

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 240**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 11g, 20, 20b, 31a, 51a, 63, and 81 (MCL
388.1611, 388.1611g, 388.1620, 388.1620b, 388.1631a, 388.1651a,
388.1663, and 388.1681), sections 11, 11g, 20, 31a, 51a, and 81
as amended and sections 20b and 63 as added by 1998 PA 339.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For the fiscal year ending September 30, 1998,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 \$8,717,471,600.00 from the state school aid fund established by
5 section 11 of article IX of the state constitution of 1963 and
6 the sum of \$377,935,400.00 from the general fund. For the fiscal
7 year ending September 30, 1999, there is appropriated for the
8 public schools of this state and certain other state purposes

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1 relating to education the sum of ~~-\$8,995,776,300.00-~~
2 \$9,000,761,900.00 from the state school aid fund established by
3 section 11 of article IX of the state constitution of 1963 and
4 the sum of \$420,613,500.00 from the general fund. For the fiscal
5 year ending September 30, 2000, there is appropriated for the
6 public schools of this state and certain other state purposes
7 relating to education the sum of ~~-\$9,370,899,200.00-~~
8 \$9,366,408,600.00 from the state school aid fund established by
9 section 11 of article IX of the state constitution of 1963 and
10 the sum of \$420,613,500.00 from the general fund. In addition,
11 available federal funds are appropriated for 1997-98, for
12 1998-99, and for 1999-2000.

13 (2) The appropriations under this section shall be allocated
14 as provided in this act. Money appropriated under this section
15 from the general fund and from available federal funds shall be
16 expended to fund the purposes of this act before the expenditure
17 of money appropriated under this section from the state school
18 aid fund. If the maximum amount appropriated under this section
19 from the state school aid fund for a fiscal year exceeds the
20 amount necessary to fully fund allocations under this act from
21 the state school aid fund, that excess amount shall not be
22 expended in that state fiscal year and shall not lapse to the
23 general fund, but instead shall remain in the state school aid
24 fund.

25 (3) If the maximum amount appropriated under this section
26 and sections 11f and 11g from the state school aid fund for a
27 fiscal year exceeds the amount available for expenditure from the

1 state school aid fund for that fiscal year, payments under
2 sections 11f, 11g, and 51a(2) shall be made in full and payments
3 under each of the other sections of this act shall be prorated on
4 an equal percentage basis as necessary to reflect the amount
5 available for expenditure from the state school aid fund for that
6 fiscal year. However, if the department of treasury determines
7 that proration will be required under this subsection, the
8 department of treasury shall notify the director of the depart-
9 ment of management and budget, and the director of the department
10 of management and budget shall notify the legislature at least 30
11 calendar days or 6 legislative session days, whichever is more,
12 before the department reduces any payments under this act because
13 of the proration. During the 30 calendar day or 6 legislative
14 session day period after that notification by the director of the
15 department of management and budget, the department shall not
16 reduce any payments under this act because of proration under
17 this subsection. The legislature may prevent proration from
18 occurring by, within the 30 calendar day or 6 legislative session
19 day period after that notification by the department of manage-
20 ment and budget, enacting legislation appropriating additional
21 funds from the general fund, countercyclical budget and economic
22 stabilization fund, state school aid fund balance, or another
23 source to fund the amount of the projected shortfall.

24 Sec. 11g. (1) In addition to the appropriations under sec-
25 tion 11f and any other money appropriated under this act, there
26 is appropriated from the state school aid fund an amount not to
27 exceed \$40,000,000.00 for the fiscal year ending September 30,

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1 1999. ~~in addition to any other money appropriated under this~~
2 ~~act~~ FROM THE GENERAL FUND MONEY APPROPRIATED IN SECTION 11,
3 there is appropriated ~~from the general fund~~ an amount not to
4 exceed \$40,000,000.00 for the fiscal year ending September 30,
5 2000 and for each succeeding fiscal year through the fiscal year
6 ending September 30, 2013. Payments under this section will
7 cease after September 30, 2013. These appropriations are for
8 paying the amounts described in subsection (3) to districts and
9 intermediate districts, other than those receiving a lump sum
10 payment under section 11f(2), that were not plaintiffs in the
11 consolidated cases known as Durant v State of Michigan, Michigan
12 supreme court docket no. 104458-104492 and that, on or before
13 March 2, 1998, have submitted to the state treasurer a waiver
14 resolution described in section 11f. The amounts paid under this
15 section represent offers of settlement and compromise of any
16 claim or claims that were or could have been asserted by these
17 districts and intermediate districts, as described in this
18 section.

19 (2) This section does not create any obligation or liability
20 of this state to any district or intermediate district that does
21 not submit a waiver resolution described in section 11f. This
22 section, any other provision of this act, and section 353e of the
23 management and budget act, 1984 PA 431, MCL 18.1353e, are not
24 intended to admit liability or waive any defense that is or would
25 be available to this state or its agencies, employees, or agents
26 in any litigation or future litigation with a district or

1 intermediate district regarding these claims or potential
2 claims.

3 (3) The amount paid each fiscal year to each district or
4 intermediate district under this section shall be the sum of the
5 following:

6 (a) 1/30 of the total amount listed in section 11h for the
7 district or intermediate district.

8 (b) If the district or intermediate district borrows money
9 and issues bonds under section 11i, an additional amount in each
10 fiscal year calculated by the department of treasury that, when
11 added to the amount described in subdivision (a), will cause the
12 net present value as of November 15, 1998 of the total of the 15
13 annual payments made to the district or intermediate district
14 under this section, discounted at a rate as determined by the
15 state treasurer, to equal the amount of the bonds issued by that
16 district or intermediate district under section 11i and that will
17 result in the total payments made to all districts and intermedi-
18 ate districts in each fiscal year under this section being no
19 more than the amount appropriated under this section in each
20 fiscal year.

21 (4) The entire amount of each payment under this section
22 each fiscal year shall be paid on May 15 of the applicable fiscal
23 year or on the next business day following that date. If a dis-
24 trict or intermediate district borrows money and issues bonds
25 under section 11i, the district or intermediate district shall
26 use funds received under this section to pay debt service on
27 bonds issued under section 11i. If a district or intermediate

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1 district does not borrow money and issue bonds under section 11i,
2 the district or intermediate district shall use funds received
3 under this section only for the following purposes, in the fol-
4 lowing order of priority:

5 (a) First, to pay debt service on voter-approved bonds
6 issued by the district or intermediate district before the effec-
7 tive date of this section.

8 (b) Second, to pay debt service on other limited tax
9 obligations.

10 (c) Third, for deposit into a sinking fund established by
11 the district or intermediate district under the revised school
12 code.

13 (5) To the extent payments under this section are used by a
14 district or intermediate district to pay debt service on debt
15 payable from millage revenues, and to the extent permitted by
16 law, the district or intermediate district may make a correspond-
17 ing reduction in the number of mills levied for debt service.

18 (6) A district or intermediate district may pledge or assign
19 payments under this section as security for bonds issued under
20 section 11i, but shall not otherwise pledge or assign payments
21 under this section.

22 (7) The state school aid fund appropriation under this sec-
23 tion for 1998-99 is from the money appropriated and transferred
24 to the state school aid fund from the countercyclical budget and
25 economic stabilization fund under section 353e(2) of the manage-
26 ment and budget act, 1984 PA 431, MCL 18.1353e.

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1 Sec. 20. (1) For 1997-98 and 1998-99, the basic foundation
2 allowance is \$5,462.00 per membership pupil. For 1999-2000, the
3 basic foundation allowance is \$5,652.00 per membership pupil.

4 (2) From the appropriation in section 11, there is allocated
5 for 1997-98 an amount not to exceed \$8,022,595,100.00, for
6 1998-99 an amount not to exceed ~~-\$7,970,387,300.00-~~
7 \$7,970,372,900.00, and for 1999-2000 an amount not to exceed
8 ~~-\$8,315,000,000.00-~~ \$8,314,985,400.00, to guarantee each district
9 a foundation allowance per membership pupil other than special
10 education pupils and to make payments under this section to
11 public school academies and university schools for membership
12 pupils other than special education pupils. The amount of each
13 district's foundation allowance shall be calculated as provided
14 in this section, using a basic foundation allowance in the amount
15 specified in subsection (1). If the maximum amount allocated
16 under this section is not sufficient to fully fund payments under
17 this section, and before any proration required under section 11,
18 the amount of the payment to each district, university school,
19 and public school academy shall be prorated by reducing by an
20 equal percentage the total payment under this section to each
21 district, university school, and public school academy. However,
22 if the department determines that proration will be required
23 under this section, the superintendent of public instruction
24 shall notify the department of management and budget, and the
25 department of management and budget shall notify the legislature
26 at least 30 calendar days or 6 legislative session days,
27 whichever is more, before the department reduces any payments

1 under this section because of the proration. During the 30
2 calendar day or 6 legislative session day period after that noti-
3 fication by the department of management and budget, the depart-
4 ment shall not reduce any payments under this section because of
5 proration. The legislature may prevent proration under this sec-
6 tion from occurring by, within the 30 calendar day or 6 legisla-
7 tive session day period after that notification by the director,
8 enacting legislation appropriating additional funds from the gen-
9 eral fund, countercyclical budget and economic stabilization
10 fund, state school aid fund balance, or another source to ensure
11 full foundation allowance funding for each district, university
12 school, and public school academy.

13 (3) Except as otherwise provided in this section, the amount
14 of a district's foundation allowance shall be calculated as fol-
15 lows, using in all calculations the total amount of the
16 district's foundation allowance as calculated before any
17 proration:

18 (a) For a district that in the immediately preceding state
19 fiscal year had a foundation allowance at least equal to the sum
20 of \$4,200.00 plus the total dollar amount of all adjustments made
21 from 1994-95 to the immediately preceding state fiscal year in
22 the lowest foundation allowance among all districts, but less
23 than the basic foundation allowance in the immediately preceding
24 state fiscal year, the district shall receive a foundation allow-
25 ance in an amount equal to the sum of the district's foundation
26 allowance for the immediately preceding state fiscal year plus
27 the difference between twice the dollar amount of the adjustment

1 from the immediately preceding state fiscal year to the current
2 state fiscal year made in the basic foundation allowance and
3 [(the dollar amount of the adjustment from the immediately pre-
4 ceding state fiscal year to the current state fiscal year made in
5 the basic foundation allowance minus \$50.00) times (the differ-
6 ence between the district's foundation allowance for the immedi-
7 ately preceding state fiscal year and the sum of \$4,200.00 plus
8 the total dollar amount of all adjustments made from 1994-95 to
9 the immediately preceding state fiscal year in the lowest founda-
10 tion allowance among all districts) divided by the difference
11 between the basic foundation allowance for the current state
12 fiscal year and the sum of \$4,200.00 plus the total dollar amount
13 of all adjustments made from 1994-95 to the immediately preceding
14 state fiscal year in the lowest foundation allowance among all
15 districts]. However, the foundation allowance for a district
16 that had less than the basic foundation allowance in the immedi-
17 ately preceding state fiscal year shall not exceed the basic
18 foundation allowance for the current state fiscal year.

19 (b) For a district that in the immediately preceding state
20 fiscal year had a foundation allowance in an amount at least
21 equal to the amount of the basic foundation allowance for the
22 immediately preceding state fiscal year, the district shall
23 receive a foundation allowance in an amount equal to the sum of
24 the district's foundation allowance for the immediately preceding
25 state fiscal year plus the dollar amount of the adjustment from
26 the immediately preceding state fiscal year to the current state
27 fiscal year in the basic foundation allowance.

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

3 (4) To ensure that a district receives the district's foun-
4 dation allowance, there is allocated to each district a state
5 portion of the district's foundation allowance in an amount cal-
6 culated under this subsection. The state portion of a district's
7 foundation allowance is an amount equal to the district's founda-
8 tion allowance or \$6,500.00, whichever is less, minus the differ-
9 ence between the product of the taxable value per membership
10 pupil of all property in the district that is not a homestead or
11 qualified agricultural property times the lesser of 18 mills or
12 the number of mills of school operating taxes levied by the dis-
13 trict in 1993-94 and the quotient of the ad valorem property tax
14 revenue of the district captured under 1975 PA 197, MCL 125.1651
15 to 125.1681, the tax increment finance authority act, 1980 PA
16 450, MCL 125.1801 to 125.1830, the local development financing
17 act, 1986 PA 281, MCL 125.2151 to 125.2174, or the Brownfield
18 redevelopment financing act, 1996 PA 381, MCL 125.2651 to
19 125.2672, divided by the district's membership excluding special
20 education pupils. For a district that has a millage reduction
21 required under section 31 of article IX of the state constitution
22 of 1963, except for a district that was notified of such a mill-
23 age reduction in 1996 after the last permissible date to schedule
24 an election to override that millage reduction, the state portion
25 of the district's foundation allowance shall be calculated as if
26 that reduction did not occur. For each fiscal year after
27 1994-95, the \$6,500.00 amount prescribed in this subsection shall

1 be adjusted each year by an amount equal to the dollar amount of
2 the difference between the basic foundation allowance for the
3 current state fiscal year and \$5,000.00.

4 (5) The allocation under this section for a pupil shall be
5 based on the foundation allowance of the pupil's district of
6 residence. However, for a pupil enrolled pursuant to section 105
7 in a district other than the pupil's district of residence but
8 within the same intermediate district, the allocation under this
9 section shall be based on the lesser of the foundation allowance
10 of the pupil's district of residence or the foundation allowance
11 of the educating district. For a pupil in membership in a K-5,
12 K-6, or K-8 district who is enrolled in another district in a
13 grade not offered by the pupil's district of residence, the allo-
14 cation under this section shall be based on the foundation allow-
15 ance of the educating district if the educating district's foun-
16 dation allowance is greater than the foundation allowance of the
17 pupil's district of residence.

18 (6) Subject to subsection (7) and except as otherwise pro-
19 vided in this subsection, for pupils in membership, other than
20 special education pupils, in a public school academy or a univer-
21 sity school, there is allocated under this section EACH FISCAL
22 YEAR for 1997-98, ~~and~~ for 1998-99, AND FOR 1999-2000 to the
23 authorizing body that is the fiscal agent for the public school
24 academy for forwarding to the public school academy, or to the
25 board of the public university operating the university school,
26 an amount per membership pupil other than special education
27 pupils in the public school academy or university school equal to

1 the sum of the local school operating revenue per membership
2 pupil other than special education pupils for the district in
3 which the public school academy or university school is located
4 and the state portion of that district's foundation allowance, or
5 the sum of the basic foundation allowance under subsection (1)
6 plus \$500.00, whichever is less. Notwithstanding section 101(2),
7 for a public school academy that begins operations in 1997-98,
8 ~~or~~ 1998-99, OR 1999-2000, as applicable, after the pupil mem-
9 bership count day, the amount per membership pupil calculated
10 under this subsection shall be adjusted by multiplying that
11 amount per membership pupil by the number of hours of pupil
12 instruction provided by the public school academy after it begins
13 operations, as determined by the department, divided by the mini-
14 mum number of hours of pupil instruction required under section
15 1284 of the revised school code, MCL 380.1284. The result of
16 this calculation shall not exceed the amount per membership pupil
17 otherwise calculated under this subsection. Also, a public
18 school academy that begins operations in 1997-98, ~~or~~ 1998-99,
19 OR 1999-2000, as applicable, after the pupil membership count day
20 shall not receive any funds under this section unless the public
21 school academy provides for the school year a number of hours of
22 pupil instruction that is at least in the same proportion to the
23 minimum number of hours of pupil instruction required under sec-
24 tion 1284 of the revised school code, MCL 380.1284, as the number
25 of days of pupil instruction provided by the public school acad-
26 emy for the school year is in proportion to the number of days of

1 pupil instruction required under section 1284 of the revised
2 school code, MCL 380.1284.

3 (7) If more than 25% of the pupils residing within a dis-
4 trict are in membership in 1 or more public school academies
5 located in the district, then the amount per membership pupil
6 allocated under this section to the authorizing body that is the
7 fiscal agent for a public school academy located in the district
8 for forwarding to the public school academy shall be reduced by
9 an amount equal to the difference between the product of the tax-
10 able value per membership pupil of all property in the district
11 that is not a homestead or qualified agricultural property times
12 the lesser of 18 mills or the number of mills of school operating
13 taxes levied by the district in 1993-94 and the quotient of the
14 ad valorem property tax revenue of the district captured under
15 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance
16 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local
17 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
18 or the Brownfield redevelopment financing act, 1996 PA 381, MCL
19 125.2651 to 125.2672, divided by the district's membership
20 excluding special education pupils, in the school fiscal year
21 ending in the current state fiscal year, calculated as if the
22 resident pupils in membership in 1 or more public school acade-
23 mies located in the district were in membership in the district.
24 In order to receive state school aid under this act, a district
25 described in this subsection shall pay to the authorizing body
26 that is the fiscal agent for a public school academy located in
27 the district for forwarding to the public school academy an

1 amount equal to that local school operating revenue per
2 membership pupil for each resident pupil in membership other than
3 special education pupils in the public school academy, as deter-
4 mined by the department.

5 (8) If a district does not receive a payment under subsec-
6 tion (9); if the number of mills the district may levy on a home-
7 stead and qualified agricultural property under section 1211(1)
8 of the revised school code, MCL 380.1211, is 0.5 mills or less;
9 and if the district elects not to levy those mills, the district
10 instead shall receive a separate supplemental payment under this
11 subsection in an amount equal to the amount the district would
12 have received had it levied those mills, as determined by the
13 department of treasury. A district shall not receive a separate
14 supplemental payment under this subsection for a fiscal year
15 unless in the calendar year ending in the fiscal year the dis-
16 trict levies 18 mills or the number of mills of school operating
17 taxes levied by the district in 1993, whichever is less, on prop-
18 erty that is not a homestead or qualified agricultural property.

19 (9) For a district that had combined state and local revenue
20 per membership pupil in the 1993-94 state fiscal year of more
21 than \$6,500.00 and that had fewer than 350 pupils in membership,
22 if the district elects not to reduce the number of mills from
23 which a homestead and qualified agricultural property are exempt
24 and not to levy school operating taxes on a homestead and quali-
25 fied agricultural property as provided in section 1211(1) of the
26 revised school code, MCL 380.1211, and not to levy school
27 operating taxes on all property as provided in section 1211(2) of

1 the revised school code, MCL 380.1211, there is allocated under
2 this subsection for 1994-95 and each succeeding fiscal year a
3 separate supplemental payment in an amount equal to the amount
4 the district would have received per membership pupil had it
5 levied school operating taxes on a homestead and qualified agri-
6 cultural property at the rate authorized for the district under
7 section 1211(1) of the revised school code, MCL 380.1211, and
8 levied school operating taxes on all property at the rate autho-
9 rized for the district under section 1211(2) of the revised
10 school code, MCL 380.1211, as determined by the department of
11 treasury. A district shall not receive a separate supplemental
12 payment under this subsection for a fiscal year other than
13 1997-98 unless in the calendar year ending in the fiscal year the
14 district levies 18 mills or the number of mills of school operat-
15 ing taxes levied by the district in 1993, whichever is less, on
16 property that is not a homestead or qualified agricultural
17 property.

18 Beginning with the 1998-99 fiscal year, if in the calendar year
19 ending in the fiscal year a district does not levy 18 mills or
20 the number of mills of school operating taxes levied by the dis-
21 trict in 1993, whichever is less, on property that is not a home-
22 stead or qualified agricultural property, the payment under this
23 subsection will be reduced by the same percentage as the millage
24 actually levied compares to the 18 mills or the number of mills
25 levied in 1993, whichever is less.

26 (10) A district or public school academy may use any funds
27 allocated under this section in conjunction with any federal

1 funds for which the district or public school academy otherwise
2 would be eligible.

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

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

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

24 (14) To assist the legislature in determining the basic
25 foundation allowance for the subsequent state fiscal year, except
26 for the January 1998 revenue estimating conference, each revenue
27 estimating conference conducted under section 367b of the

1 management and budget act, 1984 PA 431, MCL 18.1367b, shall
2 calculate a pupil membership factor, a revenue adjustment factor,
3 and an index as follows:

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

15 (b) The revenue adjustment factor shall be computed by
16 dividing the sum of the estimated total state school aid fund
17 revenue for the subsequent state fiscal year plus the estimated
18 total state school aid fund revenue for the current state fiscal
19 year, adjusted for any change in the rate or base of a tax the
20 proceeds of which are deposited in that fund and excluding money
21 transferred into that fund from the countercyclical budget and
22 economic stabilization fund under section 353e of the management
23 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
24 estimated total school aid fund revenue for the current state
25 fiscal year plus the estimated total state school aid fund reve-
26 nue for the immediately preceding state fiscal year, adjusted for
27 any change in the rate or base of a tax the proceeds of which are

1 deposited in that fund. If a consensus revenue factor is not
2 determined at the revenue estimating conference, the principals
3 of the revenue estimating conference shall report their estimates
4 to the house and senate subcommittees responsible for school aid
5 appropriations not later than 7 days after the conclusion of the
6 revenue conference.

7 (c) The index shall be calculated by multiplying the pupil
8 membership factor by the revenue adjustment factor. However, for
9 1998-99 only, the index shall be 1.00. If a consensus index is
10 not determined at the revenue estimating conference, the princi-
11 pals of the revenue estimating conference shall report their
12 estimates to the house and senate subcommittees responsible for
13 school aid appropriations not later than 7 days after the conclu-
14 sion of the revenue conference.

15 (15) IF THE PRINCIPALS AT THE REVENUE ESTIMATING CONFERENCE
16 REACH A CONSENSUS ON THE INDEX DESCRIBED IN SUBSECTION (14)(C),
17 THE BASIC FOUNDATION ALLOWANCE FOR THE SUBSEQUENT STATE FISCAL
18 YEAR SHALL BE AT LEAST THE AMOUNT OF THAT CONSENSUS INDEX MULTI-
19 PLIED BY THE BASIC FOUNDATION ALLOWANCE SPECIFIED IN SUBSECTION
20 (1).

21 (16) ~~-(15)-~~ If the pupil membership, excluding intermediate
22 district membership, for the school year ending in the next state
23 fiscal year is estimated at the January revenue estimating con-
24 ference to be greater than 101% of the pupil membership, exclud-
25 ing intermediate district membership, for the school year ending
26 in the current state fiscal year, then it is the intent of the
27 legislature that the executive budget proposal for the school aid

1 budget in the subsequent state fiscal year incorporate a general
2 fund/general purpose allocation that is greater than the general
3 fund/general purpose allocation in the current fiscal year, to
4 support the estimated membership in excess of 101% of the member-
5 ship in the current year.

6 (17) ~~-(16)-~~ As used in this section:

7 (a) "Combined state and local revenue per membership pupil"
8 means the aggregate of the district's state school aid received
9 by or paid on behalf of the district under this section and the
10 district's local school operating revenue, divided by the
11 district's membership excluding special education pupils.

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

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

16 (d) "Immediately preceding state fiscal year" means the
17 state fiscal year immediately preceding the current state fiscal
18 year.

19 (e) "Local school operating revenue" means school operating
20 taxes levied under section 1211 of the revised school code, MCL
21 380.1211.

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

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

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1 (h) "Qualified agricultural property" means that term as
2 defined in section 1211 of the revised school code, MCL
3 380.1211.

4 (i) "School operating purposes" means the purposes included
5 in the operation costs of the district as prescribed in
6 sections 7 and 18.

7 (j) "School operating taxes" means local ad valorem property
8 taxes levied under section 1211 of the revised school code, MCL
9 380.1211, and retained for school operating purposes.

10 (k) "Taxable value per membership pupil" means taxable
11 value, as certified by the department of treasury, for the calen-
12 dar year ending in the current state fiscal year divided by the
13 district's membership excluding special education pupils for the
14 school year ending in the current state fiscal year.

15 Sec. 20b. (1) From the state school aid fund money appro-
16 priated in section 11 for 1998-99, there is allocated for 1998-99
17 only an amount not to exceed ~~-\$91,350,000.00-~~ \$96,350,000.00 for
18 payments to districts and intermediate districts under this
19 section.

20 (2) The total amount allocated to districts under this sec-
21 tion is ~~-\$90,600,000.00-~~ \$95,600,000.00. The amount of the pay-
22 ment to each district under this section shall be as follows:

23 (a) For a district with a 1998-99 foundation allowance under
24 section 20 at least equal to the amount of the 1998-99 basic
25 foundation allowance under section 20, an amount equal to \$51.00
26 per 1998-99 membership pupil of the district.

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Senate Bill No. 240

21

1 (b) For a district with a 1998-99 foundation allowance under
2 section 20 of less than the amount of the 1998-99 basic
3 foundation allowance under section 20, an amount per 1998-99 mem-
4 bership pupil of the district equal to the amount calculated by
5 multiplying 2 times \$51.00 and subtracting from that product the
6 product of \$51.00 times the quotient of (the district's ~~1997-98~~
7 1998-99 foundation allowance under section 20 minus ~~\$5,124.00~~
8 \$5,170.00) divided by ~~\$338.00~~ \$292.00.

9 (3) The total amount allocated to intermediate districts
10 under this section is \$750,000.00. The amount of the payment to
11 each intermediate district under this section shall be an amount
12 equal to 0.9% of the ~~sum of the~~ amount of funding actually
13 received by the intermediate district under section 81(1) for
14 1997-98. ~~and the amount of funding actually received by the~~
15 ~~intermediate district under former section 11b as in effect for~~
16 ~~1996-97.~~

17 (4) Notwithstanding section 17b, the payments due to a dis-
18 trict or intermediate district under this section shall be made
19 in 7 equal installments and shall be included in the monthly pay-
20 ments under section 17b for each month from February 1999 through
21 August 1999.

22 Sec. 31a. (1) From the state school aid fund money appro-
23 priated in section 11, there is allocated for 1997-98 an amount
24 not to exceed \$250,000,000.00, for 1998-99 an amount not to
25 exceed \$260,000,000.00, and for 1999-2000 an amount not to exceed
26 \$269,100,000.00, for payments to eligible districts and eligible
27 public school academies under this section. Subject to

1 subsection (11), the amount of the additional allowance under
2 this section shall be based on the number of actual pupils in
3 membership in the district or public school academy who met the
4 income eligibility criteria for free breakfast, lunch, or milk in
5 the immediately preceding state fiscal year, as determined under
6 the national school lunch act, chapter 281, 60 Stat. 230, 42
7 U.S.C. 1751 to 1753, 1755 to 1761, 1762a, 1765 to 1766b, 1769,
8 1769b to 1769c, and 1769f to 1769h, and reported to the depart-
9 ment by October 31 of the immediately preceding fiscal year and
10 adjusted not later than December 31 of the immediately preceding
11 fiscal year. However, for a public school academy that began
12 operations as a public school academy after the pupil membership
13 count day of the immediately preceding school year, the basis for
14 the additional allowance under this section shall be the number
15 of actual pupils in membership in the public school academy who
16 met the income eligibility criteria for free breakfast, lunch, or
17 milk in the current state fiscal year, as determined under the
18 national school lunch act.

19 (2) To be eligible to receive funding under this section, a
20 district or public school academy that has not been previously
21 determined to be eligible shall apply to the department, in a
22 form and manner prescribed by the department, and a district or
23 public school academy must meet all of the following:

24 (a) The district's or public school academy's combined state
25 and local revenue per membership pupil in the current state
26 fiscal year, as calculated under section 20, is less than or
27 equal to \$6,500.00 adjusted by the dollar amount of the

1 difference between the basic foundation allowance under section
2 20 for the current state fiscal year and \$5,000.00.

3 (b) The district or public school academy agrees to use the
4 funding only for purposes allowed under this section and to
5 comply with the program and accountability requirements under
6 this section.

7 (3) Except as otherwise provided in this subsection, an eli-
8 gible district or eligible public school academy shall receive
9 under this section for each membership pupil in the district or
10 public school academy who met the income eligibility criteria for
11 free breakfast, lunch, or milk, as determined under the national
12 school lunch act and as reported to the department by October 31
13 of the immediately preceding fiscal year and adjusted not later
14 than December 31 of the immediately preceding fiscal year, an
15 amount per pupil equal to 11.5% of the district's foundation
16 allowance or public school academy's per pupil allocation under
17 section 20, not to exceed \$6,500.00 adjusted by the dollar amount
18 of the difference between the basic foundation allowance under
19 section 20 for the current state fiscal year and \$5,000.00, or of
20 the public school academy's per membership pupil allocation under
21 section 20 for the current state fiscal year. A public school
22 academy that began operations as a public school academy after
23 the pupil membership count day of the immediately preceding
24 school year shall receive under this section for each membership
25 pupil in the public school academy who met the income eligibility
26 criteria for free breakfast, lunch, or milk, as determined under
27 the national school lunch act and as reported to the department

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

6 (4) Except as otherwise provided in this section, a district
7 or public school academy receiving funding under this section
8 shall use that money only to provide instructional programs and
9 direct noninstructional services, including, but not limited to,
10 medical or counseling services, for at-risk pupils and for the
11 purposes of subsection (5) or section 31c and shall not use any
12 of that money for administrative costs or to supplant another
13 program or other funds, except for funds allocated to the dis-
14 trict or public school academy under this section in the immedi-
15 ately preceding year and already being used by the district or
16 public school academy for at-risk pupils. The instruction or
17 direct noninstructional services provided under this section may
18 be conducted before or after regular school hours or by adding
19 extra school days to the school year and may be conducted using a
20 tutorial method, with paraprofessionals working under the super-
21 vision of a certificated teacher. The ratio of pupils to para-
22 professionals shall be between 10:1 and 15:1. Only 1 certifi-
23 cated teacher is required to supervise instruction using a tuto-
24 rial method. As used in this subsection, "to supplant another
25 program" means to take the place of a previously existing
26 instructional program or direct noninstructional services funded
27 from a funding source other than funding under this section.

1 (5) A district or public school academy that receives funds
2 under this section and that operates a school breakfast program
3 under section 1272a of the revised school code, MCL 380.1272a,
4 shall use from the funds received under this section an amount,
5 not to exceed \$10.00 per pupil for whom the district or public
6 school academy receives funds under this section, necessary to
7 operate the school breakfast program. A district or public
8 school academy that receives funds under this section and that
9 operates a school lunch program under section 1272a of the
10 revised school code, MCL 380.1272a, shall use from the funds
11 received under this section an amount, not to exceed \$10.00 per
12 pupil for whom the district or public school academy receives
13 funds under this section, necessary to operate the school lunch
14 program.

15 (6) Each district or public school academy receiving funds
16 under this section shall submit to the department by [~~May 20~~ JULY
15] of
17 each fiscal year a report, not to exceed 10 pages, on the usage
18 by the district or public school academy of funds under this sec-
19 tion, which report shall include at least a brief description of
20 each program conducted by the district or public school academy
21 using funds under this section, the amount of funds under this
22 section allocated to each of those programs, and the number of
23 at-risk pupils served by each of those programs. If a district
24 or public school academy does not comply with this subsection,
25 the department shall withhold an amount equal to the [~~June~~ AUGUST]
payment
26 due under this section until the district or public school
27 academy complies with this subsection. If the district or public

1 school academy does not comply with this subsection by the end of
2 the state fiscal year, the withheld funds shall be forfeited to
3 the school aid fund.

4 (7) In order to receive funds under this section, a district
5 or public school academy shall allow access for the department or
6 the department's designee to audit all records related to the
7 program for which it receives those funds. The district or
8 public school academy shall reimburse the state for all disallow-
9 ances found in the audit.

10 (8) Subject to subsection (5), any district may use up to
11 100% of the funds it receives under this section to reduce the
12 ratio of pupils to teachers in grades K-6, or any combination of
13 those grades, in school buildings in which the percentage of
14 pupils described in subsection (1) exceeds the district's aggre-
15 gate percentage of those pupils. Subject to subsection (5), if a
16 district obtains a waiver from the department, the district may
17 use up to 100% of the funds it receives under this section to
18 reduce the ratio of pupils to teachers in grades K-6, or any com-
19 bination of those grades, in school buildings in which the per-
20 centage of pupils described in subsection (1) is at least 60% of
21 the district's aggregate percentage of those pupils and at least
22 30% of the total number of pupils enrolled in the school
23 building. To obtain a waiver, a district must apply to the
24 department and demonstrate to the satisfaction of the department
25 that the class size reductions would be in the best interests of
26 the district's at-risk pupils.

1 (9) For 1997-98, a district that is located in a county with
2 a population of more than 350,000 and less than 480,000 and that
3 has more than 10,000 pupils in membership shall expend funds
4 received under this section, other than the amount described in
5 subsection (5), attributable to pupils enrolled in grades K-3 for
6 the purpose of reducing class size in grades K-3 in the district
7 to an average of not more than 17 pupils per class, with not more
8 than 19 pupils in any particular class, in each school building
9 in the district in which pupils described in subsection (1) con-
10 stitute at least 25% of the total number of pupils in the
11 building.

12 (10) A district or public school academy may use funds
13 received under this section for adult high school completion,
14 general education development (G.E.D.) test preparation, or
15 adult basic education programs described in section 107.

16 (11) If necessary, and before any proration required under
17 section 11, the department shall prorate payments under this sec-
18 tion by reducing the amount of the per pupil payment under this
19 section by a dollar amount calculated by determining the amount
20 by which the amount necessary to fully fund the requirements of
21 this section exceeds the maximum amount allocated under this sec-
22 tion and then dividing that amount by the total statewide number
23 of pupils who met the income eligibility criteria for free break-
24 fast, lunch, or milk in the immediately preceding fiscal year, as
25 described in subsection (1).

26 (12) If a district is formed by consolidation after June 1,
27 1995, and if 1 or more of the original districts was not eligible

1 before the consolidation for an additional allowance under this
2 section, the amount of the additional allowance under this sec-
3 tion for the consolidated district shall be based on the number
4 of pupils described in subsection (1) enrolled in the consoli-
5 dated district who reside in the territory of an original dis-
6 trict that was eligible before the consolidation for an addi-
7 tional allowance under this section.

8 (13) Beginning in 1999-2000, a district or public school
9 academy that does not meet the eligibility requirement under sub-
10 section (2)(a) is eligible for funding under this section if at
11 least ~~1/3~~ 1/4 of the pupils in membership in the district or
12 public school academy met the income eligibility criteria for
13 free breakfast, lunch, or milk in the immediately preceding state
14 fiscal year, as determined and reported as described in
15 subsection (1), and at least ~~5,000~~ 4,500 of the pupils in mem-
16 bership in the district or public school academy met the income
17 eligibility criteria for free breakfast, lunch, or milk in the
18 immediately preceding state fiscal year, as determined and
19 reported as described in subsection (1). A district or public
20 school academy that is eligible for funding under this section
21 for 1999-2000 because the district meets the requirements of this
22 subsection shall receive under this section for each membership
23 pupil in the district or public school academy who met the income
24 eligibility criteria for free breakfast, lunch, or milk in the
25 immediately preceding fiscal year, as determined and reported as
26 described in subsection (1), an amount per pupil equal to 5.75%
27 of the district's foundation allowance or public school academy's

1 per pupil allocation under section 20, not to exceed \$6,500.00
2 adjusted by the dollar amount of the difference between the basic
3 foundation allowance under section 20 for the current state
4 fiscal year and \$5,000.00.

5 (14) Beginning in 1999-2000, the total amount allocated
6 under this section for a fiscal year shall be increased from the
7 total amount allocated under this section for the immediately
8 preceding fiscal year by the same percentage as the percentage
9 increase in the amount of the basic foundation allowance under
10 section 20 for that fiscal year from the amount of the basic
11 foundation allowance under section 20 for the immediately preced-
12 ing fiscal year.

13 (15) As used in this section, "at-risk pupil" means a pupil
14 for whom the district has documentation that the pupil meets at
15 least 2 of the following criteria: is a victim of child abuse or
16 neglect; is below grade level in English language and communica-
17 tion skills or mathematics; is a pregnant teenager or teenage
18 parent; is eligible for a federal free or reduced-price lunch
19 subsidy; has atypical behavior or attendance patterns; or has a
20 family history of school failure, incarceration, or substance
21 abuse. For pupils for whom the results of at least the applica-
22 ble MEAP test have been received, at-risk pupil also includes a
23 pupil who does not meet the other criteria under this subsection
24 but who did not achieve at least a score of moderate on the most
25 recent MEAP reading test for which results for the pupil have
26 been received, did not achieve at least a score of moderate on
27 the most recent MEAP mathematics test for which results for the

1 pupil have been received, or achieved less than 50% of the
2 objectives on the most recent MEAP science test for which results
3 for the pupil have been received. For pupils in grades K-3,
4 at-risk pupil also includes a pupil who is at risk of not meeting
5 the district's core academic curricular objectives in English
6 language, communication skills, or mathematics.

7 Sec. 51a. (1) From the appropriation in section 11, there
8 is allocated \$818,786,700.00 for 1997-98 to consist of an amount
9 not to exceed \$722,853,300.00 from state sources and
10 \$95,933,400.00 in federal funding under sections 611 to 620 of
11 part B of the individuals with disabilities education act, title
12 VI of Public Law 91-230, 20 U.S.C. 1411 to 1420, plus any carry-
13 over federal funds from previous year appropriations; there is
14 allocated for 1998-99 an amount not to exceed \$760,148,600.00
15 from state sources and all available federal funding, estimated
16 at \$120,000,000.00, plus any carryover federal funds from previ-
17 ous year appropriations; and there is allocated for 1999-2000 an
18 amount not to exceed \$818,600,000.00 from state sources and all
19 available federal funding, estimated at \$120,000,000.00, plus any
20 carryover federal funds from previous year appropriations. The
21 allocations under this subsection are for the purpose of reim-
22 bursing districts and intermediate districts for special educa-
23 tion programs, services, and special education personnel as pre-
24 scribed in article 3 of the revised school code, MCL 380.1701 to
25 380.1766; net tuition payments made by intermediate districts to
26 the Michigan schools for the deaf and blind; and programs for
27 pupils with handicaps as defined by the department. For meeting

1 the costs of special education programs and services not
2 reimbursed under this article, a district or intermediate dis-
3 trict may use money in general funds or special education funds,
4 not otherwise restricted, or contributions from districts to
5 intermediate districts, tuition payments, gifts and contributions
6 from individuals, or federal funds that may be available for this
7 purpose, as determined by the intermediate district plan prepared
8 pursuant to article 3 of the revised school code, MCL 380.1701 to
9 380.1766.

10 (2) From the funds allocated under subsection (1), there is
11 allocated for 1997-98, ~~and~~ for 1998-99, AND FOR 1999-2000 the
12 amount necessary, estimated at \$620,906,100.00 for 1997-98,
13 \$657,239,100.00 for 1998-99, and \$714,848,100.00 for 1999-2000,
14 for payments toward reimbursing districts and intermediate dis-
15 tricts for 28.6138% of total approved costs of special education,
16 excluding costs reimbursed under section 53a, and 70.4165% of
17 total approved costs of special education transportation.

18 Allocations under this subsection shall be made as follows:

19 (a) The initial amount allocated to a district under this
20 subsection toward fulfilling the specified percentages shall be
21 calculated by multiplying the district's special education pupil
22 membership, excluding pupils described in subsection (13), times
23 the foundation allowance under section 20 of the pupil's district
24 of residence, not to exceed \$6,500.00 adjusted by the dollar
25 amount of the difference between the basic foundation allowance
26 under section 20 for the current fiscal year and for the
27 immediately preceding fiscal year and \$5,000.00, or, for a

1 special education pupil in membership in a district that is a
2 public school academy or university school, times an amount equal
3 to the amount per membership pupil calculated under section
4 20(6). For an intermediate district, the amount allocated under
5 this subdivision toward fulfilling the specified percentages
6 shall be an amount per special education membership pupil,
7 excluding pupils described in subsection (13), and shall be cal-
8 culated in the same manner as for a district, using the founda-
9 tion allowance under section 20 of the pupil's district of resi-
10 dence, not to exceed \$6,500.00 adjusted by the dollar amount of
11 the difference between the basic foundation allowance under
12 section 20 for the current fiscal year and the immediately pre-
13 ceding fiscal year and \$5,000.00.

14 (b) After the allocations under subdivision (a), districts
15 and intermediate districts for which the payments under
16 subdivision (a) do not fulfill the specified percentages shall be
17 paid the amount necessary to achieve the specified percentages
18 for the district or intermediate district.

19 (3) From the funds allocated under subsection (1), there is
20 allocated for 1997-98, for 1998-99, and for 1999-2000 the amount
21 necessary, estimated at \$29,224,700.00 for 1997-98,
22 \$28,995,600.00 for 1998-99, and \$29,400,000.00 for 1999-2000, to
23 make payments to districts and intermediate districts under this
24 subsection. If the amount allocated to a district or intermedi-
25 ate district for 1997-98, 1998-99, or 1999-2000 under subsection
26 (2)(b) is less than the sum of the amounts allocated to the
27 district or intermediate district for 1996-97 under sections 52

1 and 58, there is allocated to the district or intermediate
2 district for 1997-98, for 1998-99, or for 1999-2000, or all of
3 them as applicable, an amount equal to that difference, adjusted
4 by applying the same proration factor that was used in the dis-
5 tribution of funds under section 52 in 1996-97 as adjusted to the
6 district's or intermediate district's necessary costs of special
7 education used in calculations for 1997-98, 1998-99, or
8 1999-2000. This adjustment is to reflect reductions in special
9 education program operations between 1996-97 and 1997-98,
10 1998-99, or 1999-2000 as applicable.

11 (4) If the department determines that the sum of the amounts
12 allocated for a fiscal year to a district or intermediate dis-
13 trict under subsection (2)(a) and (b) is not sufficient to ful-
14 fill the specified percentages in subsection (2), then the short-
15 fall shall be paid to the district or intermediate district
16 during the fiscal year beginning on the October 1 following the
17 determination and payments under subsection (3) shall be adjusted
18 as necessary. If the department determines that the sum of the
19 amounts allocated for a fiscal year to a district or intermediate
20 district under subsection (2)(a) and (b) exceeds the sum of the
21 amount necessary to fulfill the specified percentages in subsec-
22 tion (2), then the department shall deduct the amount of the
23 excess from the district's or intermediate district's payments
24 under this act for the fiscal year beginning on the October 1
25 following the determination and payments under subsection (3)
26 shall be adjusted as necessary. However, if the amount allocated
27 under subsection (2)(a) in itself exceeds the amount necessary to

1 fulfill the specified percentages in subsection (2), there shall
2 be no deduction under this subsection.

3 (5) State funds shall be allocated on a total approved cost
4 basis. Federal funds shall be allocated under applicable federal
5 requirements, except that an amount not to exceed \$3,100,000.00
6 may be allocated by the department for 1997-98, and an amount not
7 to exceed \$3,500,000.00 each fiscal year may be allocated by the
8 department for 1998-99 and for 1999-2000, to districts or inter-
9 mediate districts on a competitive grant basis for programs,
10 equipment, and services that the department determines to be
11 designed to benefit or improve special education on a statewide
12 scale.

13 (6) From the amount allocated in subsection (1), there is
14 allocated an amount not to exceed \$1,700,000.00 for 1997-98, and
15 an amount not to exceed \$2,200,000.00 each fiscal year for
16 1998-99 and for 1999-2000, to reimburse 100% of the net increase
17 in necessary costs incurred by a district or intermediate dis-
18 trict in implementing the revisions in the administrative rules
19 for special education that became effective on July 1, 1987. As
20 used in this subsection, "net increase in necessary costs" means
21 the necessary additional costs incurred solely because of new or
22 revised requirements in the administrative rules minus cost sav-
23 ings permitted in implementing the revised rules. Net increase
24 in necessary costs shall be determined in a manner specified by
25 the department.

26 (7) For purposes of this article, all of the following
27 apply:

1 (a) "Total approved costs of special education" shall be
2 determined in a manner specified by the department and may
3 include indirect costs, but shall not exceed 115% of approved
4 direct costs for section 52 and section 53a programs. The total
5 approved costs include salary and other compensation for all
6 approved special education personnel for the program, including
7 payments for social security and medicare and public school
8 employee retirement system contributions. The total approved
9 costs do not include salaries or other compensation paid to
10 administrative personnel who are not special education personnel
11 as defined in section 6 of the revised school code, MCL 380.6.
12 Costs reimbursed by federal funds, other than those federal funds
13 included in the allocation made under this article, are not
14 included. Special education approved personnel not utilized full
15 time in the evaluation of students or in the delivery of special
16 education programs, ancillary, and other related services shall
17 be reimbursed under this section only for that portion of time
18 actually spent providing these programs and services, with the
19 exception of special education programs and services provided to
20 youth placed in child caring institutions or juvenile detention
21 programs approved by the department to provide an on-grounds edu-
22 cation program.

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

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

9 (8) From the allocation in subsection (1), there is allo-
10 cated for 1997-98, for 1998-99, and for 1999-2000 an amount not
11 to exceed \$15,313,900.00 each fiscal year to intermediate
12 districts. The payment under this subsection to each intermedi-
13 ate district shall be equal to the amount of the 1996-97 alloca-
14 tion to the intermediate district under this subsection.

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

21 (10) Notwithstanding section 6(4), for 1997-98 only, for
22 pupils enrolled in a center program pursuant to an intermediate
23 district plan the department shall use for the February 1997 sup-
24 plemental count the definition of membership used for the 1997-98
25 pupil membership count day.

26 (11) Special education personnel transferred from 1 district
27 to another to implement the revised school code shall be entitled

1 to the rights, benefits, and tenure to which the person would
2 otherwise be entitled had that person been employed by the
3 receiving district originally.

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

11 (13) From the funds allocated in subsection (1), there is
12 allocated each fiscal year for 1997-98, for 1998-99, and for
13 1999-2000 the amount necessary, estimated at \$8,370,600.00 for
14 1997-98, \$9,562,000.00 for 1998-99, and \$10,000,000.00 for
15 1999-2000, to pay the foundation allowances for pupils described
16 in this subsection. The allocation to a district under this sub-
17 section shall be calculated by multiplying the number of pupils
18 described in this subsection who are counted in membership in the
19 district times the foundation allowance under section 20 of the
20 pupil's district of residence, not to exceed \$6,500.00 adjusted
21 by the dollar amount of the difference between the basic founda-
22 tion allowance under section 20 for the current fiscal year and
23 for the immediately preceding fiscal year and \$5,000.00, or, for
24 a pupil described in this subsection who is counted in membership
25 in a district that is a public school academy or university
26 school, times an amount equal to the amount per membership pupil
27 under section 20(6). The allocation to an intermediate district

1 under this subsection shall be calculated in the same manner as
2 for a district, using the foundation allowance under section 20
3 of the pupil's district of residence, not to exceed \$6,500.00
4 adjusted by the dollar amount of the difference between the basic
5 foundation allowance under section 20 for the current fiscal year
6 and for the immediately preceding fiscal year and \$5,000.00.

7 This subsection applies to all of the following pupils:

8 (a) Pupils described in section 53a.

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

13 (c) Emotionally impaired pupils counted in membership by an
14 intermediate district and provided educational services by the
15 department of community health.

16 (14) After payments under subsections (2) and (13), the
17 remaining expenditures from the allocation in subsection (1)
18 shall be made in the following order:

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

20 (b) 100% of the reimbursement required under subsection
21 (6).

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

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

24 (e) 100% of the payment required under subsection (8).

25 (f) 100% of the payments under section 56.

26 Sec. 63. (1) From the ~~money appropriated~~ APPROPRIATION in
27 section 11, there is allocated an amount not to exceed

1 ~~\$2,150,000.00~~ \$1,800,000.00 for 1999-2000 for implementation of
2 the Michigan manufacturing technology program for the 1999-2000
3 school year as provided under this section.

4 (2) From the allocation in subsection (1), there is allo-
5 cated \$1,800,000.00 to the department, in conjunction with the
6 Michigan jobs commission, to award competitive grants for the
7 purpose of improving manufacturing technology programs offered by
8 public education agencies. The maximum amount of a grant under
9 this subsection shall not exceed \$50,000.00 for each public edu-
10 cation agency determined to be eligible for funding.

11 (3) Applications for grants under subsection (2) shall be
12 submitted in a form and manner determined by the department, in
13 conjunction with the Michigan jobs commission. Criteria for
14 funding shall include all of the following:

15 (a) The public education agency operates a manufacturing
16 technology program, is a participating agency in a regional
17 career preparation plan described in section 68, and has the sup-
18 port of the local workforce development board for submission of
19 the grant application.

20 (b) The public education agency offers employer-provided
21 instruction for its pupils as part of its manufacturing technol-
22 ogy curriculum.

23 (c) The public education agency agrees to evaluate the
24 impact of the grant.

25 (d) Any other criteria determined by the department, in con-
26 junction with the Michigan jobs commission.

1 (4) Grants awarded under subsection (2) shall be used by
2 eligible public education agencies for activities intended to
3 increase the amount of employer-provided instruction provided to
4 pupils and to increase pupil awareness of manufacturing technol-
5 ogy programs.

6 (5) The department, in conjunction with the Michigan jobs
7 commission, shall consider the potential for graduates to be
8 placed in high-wage, high-demand positions upon completion of the
9 manufacturing technology program in its determination of grant
10 awards.

11 (6) Grants under subsection (2) shall be awarded by the
12 department no later than April 30, ~~1999~~ 2000 and paid out to
13 the grant recipients in total no later than May 20, ~~1999~~ 2000.
14 Funds may be used by grant recipients to support allowable expen-
15 ditures in the following school year.

16 Sec. 81. (1) Except as otherwise provided in this section,
17 from the appropriation in section 11, there is allocated each
18 fiscal year for 1997-98, for 1998-99, and for 1999-2000 to the
19 intermediate districts the sum necessary, but not to exceed
20 \$81,266,700.00 for 1997-98, not to exceed \$79,912,000.00 for
21 1998-99, and not to exceed ~~\$82,620,800.00~~ \$82,644,800.00 for
22 1999-2000, to provide state aid to intermediate districts under
23 this section. Except as otherwise provided in this section,
24 there shall be allocated to each intermediate district EACH
25 FISCAL YEAR for 1997-98 AND FOR 1998-99 an amount equal to 102.9%
26 of the [sum of the] amount of funding actually received by the
27 intermediate district under this subsection in 1996-97 [and the

1 amount of funding actually received by the intermediate district
2 under former section 11b as in effect for 1995-96.] Except as
3 otherwise provided in this section, there shall be allocated to
4 each intermediate district for 1999-2000 an amount equal to
5 103.5% of the ~~sum of the~~ amount of funding actually received by
6 the intermediate district under this subsection for 1998-99. ~~and~~
7 ~~the amount of funding actually received by the intermediate dis-~~
8 ~~trict under former section 11b as in effect for 1996-97.~~ Funding
9 provided under this section shall be used to comply with require-
10 ments of this act and the revised school code that are applicable
11 to intermediate districts, and for which funding is not provided
12 elsewhere in this act, and to provide technical assistance to
13 districts as authorized by the intermediate school board.

14 (2) From the allocation in subsection (1), there is allo-
15 cated to an intermediate district, formed by the consolidation or
16 annexation of 2 or more intermediate districts or the attachment
17 of a total intermediate district to another intermediate school
18 district or the annexation of all of the constituent K-12 dis-
19 tricts of a previously existing intermediate school district
20 which has disorganized, an additional allotment of \$3,500.00 each
21 fiscal year for each intermediate district included in the new
22 intermediate district for 3 years following consolidation, annex-
23 ation, or attachment.

24 (3) If an intermediate district participated in 1993-94 in a
25 consortium operating a regional educational media center under
26 section 671 of the revised school code, MCL 380.671, and rules
27 promulgated by the state board, and if the intermediate district

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1 obtains written consent from each of the other intermediate
2 districts that participated in the consortium in 1993-94, the
3 intermediate district may notify the department not later than
4 ~~October 1, 1996~~ DECEMBER 30, 1998 that it is electing to
5 directly receive its payment attributable to participation in
6 that consortium. An intermediate district making that election,
7 and that has obtained the necessary consent, shall receive each
8 fiscal year for 1997-98, for 1998-99, and for 1999-2000 for each
9 pupil in membership in the intermediate district or a constituent
10 district an amount equal to the quotient of the 1993-94 alloca-
11 tion to the fiscal agent for that consortium under former section
12 83, adjusted as determined by the department to account for that
13 election, divided by the combined total membership for the cur-
14 rent fiscal year in all of the intermediate districts that par-
15 ticipated in that consortium and their constituent districts.
16 The amount allocated to an intermediate district under this sub-
17 section for a fiscal year shall be deducted from the total allo-
18 cation for that fiscal year under this section to the intermedi-
19 ate district that was the 1993-94 fiscal agent for the
20 consortium.

21 (4) During a fiscal year, the department shall not increase
22 an intermediate district's allocation under subsection (1)
23 because of an adjustment made by the department during the fiscal
24 year in the intermediate district's taxable value for a prior
25 year. Instead, the department shall report the adjustment and
26 the estimated amount of the increase to the house and senate
27 fiscal agencies not later than June 1 of the fiscal year, and the

1 legislature shall appropriate money for the adjustment in the
2 next succeeding fiscal year. Accordingly, from the allocation in
3 subsection (1), there is allocated for 1998-99 only an amount not
4 to exceed \$62,000.00 for payments to intermediate districts for
5 adjustments in taxable value described in this subsection.

6 (5) In order to receive funding under this section, an
7 intermediate district shall demonstrate to the satisfaction of
8 the department that the intermediate district employs at least 1
9 person who is trained in pupil counting procedures, rules, and
10 regulations.

11 Enacting section 1. In accordance with section 30 of arti-
12 cle IX of the state constitution of 1963, total state spending in
13 this amendatory act and in 1998 PA 339 and 1997 PA 142 from state
14 sources for fiscal year 1998-99 is estimated at \$9,495,075,400.00
15 and state appropriations to be paid to local units of government
16 for fiscal year 1998-99 are estimated at \$9,480,525,400.00, and
17 total state spending in this amendatory act and 1998 PA 339 from
18 state sources for fiscal year 1999-2000 is estimated at
19 \$9,819,022,100.00 and state appropriations to be paid to local
20 units of government for fiscal year 1999-2000 are estimated at
21 \$9,776,098,100.00.