

SENATE BILL No. 1054

March 1, 2000, Introduced by Senators DE BEAUSSAERT, YOUNG, CHERRY, MILLER, PETERS, A. SMITH, BYRUM and V. SMITH and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 11, 20, 20j, and 51a (MCL 388.1611, 388.1620, 388.1620j, and 388.1651a), sections 11, 20, and 51a as amended and section 20j as added by 1999 PA 119.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30,~~
2 ~~1999, there is appropriated for the public schools of this state~~
3 ~~and certain other state purposes relating to education the sum of~~
4 ~~\$9,049,591,100.00 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 \$420,613,500.00 from the general fund.~~ For the fiscal
7 year ending September 30, 2000, there is appropriated for the
8 public schools of this state and certain other state purposes
9 relating to education the sum of ~~\$9,590,537,700.00~~

SENATE BILL No. 1054

1 \$9,998,537,700.00 from the state school aid fund established by
2 section 11 of article IX of the state constitution of 1963 and
3 the sum of \$420,613,500.00 from the general fund. For the fiscal
4 year ending September 30, 2001, there is appropriated for the
5 public schools of this state and certain other state purposes
6 relating to education the sum of ~~-\$10,033,634,700.00-~~
7 \$10,454,634,700.00 from the state school aid fund established by
8 section 11 of article IX of the state constitution of 1963 and
9 the sum of \$420,613,500.00 from the general fund. In addition,
10 available federal funds are appropriated ~~for 1998-99,~~ for
11 1999-2000 ~~,~~ and for 2000-2001.

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

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

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

22 Sec. 20. (1) ~~For 1998-99, the basic foundation allowance~~
23 ~~is \$5,462.00 per membership pupil.~~ For 1999-2000, the basic
24 foundation allowance is \$5,696.00 per membership pupil. For
25 2000-2001, the basic foundation allowance is \$5,866.00 per mem-
26 bership pupil.

1 (2) From the appropriation in section 11, there is allocated
2 ~~for 1998-99 an amount not to exceed \$8,034,100,000.00,~~ for
3 1999-2000 an amount not to exceed ~~\$8,516,932,000.00,~~
4 \$8,959,082,000.00 and for 2000-2001 an amount not to exceed
5 ~~\$8,906,496,200.00~~ \$9,358,422,200.00 to guarantee each district
6 a foundation allowance per membership pupil ~~other than special~~
7 ~~education pupils~~ and to make payments under this section to
8 public school academies and university schools for membership
9 pupils. ~~other than special education pupils.~~ The amount of each
10 district's foundation allowance shall be calculated as provided
11 in this section, using a basic foundation allowance in the amount
12 specified in subsection (1). If the maximum amount allocated
13 under this section is not sufficient to fully fund payments under
14 this section, and before any proration required under section 11,
15 the amount of the payment to each district, university school,
16 and public school academy shall be prorated by reducing by an
17 equal percentage the total payment under this section to each
18 district, university school, and public school academy. However,
19 if the department determines that proration will be required
20 under this section, the superintendent of public instruction
21 shall notify the state budget director, and the state budget
22 director shall notify the legislature at least 30 calendar days
23 or 6 legislative session days, whichever is more, before the
24 department reduces any payments under this section because of the
25 proration. During the 30 calendar day or 6 legislative session
26 day period after that notification by the state budget director,
27 the department shall not reduce any payments under this section

1 because of proration. The legislature may prevent proration
2 under this section from occurring by, within the 30 calendar day
3 or 6 legislative session day period after that notification by
4 the director, enacting legislation appropriating additional funds
5 from the general fund, countercyclical budget and economic stabi-
6 lization fund, state school aid fund balance, or another source
7 to ensure full foundation allowance funding for each district,
8 university school, and public school academy.

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

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

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

15 (b) Except as otherwise provided in subdivision (c) or (d),
16 for a district that in the immediately preceding state fiscal
17 year had a foundation allowance in an amount at least equal to
18 the amount of the basic foundation allowance for the immediately
19 preceding state fiscal year, the district shall receive a founda-
20 tion allowance in an amount equal to the sum of the district's
21 foundation allowance for the immediately preceding state fiscal
22 year plus the dollar amount of the adjustment from the immedi-
23 ately preceding state fiscal year to the current state fiscal
24 year in the basic foundation allowance.

25 (c) For 1999-2000 only, for a district that in the immedi-
26 ately preceding state fiscal year had a foundation allowance
27 greater than \$6,962.00 and less than \$12,000.00, the district

1 shall receive a foundation allowance in an amount equal to the
2 sum of the district's foundation allowance for the immediately
3 preceding state fiscal year plus 1.6% of the district's founda-
4 tion allowance for the immediately preceding state fiscal year.

5 (d) For 2000-2001 only, for a district that in the immedi-
6 ately preceding state fiscal year had a foundation allowance
7 greater than \$7,196.00 and less than \$12,234.00, the district
8 shall receive a foundation allowance in an amount equal to the
9 sum of the district's foundation allowance for the immediately
10 preceding state fiscal year plus 1.6% of the district's founda-
11 tion allowance for the immediately preceding state fiscal year.

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

14 (4) To ensure that a district receives the district's foun-
15 dation allowance, there is allocated to each district a state
16 portion of the district's foundation allowance in an amount cal-
17 culated under this subsection. Except as otherwise provided in
18 this subsection, the state portion of a district's foundation
19 allowance is an amount equal to the district's foundation allow-
20 ance or \$6,500.00, whichever is less, minus the difference
21 between the product of the taxable value per membership pupil of
22 all property in the district that is not a homestead or qualified
23 agricultural property times the lesser of 18 mills or the number
24 of mills of school operating taxes levied by the district in
25 1993-94 and the quotient of the ad valorem property tax revenue
26 of the district captured under 1975 PA 197, MCL 125.1651 to
27 125.1681, the tax increment finance authority act, 1980 PA 450,

1 MCL 125.1801 to 125.1830, the local development financing act,
2 1986 PA 281, MCL 125.2151 to 125.2174, or the ~~Brownfield~~
3 BROWNFIELD redevelopment financing act, 1996 PA 381, MCL 125.2651
4 to 125.2672, divided by the district's membership. ~~excluding~~
5 ~~special education pupils.~~ For 1999-2000 only, for a district
6 described in subsection (3)(c), the state portion of the
7 district's foundation allowance is an amount equal to \$6,962.00
8 plus 1.6% of the district's foundation allowance for the immedi-
9 ately preceding state fiscal year minus the difference between
10 the product of the taxable value per membership pupil of all
11 property in the district that is not a homestead or qualified
12 agricultural property times the lesser of 18 mills or the number
13 of mills of school operating taxes levied by the district in
14 1993-94 and the quotient of the ad valorem property tax revenue
15 of the district captured under 1975 PA 197, MCL 125.1651 to
16 125.1681, the tax increment finance authority act, 1980 PA 450,
17 MCL 125.1801 to 125.1830, the local development financing act,
18 1986 PA 281, MCL 125.2151 to 125.2174, or the ~~Brownfield~~
19 BROWNFIELD redevelopment financing act, 1996 PA 381, MCL 125.2651
20 to 125.2672, divided by the district's membership. ~~excluding~~
21 ~~special education pupils.~~ For 2000-2001 only, for a district
22 described in subsection (3)(d), the state portion of the
23 district's foundation allowance is an amount equal to \$7,196.00
24 plus 1.6% of the district's foundation allowance for the immedi-
25 ately preceding state fiscal year minus the difference between
26 the product of the taxable value per membership pupil of all
27 property in the district that is not a homestead or qualified

1 agricultural property times the lesser of 18 mills or the number
2 of mills of school operating taxes levied by the district in
3 1993-94 and the quotient of the ad valorem property tax revenue
4 of the district captured under 1975 PA 197, MCL 125.1651 to
5 125.1681, the tax increment finance authority act, 1980 PA 450,
6 MCL 125.1801 to 125.1830, the local development financing act,
7 1986 PA 281, MCL 125.2151 to 125.2174, or the ~~Brownfield~~
8 BROWNFIELD redevelopment financing act, 1996 PA 381, MCL 125.2651
9 to 125.2672, divided by the district's membership. ~~excluding~~
10 ~~special education pupils.~~ For a district that has a millage
11 reduction required under section 31 of article IX of the state
12 constitution of 1963, the state portion of the district's founda-
13 tion allowance shall be calculated as if that reduction did not
14 occur. For each fiscal year after 1994-95, the \$6,500.00 amount
15 prescribed in this subsection shall be adjusted each year by an
16 amount equal to the dollar amount of the difference between the
17 basic foundation allowance for the current state fiscal year and
18 \$5,000.00.

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

1 of residence, the allocation under this section shall be based on
2 the foundation allowance of the educating district if the educat-
3 ing district's foundation allowance is greater than the founda-
4 tion allowance of the pupil's district of residence.

5 (6) Subject to subsection (7) and except as otherwise pro-
6 vided in this subsection, for pupils in membership ~~, other than~~
7 ~~special education pupils,~~ in a public school academy or a uni-
8 versity school, there is allocated under this section each fiscal
9 year ~~for 1998-99,~~ for 1999-2000 ~~,~~ and for 2000-2001 to the
10 authorizing body that is the fiscal agent for the public school
11 academy for forwarding to the public school academy, or to the
12 board of the public university operating the university school,
13 an amount per membership pupil ~~other than special education~~
14 ~~pupils~~ in the public school academy or university school equal
15 to the sum of the local school operating revenue per membership
16 pupil ~~other than special education pupils~~ for the district in
17 which the public school academy or university school is located
18 and the state portion of that district's foundation allowance, or
19 the sum of the basic foundation allowance under subsection (1)
20 plus \$500.00, whichever is less. Notwithstanding section 101(2),
21 for a public school academy that begins operations in ~~1998-99,~~
22 1999-2000 ~~,~~ or 2000-2001, as applicable, after the pupil mem-
23 bership count day, the amount per membership pupil calculated
24 under this subsection shall be adjusted by multiplying that
25 amount per membership pupil by the number of hours of pupil
26 instruction provided by the public school academy after it begins
27 operations, as determined by the department, divided by the

1 minimum number of hours of pupil instruction required under
2 section 1284 of the revised school code, MCL 380.1284. The
3 result of this calculation shall not exceed the amount per mem-
4 bership pupil otherwise calculated under this subsection.

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

1 authorizing body that is the fiscal agent for a public school
2 academy located in the district for forwarding to the public
3 school academy an amount equal to that local school operating
4 revenue per membership pupil for each resident pupil in member-
5 ship ~~other than special education pupils~~ in the public school
6 academy, as determined by the department.

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

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

1 the revised school code, MCL 380.1211, and not to levy school
2 operating taxes on all property as provided in section 1211(2) of
3 the revised school code, MCL 380.1211, there is allocated under
4 this subsection for 1994-95 and each succeeding fiscal year a
5 separate supplemental payment in an amount equal to the amount
6 the district would have received per membership pupil had it
7 levied school operating taxes on a homestead and qualified agri-
8 cultural property at the rate authorized for the district under
9 section 1211(1) of the revised school code, MCL 380.1211, and
10 levied school operating taxes on all property at the rate autho-
11 rized for the district under section 1211(2) of the revised
12 school code, MCL 380.1211, as determined by the department of
13 treasury. A district shall not receive a separate supplemental
14 payment under this subsection for a fiscal year unless in the
15 calendar year ending in the fiscal year the district levies 18
16 mills or the number of mills of school operating taxes levied by
17 the district in 1993, whichever is less, on property that is not
18 a homestead or qualified agricultural property. If in the calen-
19 dar year ending in the fiscal year a district does not levy 18
20 mills or the number of mills of school operating taxes levied by
21 the district in 1993, whichever is less, on property that is not
22 a homestead or qualified agricultural property, the payment under
23 this subsection will be reduced by the same percentage as the
24 millage actually levied compares to the 18 mills or the number of
25 mills 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 (13) ~~(14)~~ To assist the legislature in determining the
25 basic foundation allowance for the subsequent state fiscal year,
26 each revenue estimating conference conducted under section 367b
27 of the management and budget act, 1984 PA 431, MCL 18.1367b,

1 shall calculate a pupil membership factor, a revenue adjustment
2 factor, and an index as follows:

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

14 (b) The revenue adjustment factor shall be computed by
15 dividing the sum of the estimated total state school aid fund
16 revenue for the subsequent state fiscal year plus the estimated
17 total state school aid fund revenue for the current state fiscal
18 year, adjusted for any change in the rate or base of a tax the
19 proceeds of which are deposited in that fund and excluding money
20 transferred into that fund from the countercyclical budget and
21 economic stabilization fund under section 353e of the management
22 and budget act, 1984 PA 431, MCL 18.1353e, by the sum of the
23 estimated total school aid fund revenue for the current state
24 fiscal year plus the estimated total state school aid fund reve-
25 nue for the immediately preceding state fiscal year, adjusted for
26 any change in the rate or base of a tax the proceeds of which are
27 deposited in that fund. If a consensus revenue factor is not

1 determined at the revenue estimating conference, the principals
2 of the revenue estimating conference shall report their estimates
3 to the house and senate subcommittees responsible for school aid
4 appropriations not later than 7 days after the conclusion of the
5 revenue conference.

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

14 (14) ~~(15)~~ If the principals at the revenue estimating con-
15 ference reach a consensus on the index described in subsection
16 ~~(14)(c)~~ (13)(C), the basic foundation allowance for the subse-
17 quent state fiscal year shall be at least the amount of that con-
18 sensus index multiplied by the basic foundation allowance speci-
19 fied in subsection (1).

20 (15) ~~(16)~~ If at the January revenue estimating conference
21 it is estimated that pupil membership, excluding intermediate
22 district membership, for the subsequent state fiscal year will be
23 greater than 101% of the pupil membership, excluding intermediate
24 district membership, for the current state fiscal year, then it
25 is the intent of the legislature that the executive budget pro-
26 posal for the school aid budget for the subsequent state fiscal
27 year include a general fund/general purpose allocation sufficient

1 to support the membership in excess of 101% of the current year
2 pupil membership.

3 (16) ~~(17)~~ Beginning in 1999-2000, for a district that had
4 combined state and local revenue per membership pupil in the
5 1993-94 state fiscal year of more than \$6,500.00, that had fewer
6 than 7 pupils in membership in the 1993-94 state fiscal year,
7 that has at least 1 pupil in membership educated in the district
8 in the current state fiscal year, and that levies the number of
9 mills of school operating taxes authorized for the district under
10 section 1211 of the revised school code, MCL 380.1211, the dis-
11 trict shall be allocated a minimum amount of combined state and
12 local revenue as provided under this subsection. This minimum
13 amount of combined state and local revenue for 1999-2000 shall be
14 \$67,000.00 plus the district's additional expenses to educate
15 pupils in grades 9 to 12 educated in other districts as deter-
16 mined and allowed by the department. Beginning in 2000-2001, the
17 amount of the minimum amount of combined state and local revenue
18 under this subsection, before adding the additional expenses,
19 shall increase each fiscal year by the same percentage increase
20 as the percentage increase in the basic foundation allowance from
21 the immediately preceding fiscal year to the current fiscal
22 year. The state portion of the minimum amount of combined state
23 and local revenue under this subsection shall be calculated by
24 subtracting from the minimum amount of combined state and local
25 revenue under this subsection the sum of the district's local
26 school operating revenue and the product of the state portion of
27 the district's foundation allowance times the district's

1 membership. As used in this subsection, "additional expenses"
2 means the district's expenses for tuition or fees, not to exceed
3 \$6,500.00 as adjusted each year by an amount equal to the dollar
4 amount of the difference between the basic foundation allowance
5 for the current state fiscal year and \$5,000.00, plus a room and
6 board stipend not to exceed \$10.00 per school day for each pupil
7 in grades 9 to 12 educated in another district, as approved by
8 the department.

9 (17) ~~(18)~~ As used in this section:

10 (a) "Combined state and local revenue" means the aggregate
11 of the district's state school aid received by or paid on behalf
12 of the district under this section and the district's local
13 school operating revenue.

14 (b) "Combined state and local revenue per membership pupil"
15 means the district's combined state and local revenue divided by
16 the district's membership. ~~excluding special education pupils.~~

17 (c) "Current state fiscal year" means the state fiscal year
18 for which a particular calculation is made.

19 (d) "Homestead" means that term as defined in section 1211
20 of the revised school code, MCL 380.1211.

21 (e) "Immediately preceding state fiscal year" means the
22 state fiscal year immediately preceding the current state fiscal
23 year.

24 (f) "Local school operating revenue" means school operating
25 taxes levied under section 1211 of the revised school code,
26 MCL 380.1211.

1 (g) "Local school operating revenue per membership pupil"
2 means a district's local school operating revenue divided by the
3 district's membership. ~~excluding special education pupils.~~

4 (h) "Membership" means the definition of that term under
5 section 6 as in effect for the particular fiscal year for which a
6 particular calculation is made.

7 (i) "Qualified agricultural property" means that term as
8 defined in section 1211 of the revised school code,
9 MCL 380.1211.

10 (j) "School operating purposes" means the purposes included
11 in the operation costs of the district as prescribed in
12 sections 7 and 18.

13 (k) "School operating taxes" means local ad valorem property
14 taxes levied under section 1211 of the revised school code,
15 MCL 380.1211, and retained for school operating purposes.

16 (l) "Taxable value per membership pupil" means taxable
17 value, as certified by the department of treasury, for the calen-
18 dar year ending in the current state fiscal year divided by the
19 district's membership ~~excluding special education pupils~~ for
20 the school year ending in the current state fiscal year.

21 Sec. 20j. (1) From the appropriation in section 11, there
22 is allocated for 1999-2000 only an amount not to exceed
23 \$16,000,000.00 for foundation allowance supplemental payments to
24 districts that in the immediately preceding state fiscal year had
25 a foundation allowance greater than \$6,962.00 and less than
26 \$12,000.00. From the appropriation in section 11, there is
27 allocated for 2000-2001 only an amount not to exceed

1 \$13,000,000.00 for foundation allowance supplemental payments to
2 districts that in the immediately preceding state fiscal year had
3 a foundation allowance greater than \$7,196.00 and less than
4 \$12,234.00.

5 (2) The per pupil allocation to each district under this
6 section shall be the difference between the dollar amount of the
7 adjustment from the immediately preceding state fiscal year to
8 the current state fiscal year in the basic foundation allowance
9 and 1.6% of the district's foundation allowance for the immedi-
10 ately preceding state fiscal year.

11 (3) The total payment to each district under this section
12 shall be the product of the per pupil allocation under
13 subsection (2) multiplied by the district's membership.
14 ~~excluding special education pupils.~~

15 Sec. 51a. (1) From the appropriation in section 11, ~~there~~
16 ~~is allocated for 1998-99 an amount not to exceed \$735,059,400.00~~
17 ~~from state sources and all available federal funding under sec-~~
18 ~~tions 611 to 619 of part B of the individuals with disabilities~~
19 ~~education act, title VI of Public Law 91-230, 20 U.S.C. 1411 to~~
20 ~~1419, estimated at \$120,000,000.00, plus any carryover federal~~
21 ~~funds from previous year appropriations;~~ there is allocated for
22 1999-2000 an amount not to exceed ~~\$789,643,000.00~~
23 \$755,493,000.00 from state sources and all available federal
24 funding UNDER SECTIONS 611 TO 619 OF PART B OF THE INDIVIDUALS
25 WITH DISABILITIES EDUCATION ACT, TITLE VI OF PUBLIC LAW 91-230,
26 20 U.S.C. 1411 TO 1419, estimated at \$120,000,000.00, plus any
27 carryover federal funds from previous year appropriations; and

1 there is allocated for 2000-2001 an amount not to exceed
2 ~~\$846,252,600.00~~ \$815,326,600.00 from state sources and all
3 available federal funding, estimated at \$120,000,000.00, plus any
4 carryover federal funds from previous year appropriations. The
5 allocations under this subsection are for the purpose of reim-
6 bursing districts and intermediate districts for special educa-
7 tion programs, services, and special education personnel as pre-
8 scribed in article 3 of the revised school code, MCL 380.1701 to
9 380.1766; net tuition payments made by intermediate districts to
10 the Michigan schools for the deaf and blind; and special educa-
11 tion programs and services for pupils who are eligible for spe-
12 cial education programs and services according to statute or
13 rule. For meeting the costs of special education programs and
14 services not reimbursed under this article, a district or inter-
15 mediate district may use money in general funds or special educa-
16 tion funds, not otherwise restricted, or contributions from dis-
17 tricts to intermediate districts, tuition payments, gifts and
18 contributions from individuals, or federal funds that may be
19 available for this purpose, as determined by the intermediate
20 district plan prepared pursuant to article 3 of the revised
21 school code, MCL 380.1701 to 380.1766.

22 (2) From the funds allocated under subsection (1), there is
23 allocated ~~for 1998-99,~~ for 1999-2000 ~~,~~ and for 2000-2001 the
24 amount necessary, estimated at ~~\$622,459,400.00 for 1998-99,~~
25 \$677,953,200.00 for 1999-2000 ~~,~~ and \$734,696,200.00 for
26 2000-2001, for payments toward reimbursing districts and
27 intermediate districts for 28.6138% of total approved costs of

1 special education, excluding costs reimbursed under section 53a,
2 and 70.4165% of total approved costs of special education
3 transportation. THE AMOUNT OF THE PAYMENT TO EACH DISTRICT OR
4 INTERMEDIATE DISTRICT UNDER THIS SUBSECTION SHALL BE THE AMOUNT
5 NECESSARY TO ACHIEVE THE SPECIFIED PERCENTAGES FOR THE DISTRICT
6 OR INTERMEDIATE DISTRICT. ~~Allocations under this subsection
7 shall be made as follows:~~

8 ~~(a) The initial amount allocated to a district under this
9 subsection toward fulfilling the specified percentages shall be
10 calculated by multiplying the district's special education pupil
11 membership, excluding pupils described in subsection (12), times
12 the sum of the foundation allowance under section 20 of the
13 pupil's district of residence plus, each fiscal year for
14 1999-2000 and 2000-2001 only, the amount of the district's per
15 pupil allocation under section 20j(2), not to exceed \$6,500.00
16 adjusted by the dollar amount of the difference between the basic
17 foundation allowance under section 20 for the current fiscal year
18 and \$5,000.00, or, for a special education pupil in membership in
19 a district that is a public school academy or university school,
20 times an amount equal to the amount per membership pupil calcu=
21 lated under section 20(6). For an intermediate district, the
22 amount allocated under this subdivision toward fulfilling the
23 specified percentages shall be an amount per special education
24 membership pupil, excluding pupils described in subsection (12),
25 and shall be calculated in the same manner as for a district,
26 using the foundation allowance under section 20 of the pupil's
27 district of residence, not to exceed \$6,500.00 adjusted by the~~

~~1 dollar amount of the difference between the basic foundation
2 allowance under section 20 for the current fiscal year and
3 \$5,000.00, and, each fiscal year for 1999-2000 and 2000-2001
4 only, that district's per pupil allocation under section 20j(2).~~

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

~~10 (3) From the funds allocated under subsection (1), there is
11 allocated each fiscal year for 1998-99, for 1999-2000, and for
12 2000-2001 the amount necessary, estimated at \$34,860,300.00 for
13 1998-99, \$34,150,000.00 for 1999-2000, and \$30,926,000.00 for
14 2000-2001, to make payments to districts and intermediate dis=
15 tricts under this subsection. If the amount allocated to a dis=
16 trict or intermediate district for 1998-99, 1999-2000, or
17 2000-2001 under subsection (2)(b) is less than the sum of the
18 amounts allocated to the district or intermediate district for
19 1996-97 under sections 52 and 58, there is allocated to the dis=
20 trict or intermediate district for 1998-99, for 1999-2000, or for
21 2000-2001 or all of them as applicable, an amount equal to that
22 difference, adjusted by applying the same proration factor that
23 was used in the distribution of funds under section 52 in 1996-97
24 as adjusted to the district's or intermediate district's neces=
25 sary costs of special education used in calculations for 1998-99,
26 1999-2000, or 2000-2001. This adjustment is to reflect~~

1 ~~reductions in special education program operations between~~
2 ~~1996-97 and 1998-99, 1999-2000, or 2000-2001, as applicable.~~

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

23 (4) ~~(5)~~ State funds shall be allocated on a total approved
24 cost basis. Federal funds shall be allocated under applicable
25 federal requirements, except that an amount not to exceed
26 \$3,500,000.00 each fiscal year may be allocated by the department
27 ~~for 1998-99,~~ for 1999-2000 ~~,~~ and for 2000-2001 to districts

1 or intermediate districts on a competitive grant basis for
2 programs, equipment, and services that the department determines
3 to be designed to benefit or improve special education on a
4 statewide scale.

5 (5) ~~(6)~~ From the amount allocated in subsection (1), there
6 is allocated an amount not to exceed \$2,200,000.00 each fiscal
7 year ~~for 1998-99,~~ for 1999-2000 ~~,~~ and for 2000-2001 to reim-
8 burse 100% of the net increase in necessary costs incurred by a
9 district or intermediate district in implementing the revisions
10 in the administrative rules for special education that became
11 effective on July 1, 1987. As used in this subsection, "net
12 increase in necessary costs" means the necessary additional costs
13 incurred solely because of new or revised requirements in the
14 administrative rules minus cost savings permitted in implementing
15 the revised rules. Net increase in necessary costs shall be
16 determined in a manner specified by the department.

17 (6) ~~(7)~~ For purposes of this article, all of the following
18 apply:

19 (a) "Total approved costs of special education" shall be
20 determined in a manner specified by the department and may
21 include indirect costs, but shall not exceed 115% of approved
22 direct costs for section 52 and section 53a programs. The total
23 approved costs include salary and other compensation for all
24 approved special education personnel for the program, including
25 payments for social security and medicare and public school
26 employee retirement system contributions. The total approved
27 costs do not include salaries or other compensation paid to

1 administrative personnel who are not special education personnel
2 as defined in section 6 of the revised school code, MCL 380.6.
3 Costs reimbursed by federal funds, other than those federal funds
4 included in the allocation made under this article, are not
5 included. Special education approved personnel not utilized full
6 time in the evaluation of students or in the delivery of special
7 education programs, ancillary, and other related services shall
8 be reimbursed under this section only for that portion of time
9 actually spent providing these programs and services, with the
10 exception of special education programs and services provided to
11 youth placed in child caring institutions or juvenile detention
12 programs approved by the department to provide an on-grounds edu-
13 cation program.

14 (b) Reimbursement for ancillary and other related services,
15 as defined by R 340.1701 of the Michigan administrative code,
16 shall not be provided when those services are covered by and
17 available through private group health insurance carriers or fed-
18 eral reimbursed program sources unless the department and dis-
19 trict or intermediate district agree otherwise and that agreement
20 is approved by the state budget director. Expenses, other than
21 the incidental expense of filing, shall not be borne by the
22 parent. In addition, the filing of claims shall not delay the
23 education of a pupil. A district or intermediate district shall
24 be responsible for payment of a deductible amount and for an
25 advance payment required until the time a claim is paid.

26 (7) ~~(8)~~ From the allocation in subsection (1), there is
27 allocated each fiscal year ~~for 1998-99,~~ for 1999-2000 ~~,~~ and

1 for 2000-2001 an amount not to exceed \$15,313,900.00 each fiscal
2 year to intermediate districts. The payment under this subsec-
3 tion to each intermediate district shall be equal to the amount
4 of the 1996-97 allocation to the intermediate district under sub-
5 section (6) of this section as in effect for 1996-97.

6 ~~(9) A pupil who is enrolled in a full-time special educa-~~
7 ~~tion program conducted or administered by an intermediate dis-~~
8 ~~trict or a pupil who is enrolled in the Michigan schools for the~~
9 ~~deaf and blind shall not be included in the membership count of a~~
10 ~~district, but shall be counted in membership in the intermediate~~
11 ~~district of residence.~~

12 (8) ~~(10)~~ Special education personnel transferred from 1
13 district to another to implement the revised school code shall be
14 entitled to the rights, benefits, and tenure to which the person
15 would otherwise be entitled had that person been employed by the
16 receiving district originally.

17 (9) ~~(11)~~ If a district or intermediate district uses money
18 received under this section for a purpose other than the purpose
19 or purposes for which the money is allocated, the department may
20 require the district or intermediate district to refund the
21 amount of money received. Money that is refunded shall be depos-
22 ited in the state treasury to the credit of the state school aid
23 fund.

24 (10) ~~(12)~~ From the funds allocated in subsection (1),
25 there is allocated each fiscal year ~~for 1998-99,~~ for 1999-2000
26 ~~,~~ and for 2000-2001 the amount necessary, estimated at
27 ~~\$10,087,800.00 for 1998-99, and~~ \$10,587,200.00 for 1999-2000

1 —, and \$11,178,400.00 for 2000-2001 to pay the foundation
2 allowances for pupils described in this subsection. The alloca-
3 tion to a district under this subsection shall be calculated by
4 multiplying the number of pupils described in this subsection who
5 are counted in membership in the district times the sum of the
6 foundation allowance under section 20 of the pupil's district of
7 residence plus, each fiscal year for 1999-2000 and 2000-2001
8 only, the amount of the district's per pupil allocation under
9 section 20j(2), not to exceed \$6,500.00 adjusted by the dollar
10 amount of the difference between the basic foundation allowance
11 under section 20 for the current fiscal year and \$5,000.00, or,
12 for a pupil described in this subsection who is counted in mem-
13 bership in a district that is a public school academy or univer-
14 sity school, times an amount equal to the amount per membership
15 pupil under section 20(6). The allocation to an intermediate
16 district under this subsection shall be calculated in the same
17 manner as for a district, using the foundation allowance under
18 section 20 of the pupil's district of residence, not to exceed
19 \$6,500.00 adjusted by the dollar amount of the difference between
20 the basic foundation allowance under section 20 for the current
21 fiscal year and \$5,000.00, and, each fiscal year for 1999-2000
22 and 2000-2001 only, that district's per pupil allocation under
23 section 20j(2). This subsection applies to all of the following
24 pupils:

- 25 (a) Pupils described in section 53a.
26 (b) Pupils counted in membership in an intermediate district
27 who are not special education pupils and are served by the

1 intermediate district in a juvenile detention or child caring
2 facility.

3 (c) Emotionally impaired pupils counted in membership by an
4 intermediate district and provided educational services by the
5 department of community health.

6 (11) ~~(13)~~ After payments under subsections (2) and ~~(12)~~
7 (10), the remaining expenditures from the allocation in subsec-
8 tion (1) shall be made in the following order:

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

10 (b) 100% of the reimbursement required under subsection
11 ~~(6)~~ (5).

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

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

14 (D) ~~(e)~~ 100% of the payment required under subsection
15 ~~(8)~~ (7).

16 (E) ~~(f)~~ 100% of the payments under section 56.