1)  
13 because of an adjustment made by the department during the fiscal  
14 year in the intermediate district's taxable value for a prior  
15 year. Instead, the department shall report the adjustment and  
16 the estimated amount of the increase to the house and senate  
17 fiscal agencies not later than June 1 of the fiscal year, and the  
18 legislature shall appropriate money for the adjustment in the  
19 next succeeding fiscal year. ACCORDINGLY, IN ADDITION TO THE  
20 ALLOCATION IN SUBSECTION (1), FROM THE APPROPRIATION IN  
21 SECTION 11 THERE IS ALLOCATED FOR 1998-99 AN AMOUNT NOT TO EXCEED  
22 \$62,000.00 FOR PAYMENTS TO INTERMEDIATE DISTRICTS FOR ADJUSTMENTS  
23 IN TAXABLE VALUE DESCRIBED IN THIS SUBSECTION.

24 (5) In order to receive funding under this section, an  
25 intermediate district shall demonstrate to the satisfaction of  
26 the department that the intermediate district employs at least 1

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1 person who is trained in pupil counting procedures, rules, and  
2 regulations.

3       Sec. 101. (1) To be eligible to receive state aid under  
4 this act, not later than the fifth Wednesday after the pupil mem-  
5 bership count day and not later than the fifth Wednesday after  
6 the supplemental count day, each district superintendent through  
7 the secretary of the district's board shall file with the inter-  
8 mediate superintendent a certified and sworn copy of the number  
9 of pupils enrolled and in regular daily attendance in the dis-  
10 trict as of the pupil membership count day and as of the supple-  
11 mental count day, as applicable, for the current school year. In  
12 addition, a district maintaining school during the entire year,  
13 as provided under section 1561 of the revised school code, MCL  
14 380.1561, shall file with the intermediate superintendent a cer-  
15 tified and sworn copy of the number of pupils enrolled and in  
16 regular daily attendance in the district for the current school  
17 year pursuant to rules promulgated by the state board. Not later  
18 than the seventh Wednesday after the pupil membership count day  
19 and not later than the seventh Wednesday after the supplemental  
20 count day, the intermediate district shall transmit to the  
21 department the data filed by each of its constituent districts.  
22 If a district fails to file the sworn and certified copy with the  
23 intermediate superintendent in a timely manner, as required under  
24 this subsection, the intermediate district shall notify the  
25 department and state aid due to be distributed under this act  
26 shall be withheld from the defaulting district immediately,  
27 beginning with the next payment after the failure and continuing

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1 with each payment until the district complies with this  
2 subsection. If an intermediate district fails to transmit the  
3 data in its possession in a timely and accurate manner to the  
4 department, as required under this subsection, state aid due to  
5 be distributed under this act shall be withheld from the default-  
6 ing intermediate district immediately, beginning with the next  
7 payment after the failure and continuing with each payment until  
8 the intermediate district complies with this subsection. If a  
9 district or intermediate district does not comply with this sub-  
10 section by the end of the fiscal year, the district or intermedi-  
11 ate district forfeits the amount withheld. A person who will-  
12 fully falsifies a figure or statement in the certified and sworn  
13 copy of enrollment shall be punished in the manner prescribed by  
14 section 161.

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

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1 district does not comply with this subsection by the end of the  
2 fiscal year, the intermediate district forfeits the amount  
3 withheld.

4       (3) Each district shall provide the required minimum number  
5 of days and hours of pupil instruction under section 1284 of the  
6 revised school code, MCL 380.1284. Except as otherwise provided  
7 in this act, a district failing to hold the required minimum  
8 number of days of pupil instruction shall forfeit from its total  
9 state aid allocation for each day of failure an amount determined  
10 by applying a ratio of the number of days the district was in  
11 noncompliance in relation to the required minimum number of  
12 days. Except as otherwise provided in this act, a district fail-  
13 ing to comply with the required minimum hours of pupil instruc-  
14 tion shall forfeit from its total state aid allocation an amount  
15 determined by applying a ratio of the time duration the district  
16 was in noncompliance in relation to the required minimum number  
17 of hours. A district failing to meet both the minimum number of  
18 days of pupil instruction requirement and the minimum number of  
19 hours of pupil instruction requirement shall be penalized only  
20 the higher of the 2 amounts calculated under the forfeiture pro-  
21 visions of this subsection. Not later than August 1, the board  
22 of each district shall certify to the department the number of  
23 days and hours of pupil instruction in the previous school year.  
24 If the district did not hold at least 180 days and the required  
25 minimum number of hours of pupil instruction, the deduction of  
26 state aid shall be made in the following fiscal year from the  
27 first payment of state school aid. A district is not subject to

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1 forfeiture of funds under this subsection for a fiscal year in  
2 which a forfeiture was already imposed under subsection (7).  
3 Days lost because of strikes or teachers' conferences shall not  
4 be counted as days of pupil instruction. A district not having  
5 at least 75% of the district's membership in attendance on any  
6 day of pupil instruction shall receive state aid in that propor-  
7 tion of 1 divided by the required minimum number of days of pupil  
8 instruction that the actual percent of attendance bears to the  
9 specified percentage. The state board shall promulgate rules for  
10 the implementation of this subsection.

11 (4) The first 2 days for which pupil instruction is not pro-  
12 vided because of conditions not within the control of school  
13 authorities, such as severe storms, fires, epidemics, or health  
14 conditions as defined by the city, county, or state health  
15 authorities, shall be counted as days of pupil instruction. IN  
16 ADDITION, FOR 1997-98 ONLY, THE DEPARTMENT MAY COUNT AS DAYS OF  
17 PUPIL INSTRUCTION UP TO 6 ADDITIONAL DAYS FOR WHICH PUPIL  
18 INSTRUCTION IS NOT PROVIDED IN A DISTRICT AFTER MAY 28, 1998  
19 BECAUSE DAMAGE OR ELECTRICAL OUTAGES RESULTING FROM SEVERE STORMS  
20 PREVENTED THE DISTRICT FROM PROVIDING INSTRUCTION. Subsequent  
21 such days shall not be counted as days of pupil instruction.

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

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1           (6) Upon application by the district for a particular fiscal  
2 year, the state board may waive the minimum number of days of  
3 pupil instruction requirement of subsection (3) for a district if  
4 the district has adopted an experimental school year schedule in  
5 1 or more buildings in the district if the experimental school  
6 year schedule provides the required minimum number or more hours  
7 of pupil instruction and is consistent with all state board poli-  
8 cies on school improvement and restructuring. If a district  
9 applies for and receives a waiver under this subsection and com-  
10 plies with the terms of the waiver, for the fiscal year covered  
11 by the waiver the district is not subject to forfeiture under  
12 this section of part of its state aid allocation for the specific  
13 building or program covered by the waiver.

14           (7) Not later than April 15 of each fiscal year, the board  
15 of each district shall certify to the department the planned  
16 number of days and hours of pupil instruction in the district for  
17 the school year ending in the fiscal year. In addition to any  
18 other penalty or forfeiture under this section, if at any time  
19 the department determines that 1 or more of the following has  
20 occurred in a district, the district shall forfeit in the current  
21 fiscal year beginning in the next payment to be calculated by the  
22 department a proportion of the funds due to the district under  
23 this act that is equal to the proportion below the required mini-  
24 mum number of days and hours of pupil instruction, as specified  
25 in the following:

26           (a) The district fails to operate its schools for at least  
27 the required minimum number of days and hours of pupil

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1 instruction in a school year, including days counted under  
2 subsection (4).

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

7 (8) In providing the minimum number of hours of pupil  
8 instruction required under section 1284 of the revised school  
9 code, MCL 380.1284, a district shall use the following guide-  
10 lines, and a district shall maintain records to substantiate its  
11 compliance with the following guidelines:

12 (a) Except as otherwise provided in this subsection, a pupil  
13 must be scheduled for at least the required minimum number of  
14 hours of instruction, excluding study halls, or at least the sum  
15 of 90 hours plus the required minimum number of hours of instruc-  
16 tion, including up to 2 study halls.

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

20 (c) A pupil in grades 9 to 12 for whom a reduced schedule is  
21 determined to be in the individual pupil's best educational  
22 interest must be scheduled for a number of hours equal to at  
23 least 80% of the required minimum number of hours of pupil  
24 instruction to be considered a full-time equivalent pupil.

25 (d) If a pupil in grades 9 to 12 who is enrolled in a coop-  
26 erative education program or a special education pupil cannot  
27 receive the required minimum number of hours of pupil instruction

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1 solely because of travel time between instructional sites during  
2 the school day, that travel time, up to a maximum of 2-1/2 hours  
3 per school week, shall be considered to be pupil instruction time  
4 for the purpose of determining whether the pupil is receiving the  
5 required minimum number of hours of pupil instruction. However,  
6 if a district demonstrates to the satisfaction of the department  
7 that the travel time limitation under this subdivision would  
8 create undue costs or hardship to the district, the department  
9 may consider more travel time to be pupil instruction time for  
10 this purpose.

11 (e) For the 1997-98 school year only, if a district operates  
12 an elementary school that is located on an island and provides  
13 some pupil instruction for pupils enrolled in that elementary  
14 school at 1 or more school buildings operated by the district  
15 that are not located on the island, the travel time for travel  
16 for those pupils between the elementary school located on the  
17 island and the other school building or buildings, up to a maxi-  
18 mum of 1-1/2 hours per school week, shall be considered to be  
19 pupil instruction time for those pupils for the purpose of deter-  
20 mining whether those pupils are receiving the required minimum  
21 number of hours of pupil instruction.

22 (9) The department shall apply the guidelines under subsec-  
23 tion (8) in calculating the full-time equivalency of pupils.

24 (10) Upon application by the district for a particular  
25 fiscal year, the state board may waive for a district the minimum  
26 number of days and hours of pupil instruction requirement of  
27 subsection (3) for a department-approved alternative education

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1 program. If a district applies for and receives a waiver under  
2 this subsection and complies with the terms of the waiver, for  
3 the fiscal year covered by the waiver the district is not subject  
4 to forfeiture under this section for the specific program covered  
5 by the waiver.

6       Sec. 166b. (1) This act does not prohibit a parent or legal  
7 guardian of a minor who is enrolled IN ANY OF GRADES 1 TO 12 in a  
8 nonpublic school or who is being home-schooled from also enroll-  
9 ing the minor in a district or intermediate district in any cur-  
10 ricular offering THAT IS PROVIDED BY THE DISTRICT OR INTERMEDIATE  
11 DISTRICT AT A PUBLIC SCHOOL SITE AND IS available to pupils in  
12 the minor's grade level or age group, subject to compliance with  
13 the same requirements that apply to a full-time pupil's partici-  
14 pation in the offering. ~~A minor enrolled as described in this~~  
15 ~~section is a part-time pupil for purposes of state school aid~~  
16 ~~under this act.~~ However, state school aid shall be provided  
17 under this act for a minor enrolled as described in this  
18 ~~section~~ SUBSECTION only for curricular offerings that are  
19 offered to full-time pupils in the minor's grade level or age  
20 group during regularly scheduled school hours.

21       (2) THIS ACT DOES NOT PROHIBIT A PARENT OR LEGAL GUARDIAN OF  
22 A MINOR WHO IS ENROLLED IN ANY OF GRADES 1 TO 12 IN A NONPUBLIC  
23 SCHOOL LOCATED WITHIN THE DISTRICT OR WHO RESIDES WITHIN THE DIS-  
24 TRICT AND IS BEING HOME-SCHOOLED FROM ALSO ENROLLING THE MINOR IN  
25 THE DISTRICT IN A CURRICULAR OFFERING BEING PROVIDED BY THE DIS-  
26 TRICT AT THE NONPUBLIC SCHOOL SITE. HOWEVER, STATE SCHOOL AID

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1 SHALL BE PROVIDED UNDER THIS ACT FOR A MINOR ENROLLED AS  
2 DESCRIBED IN THIS SUBSECTION ONLY IF ALL OF THE FOLLOWING APPLY:

3 (A) THE NONPUBLIC SCHOOL SITE IS LOCATED WITHIN THE GEO-  
4 GRAPHIC BOUNDARIES OF THE DISTRICT.

5 (B) THE NONPUBLIC SCHOOL IS REGISTERED WITH THE DEPARTMENT  
6 AS A NONPUBLIC SCHOOL AND MEETS ALL STATE REPORTING REQUIREMENTS  
7 FOR NONPUBLIC SCHOOLS.

8 (C) THE INSTRUCTION IS SCHEDULED TO OCCUR DURING THE REGULAR  
9 SCHOOL DAY.

10 (D) THE INSTRUCTION IS PROVIDED DIRECTLY BY AN EMPLOYEE OF  
11 THE DISTRICT OR OF AN INTERMEDIATE DISTRICT.

12 (E) THE CURRICULAR OFFERING IS ALSO AVAILABLE TO FULL-TIME  
13 PUPILS IN THE MINOR'S GRADE LEVEL OR AGE GROUP IN THE DISTRICT  
14 DURING THE REGULAR SCHOOL DAY AT A PUBLIC SCHOOL SITE.

15 (F) THE CURRICULAR OFFERING IS RESTRICTED TO NONESSENTIAL  
16 ELECTIVE COURSES FOR PUPILS IN GRADES 1 TO 12.

17 (3) A MINOR ENROLLED AS DESCRIBED IN THIS SECTION IS A  
18 PART-TIME PUPIL FOR PURPOSES OF STATE SCHOOL AID UNDER THIS ACT.