

**SUBSTITUTE FOR
HOUSE BILL NO. 6726**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 20, 20j, and 32b (MCL 388.1620, 388.1620j, and
388.1632b), as amended by 2008 PA 268.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20. (1) For 2007-2008, the basic foundation allowance is
2 \$8,433.00. For 2008-2009, the basic foundation allowance is
3 \$8,489.00.

4 (2) The amount of each district's foundation allowance shall
5 be calculated as provided in this section, using a basic foundation
6 allowance in the amount specified in subsection (1).

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

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

2 (a) For 2007-2008, for a district that had a foundation
3 allowance for 2006-2007, including any adjustment under subdivision
4 (f), that was at least equal to \$7,108.00 but less than \$8,385.00,
5 the district shall receive a foundation allowance in an amount
6 equal to the sum of the district's foundation allowance for 2006-
7 2007 plus the difference between \$96.00 and [(\$48.00 minus \$20.00)
8 times (the difference between the district's foundation allowance
9 for 2006-2007, including any adjustment under subdivision (f), and
10 \$7,108.00) divided by \$1,325.00]. Beginning in 2008-2009, for a
11 district that had a foundation allowance for the immediately
12 preceding state fiscal year that was at least equal to the sum of
13 \$7,108.00 plus the total dollar amount of all adjustments made from
14 2006-2007 to the immediately preceding state fiscal year in the
15 lowest foundation allowance among all districts, but less than the
16 basic foundation allowance for the immediately preceding state
17 fiscal year, the district shall receive a foundation allowance in
18 an amount equal to the sum of the district's foundation allowance
19 for the immediately preceding state fiscal year plus the difference
20 between twice the dollar amount of the adjustment from the
21 immediately preceding state fiscal year to the current state fiscal
22 year made in the basic foundation allowance and [(the dollar amount
23 of the adjustment from the immediately preceding state fiscal year
24 to the current state fiscal year made in the basic foundation
25 allowance minus \$20.00) times (the difference between the
26 district's foundation allowance for the immediately preceding state
27 fiscal year and the sum of \$7,108.00 plus the total dollar amount

1 of all adjustments made from 2006-2007 to the immediately preceding
2 state fiscal year in the lowest foundation allowance among all
3 districts) divided by the difference between the basic foundation
4 allowance for the current state fiscal year and the sum of
5 \$7,108.00 plus the total dollar amount of all adjustments made from
6 2006-2007 to the immediately preceding state fiscal year in the
7 lowest foundation allowance among all districts]. However, the
8 foundation allowance for a district that had less than the basic
9 foundation allowance for the immediately preceding state fiscal
10 year shall not exceed the basic foundation allowance for the
11 current state fiscal year.

12 (b) Except as otherwise provided in this subsection, beginning
13 in 2008-2009, for a district that in the immediately preceding
14 state fiscal year had a foundation allowance in an amount at least
15 equal to the amount of the basic foundation allowance for the
16 immediately preceding state fiscal year, the district shall receive
17 a foundation allowance in an amount equal to the sum of the
18 district's foundation allowance for the immediately preceding state
19 fiscal year plus the dollar amount of the adjustment from the
20 immediately preceding state fiscal year to the current state fiscal
21 year in the basic foundation allowance.

22 (c) For a district that in the 1994-95 state fiscal year had a
23 foundation allowance greater than \$6,500.00, the district's
24 foundation allowance is an amount equal to the sum of the
25 district's foundation allowance for the immediately preceding state
26 fiscal year plus the lesser of the increase in the basic foundation
27 allowance for the current state fiscal year, as compared to the

1 immediately preceding state fiscal year, or the product of the
2 district's foundation allowance for the immediately preceding state
3 fiscal year times the percentage increase in the United States
4 consumer price index in the calendar year ending in the immediately
5 preceding fiscal year as reported by the May revenue estimating
6 conference conducted under section 367b of the management and
7 budget act, 1984 PA 431, MCL 18.1367b.

8 (d) For a district that has a foundation allowance that is not
9 a whole dollar amount, the district's foundation allowance shall be
10 rounded up to the nearest whole dollar.

11 (e) For a district that received a payment under section 22c
12 as that section was in effect for 2001-2002, the district's 2001-
13 2002 foundation allowance shall be considered to have been an
14 amount equal to the sum of the district's actual 2001-2002
15 foundation allowance as otherwise calculated under this section
16 plus the per pupil amount of the district's equity payment for
17 2001-2002 under section 22c as that section was in effect for 2001-
18 2002.

19 (f) For a district that received a payment under section 22c
20 as that section was in effect for 2006-2007, the district's 2006-
21 2007 foundation allowance shall be considered to have been an
22 amount equal to the sum of the district's actual 2006-2007
23 foundation allowance as otherwise calculated under this section
24 plus the per pupil amount of the district's equity payment for
25 2006-2007 under section 22c as that section was in effect for 2006-
26 2007.

27 (4) Except as otherwise provided in this subsection, the state

1 portion of a district's foundation allowance is an amount equal to
2 the district's foundation allowance or the basic foundation
3 allowance for the current state fiscal year, whichever is less,
4 minus the difference between the sum of the product of the taxable
5 value per membership pupil of all property in the district that is
6 nonexempt property times the district's certified mills and, for a
7 district with certified mills exceeding 12, the product of the
8 taxable value per membership pupil of property in the district that
9 is commercial personal property times the certified mills minus 12
10 mills and the quotient of the ad valorem property tax revenue of
11 the district captured under tax increment financing acts divided by
12 the district's membership excluding special education pupils. For a
13 district described in subsection (3)(c), the state portion of the
14 district's foundation allowance is an amount equal to \$6,962.00
15 plus the difference between the district's foundation allowance for
16 the current state fiscal year and the district's foundation
17 allowance for 1998-99, minus the difference between the sum of the
18 product of the taxable value per membership pupil of all property
19 in the district that is nonexempt property times the district's
20 certified mills and, for a district with certified mills exceeding
21 12, the product of the taxable value per membership pupil of
22 property in the district that is commercial personal property times
23 the certified mills minus 12 mills and the quotient of the ad
24 valorem property tax revenue of the district captured under tax
25 increment financing acts divided by the district's membership
26 excluding special education pupils. For a district that has a
27 millage reduction required under section 31 of article IX of the

1 state constitution of 1963, the state portion of the district's
2 foundation allowance shall be calculated as if that reduction did
3 not occur.

4 (5) The allocation calculated under this section for a pupil
5 shall be based on the foundation allowance of the pupil's district
6 of residence. However, for a pupil enrolled in a district other
7 than the pupil's district of residence, if the foundation allowance
8 of the pupil's district of residence has been adjusted pursuant to
9 subsection (19), the allocation calculated under this section shall
10 not include the adjustment described in subsection (19). For a
11 pupil enrolled pursuant to section 105 or 105c in a district other
12 than the pupil's district of residence, the allocation calculated
13 under this section shall be based on the lesser of the foundation
14 allowance of the pupil's district of residence or the foundation
15 allowance of the educating district. For a pupil in membership in a
16 K-5, K-6, or K-8 district who is enrolled in another district in a
17 grade not offered by the pupil's district of residence, the
18 allocation calculated under this section shall be based on the
19 foundation allowance of the educating district if the educating
20 district's foundation allowance is greater than the foundation
21 allowance of the pupil's district of residence. The calculation
22 under this subsection shall take into account a district's per
23 pupil allocation under section 20j(2).

24 (6) For 2007-2008, subject to subsection (7) and section
25 22b(3) and except as otherwise provided in this subsection, for
26 pupils in membership, other than special education pupils, in a
27 public school academy or a university school, the allocation

1 calculated under this section is an amount per membership pupil
2 other than special education pupils in the public school academy or
3 university school equal to the sum of the local school operating
4 revenue per membership pupil other than special education pupils
5 for the district in which the public school academy or university
6 school is located and the state portion of that district's
7 foundation allowance, or \$7,475.00, whichever is less. Beginning in
8 2008-2009, subject to subsection (7) and section 22b(3) and except
9 as otherwise provided in this subsection, for pupils in membership,
10 other than special education pupils, in a public school academy or
11 a university school, the allocation calculated under this section
12 is an amount per membership pupil other than special education
13 pupils in the public school academy or university school equal to
14 the sum of the local school operating revenue per membership pupil
15 other than special education pupils for the district in which the
16 public school academy or university school is located and the state
17 portion of that district's foundation allowance, or the state
18 maximum public school academy allocation, whichever is less.
19 Notwithstanding section ~~101(2)~~ **101**, for a public school academy
20 that begins operations after the pupil membership count day, the
21 amount per membership pupil calculated under this subsection shall
22 be adjusted by multiplying that amount per membership pupil by the
23 number of hours of pupil instruction provided by the public school
24 academy after it begins operations, as determined by the
25 department, divided by the minimum number of hours of pupil
26 instruction required under section 101(3). The result of this
27 calculation shall not exceed the amount per membership pupil

1 otherwise calculated under this subsection.

2 (7) If more than 25% of the pupils residing within a district
3 are in membership in 1 or more public school academies located in
4 the district, then the amount per membership pupil calculated under
5 this section for a public school academy located in the district
6 shall be reduced by an amount equal to the difference between the
7 sum of the product of the taxable value per membership pupil of all
8 property in the district that is nonexempt property times the
9 district's certified mills and, for a district with certified mills
10 exceeding 12, the product of the taxable value per membership pupil
11 of property in the district that is commercial personal property
12 times the certified mills minus 12 mills and the quotient of the ad
13 valorem property tax revenue of the district captured under tax
14 increment financing acts divided by the district's membership
15 excluding special education pupils, in the school fiscal year
16 ending in the current state fiscal year, calculated as if the
17 resident pupils in membership in 1 or more public school academies
18 located in the district were in membership in the district. In
19 order to receive state school aid under this act, a district
20 described in this subsection shall pay to the authorizing body that
21 is the fiscal agent for a public school academy located in the
22 district for forwarding to the public school academy an amount
23 equal to that local school operating revenue per membership pupil
24 for each resident pupil in membership other than special education
25 pupils in the public school academy, as determined by the
26 department.

27 (8) If a district does not receive an amount calculated under

1 subsection (9); if the number of mills the district may levy on a
2 principal residence, qualified agricultural property, qualified
3 forest property, industrial personal property, and commercial
4 personal property under section 1211 of the revised school code,
5 MCL 380.1211, is 0.5 mills or less; and if the district elects not
6 to levy those mills, the district instead shall receive a separate
7 supplemental amount calculated under this subsection in an amount
8 equal to the amount the district would have received had it levied
9 those mills, as determined by the department of treasury. A

10 district shall not receive a separate supplemental amount
11 calculated under this subsection for a fiscal year unless in the
12 calendar year ending in the fiscal year the district levies the
13 district's certified mills on property that is nonexempt property.

14 (9) For a district that had combined state and local revenue
15 per membership pupil in the 1993-94 state fiscal year of more than
16 \$6,500.00 and that had fewer than 350 pupils in membership, if the
17 district elects not to reduce the number of mills from which a
18 principal residence, qualified agricultural property, qualified
19 forest property, industrial personal property, and commercial
20 personal property are exempt and not to levy school operating taxes
21 on a principal residence, qualified agricultural property,
22 qualified forest property, industrial personal property, and
23 commercial personal property as provided in section 1211 of the
24 revised school code, MCL 380.1211, and not to levy school operating
25 taxes on all property as provided in section 1211(2) of the revised
26 school code, MCL 380.1211, there is calculated under this
27 subsection for 1994-95 and each succeeding fiscal year a separate

1 supplemental amount in an amount equal to the amount the district
2 would have received per membership pupil had it levied school
3 operating taxes on a principal residence, qualified agricultural
4 property, qualified forest property, industrial personal property,
5 and commercial personal property at the rate authorized for the
6 district under section 1211 of the revised school code, MCL
7 380.1211, and levied school operating taxes on all property at the
8 rate authorized for the district under section 1211(2) of the
9 revised school code, MCL 380.1211, as determined by the department
10 of treasury. If in the calendar year ending in the fiscal year a
11 district does not levy the district's certified mills on property
12 that is nonexempt property, the amount calculated under this
13 subsection will be reduced by the same percentage as the millage
14 actually levied compares to the district's certified mills.

15 (10) Subject to subsection (4), for a district that is formed
16 or reconfigured after June 1, 2002 by consolidation of 2 or more
17 districts or by annexation, the resulting district's foundation
18 allowance under this section beginning after the effective date of
19 the consolidation or annexation shall be the average of the
20 foundation allowances of each of the original or affected
21 districts, calculated as provided in this section, weighted as to
22 the percentage of pupils in total membership in the resulting
23 district who reside in the geographic area of each of the original
24 or affected districts. The calculation under this subsection shall
25 take into account a district's per pupil allocation under section
26 20j(2).

27 (11) Each fraction used in making calculations under this

1 section shall be rounded to the fourth decimal place and the dollar
2 amount of an increase in the basic foundation allowance shall be
3 rounded to the nearest whole dollar.

4 (12) State payments related to payment of the foundation
5 allowance for a special education pupil are not calculated under
6 this section but are instead calculated under section 51a.

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

13 (a) The pupil membership factor shall be computed by dividing
14 the estimated membership in the school year ending in the current
15 state fiscal year, excluding intermediate district membership, by
16 the estimated membership for the school year ending in the
17 subsequent state fiscal year, excluding intermediate district
18 membership. If a consensus membership factor is not determined at
19 the revenue estimating conference, the principals of the revenue
20 estimating conference shall report their estimates to the house and
21 senate subcommittees responsible for school aid appropriations not
22 later than 7 days after the conclusion of the revenue conference.

23 (b) The revenue adjustment factor shall be computed by
24 dividing the sum of the estimated total state school aid fund
25 revenue for the subsequent state fiscal year plus the estimated
26 total state school aid fund revenue for the current state fiscal
27 year, adjusted for any change in the rate or base of a tax the

1 proceeds of which are deposited in that fund and excluding money
2 transferred into that fund from the countercyclical budget and
3 economic stabilization fund under the management and budget act,
4 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
5 total school aid fund revenue for the current state fiscal year
6 plus the estimated total state school aid fund revenue for the
7 immediately preceding state fiscal year, adjusted for any change in
8 the rate or base of a tax the proceeds of which are deposited in
9 that fund. If a consensus revenue factor is not determined at the
10 revenue estimating conference, the principals of the revenue
11 estimating conference shall report their estimates to the house and
12 senate subcommittees responsible for school aid appropriations not
13 later than 7 days after the conclusion of the revenue conference.

14 (c) The index shall be calculated by multiplying the pupil
15 membership factor by the revenue adjustment factor. However, for
16 2008-2009, the index shall be 1.00. If a consensus index is not
17 determined at the revenue estimating conference, the principals of
18 the revenue estimating conference shall report their estimates to
19 the house and senate subcommittees responsible for school aid
20 appropriations not later than 7 days after the conclusion of the
21 revenue conference.

22 (14) If the principals at the revenue estimating conference
23 reach a consensus on the index described in subsection (13)(c), the
24 lowest foundation allowance among all districts for the subsequent
25 state fiscal year shall be at least the amount of that consensus
26 index multiplied by the lowest foundation allowance among all
27 districts for the immediately preceding state fiscal year.

1 (15) If at the January revenue estimating conference it is
2 estimated that pupil membership, excluding intermediate district
3 membership, for the subsequent state fiscal year will be greater
4 than 101% of the pupil membership, excluding intermediate district
5 membership, for the current state fiscal year, then it is the
6 intent of the legislature that the executive budget proposal for
7 the school aid budget for the subsequent state fiscal year include
8 a general fund/general purpose allocation sufficient to support the
9 membership in excess of 101% of the current year pupil membership.

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

1 minimum amount of combined state and local revenue under this
2 subsection shall be calculated by subtracting from the minimum
3 amount of combined state and local revenue under this subsection
4 the sum of the district's local school operating revenue and an
5 amount equal to the product of the sum of the state portion of the
6 district's foundation allowance plus the amount calculated under
7 section 20j times the district's membership. As used in this
8 subsection, "additional expenses" means the district's expenses for
9 tuition or fees, not to exceed the basic foundation allowance for
10 the current state fiscal year, plus a room and board stipend not to
11 exceed \$10.00 per school day for each pupil in grades 9 to 12
12 educated in another district, as approved by the department.

13 (17) For a district in which 7.75 mills levied in 1992 for
14 school operating purposes in the 1992-93 school year were not
15 renewed in 1993 for school operating purposes in the 1993-94 school
16 year, the district's combined state and local revenue per
17 membership pupil shall be recalculated as if that millage reduction
18 did not occur and the district's foundation allowance shall be
19 calculated as if its 1994-95 foundation allowance had been
20 calculated using that recalculated 1993-94 combined state and local
21 revenue per membership pupil as a base. A district is not entitled
22 to any retroactive payments for fiscal years before 2000-2001 due
23 to this subsection.

24 (18) For a district in which an industrial facilities
25 exemption certificate that abated taxes on property with a state
26 equalized valuation greater than the total state equalized
27 valuation of the district at the time the certificate was issued or

1 \$700,000,000.00, whichever is greater, was issued under 1974 PA
2 198, MCL 207.551 to 207.572, before the calculation of the
3 district's 1994-95 foundation allowance, the district's foundation
4 allowance for 2002-2003 is an amount equal to the sum of the
5 district's foundation allowance for 2002-2003, as otherwise
6 calculated under this section, plus \$250.00.

7 (19) For a district that received a grant under former section
8 32e for 2001-2002, the district's foundation allowance for 2002-
9 2003 and each succeeding fiscal year shall be adjusted to be an
10 amount equal to the sum of the district's foundation allowance, as
11 otherwise calculated under this section, plus the quotient of 100%
12 of the amount of the grant award to the district for 2001-2002
13 under former section 32e divided by the number of pupils in the
14 district's membership for 2001-2002 who were residents of and
15 enrolled in the district. Except as otherwise provided in this
16 subsection, a district qualifying for a foundation allowance
17 adjustment under this subsection shall use the funds resulting from
18 this adjustment for at least 1 of grades K to 3 for purposes
19 allowable under former section 32e as in effect for 2001-2002, and
20 may also use these funds for an early intervening program described
21 in subsection (20). For an individual school or schools operated by
22 a district qualifying for a foundation allowance under this
23 subsection that have been determined by the department to meet the
24 adequate yearly progress standards of the federal no child left
25 behind act of 2001, Public Law 107-110, in both mathematics and
26 English language arts at all applicable grade levels for all
27 applicable subgroups, the district may submit to the department an

1 application for flexibility in using the funds resulting from this
2 adjustment that are attributable to the pupils in the school or
3 schools. The application shall identify the affected school or
4 schools and the affected funds and shall contain a plan for using
5 the funds for specific purposes identified by the district that are
6 designed to reduce class size, but that may be different from the
7 purposes otherwise allowable under this subsection. The department
8 shall approve the application if the department determines that the
9 purposes identified in the plan are reasonably designed to reduce
10 class size. If the department does not act to approve or disapprove
11 an application within 30 days after it is submitted to the
12 department, the application is considered to be approved. If an
13 application for flexibility in using the funds is approved, the
14 district may use the funds identified in the application for any
15 purpose identified in the plan.

16 (20) An early intervening program that uses funds resulting
17 from the adjustment under subsection (19) shall meet either or both
18 of the following:

19 (a) Shall monitor individual pupil learning for pupils in
20 grades K to 3 and provide specific support or learning strategies
21 to pupils in grades K to 3 as early as possible in order to reduce
22 the need for special education placement. The program shall include
23 literacy and numeracy supports, sensory motor skill development,
24 behavior supports, instructional consultation for teachers, and the
25 development of a parent/school learning plan. Specific support or
26 learning strategies may include support in or out of the general
27 classroom in areas including reading, writing, math, visual memory,

1 motor skill development, behavior, or language development. These
2 would be provided based on an understanding of the individual
3 child's learning needs.

4 (b) Shall provide early intervening strategies for pupils in
5 grades K to 3 using schoolwide systems of academic and behavioral
6 supports and shall be scientifically research-based. The strategies
7 to be provided shall include at least pupil performance indicators
8 based upon response to intervention, instructional consultation for
9 teachers, and ongoing progress monitoring. A schoolwide system of
10 academic and behavioral support should be based on a support team
11 available to the classroom teachers. The members of this team could
12 include the principal, special education staff, reading teachers,
13 and other appropriate personnel who would be available to
14 systematically study the needs of the individual child and work
15 with the teacher to match instruction to the needs of the
16 individual child.

17 (21) For a district that levied 1.9 mills in 1993 to finance
18 an operating deficit, the district's foundation allowance shall be
19 calculated as if those mills were included as operating mills in
20 the calculation of the district's 1994-1995 foundation allowance. A
21 district is not entitled to any retroactive payments for fiscal
22 years before 2006-2007 due to this subsection. A district receiving
23 an adjustment under this subsection shall not receive more than
24 \$800,000.00 for a fiscal year as a result of this adjustment.

25 (22) For a district that levied 2.23 mills in 1993 to finance
26 an operating deficit, the district's foundation allowance shall be
27 calculated as if those mills were included as operating mills in

1 the calculation of the district's 1994-1995 foundation allowance. A
2 district is not entitled to any retroactive payments for fiscal
3 years before 2006-2007 due to this subsection. A district receiving
4 an adjustment under this subsection shall not receive more than
5 \$500,000.00 for a fiscal year as a result of this adjustment.

6 (23) Payments to districts, university schools, or public
7 school academies shall not be made under this section. Rather, the
8 calculations under this section shall be used to determine the
9 amount of state payments under section 22b.

10 (24) If an amendment to section 2 of article VIII of the state
11 constitution of 1963 allowing state aid to some or all nonpublic
12 schools is approved by the voters of this state, each foundation
13 allowance or per pupil payment calculation under this section may
14 be reduced.

15 (25) As used in this section:

16 (a) "Certified mills" means the lesser of 18 mills or the
17 number of mills of school operating taxes levied by the district in
18 1993-94.

19 (b) "Combined state and local revenue" means the aggregate of
20 the district's state school aid received by or paid on behalf of
21 the district under this section and the district's local school
22 operating revenue.

23 (c) "Combined state and local revenue per membership pupil"
24 means the district's combined state and local revenue divided by
25 the district's membership excluding special education pupils.

26 (d) "Current state fiscal year" means the state fiscal year
27 for which a particular calculation is made.

1 (e) "Immediately preceding state fiscal year" means the state
2 fiscal year immediately preceding the current state fiscal year.

3 (f) "Local school operating revenue" means school operating
4 taxes levied under section 1211 of the revised school code, MCL
5 380.1211.

6 (g) "Local school operating revenue per membership pupil"
7 means a district's local school operating revenue divided by the
8 district's membership excluding special education pupils.

9 (h) "Maximum public school academy allocation" means the
10 maximum per-pupil allocation as calculated by adding the highest
11 per-pupil allocation among all public school academies for the
12 immediately preceding state fiscal year plus the difference between
13 twice the dollar amount of the adjustment from the immediately
14 preceding state fiscal year to the current state fiscal year made
15 in the basic foundation allowance and [(the dollar amount of the
16 adjustment from the immediately preceding state fiscal year to the
17 current state fiscal year made in the basic foundation allowance
18 minus ~~\$50.00~~ **\$20.00**) times (the difference between the highest per-
19 pupil allocation among all public school academies for the
20 immediately preceding state fiscal year and the sum of \$7,108.00
21 plus the total dollar amount of all adjustments made from 2006-2007
22 to the immediately preceding state fiscal year in the lowest per-
23 pupil allocation among all public school academies) divided by the
24 difference between the basic foundation allowance for the current
25 state fiscal year and the sum of \$7,108.00 plus the total dollar
26 amount of all adjustments made from 2006-2007 to the immediately
27 preceding state fiscal year in the lowest per-pupil allocation

1 among all public school academies].

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

5 (j) "Nonexempt property" means property that is not a
6 principal residence, qualified agricultural property, qualified
7 forest property, industrial personal property, or commercial
8 personal property.

9 (k) "Principal residence", "qualified agricultural property",
10 "qualified forest property", "industrial personal property", and
11 "commercial personal property" mean those terms as defined in
12 section 7dd of the general property tax act, 1893 PA 206, MCL
13 211.7dd, and section 1211 of the revised school code, MCL 380.1211.

14 (l) "School operating purposes" means the purposes included in
15 the operation costs of the district as prescribed in sections 7 and
16 18.

17 (m) "School operating taxes" means local ad valorem property
18 taxes levied under section 1211 of the revised school code, MCL
19 380.1211, and retained for school operating purposes.

20 (n) "Tax increment financing acts" means 1975 PA 197, MCL
21 125.1651 to 125.1681, the tax increment finance authority act, 1980
22 PA 450, MCL 125.1801 to 125.1830, the local development financing
23 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
24 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
25 or the corridor improvement authority act, 2005 PA 280, MCL
26 125.2871 to 125.2899.

27 (o) "Taxable value per membership pupil" means taxable value,

1 as certified by the department of treasury, for the calendar year
2 ending in the current state fiscal year divided by the district's
3 membership excluding special education pupils for the school year
4 ending in the current state fiscal year.

5 Sec. 20j. (1) Foundation allowance supplemental payments for
6 2008-2009 to districts that in the 1994-95 state fiscal year had a
7 foundation allowance greater than \$6,500.00 shall be calculated
8 under this section.

9 (2) The per pupil allocation to each district under this
10 section shall be the difference between the basic foundation
11 allowance for the 1998-99 state fiscal year and \$7,204.00 less
12 ~~\$223.00~~ **\$271.00** minus the dollar amount of the adjustment from the
13 1998-99 state fiscal year to 2007-2008 in the district's foundation
14 allowance.

15 (3) If a district's local revenue per pupil does not exceed
16 the sum of its foundation allowance under section 20 plus the per
17 pupil allocation under subsection (2), the total payment to the
18 district calculated under this section shall be the product of the
19 per pupil allocation under subsection (2) multiplied by the
20 district's membership excluding special education pupils. If a
21 district's local revenue per pupil exceeds the foundation allowance
22 under section 20 but does not exceed the sum of the foundation
23 allowance under section 20 plus the per pupil allocation under
24 subsection (2), the total payment to the district calculated under
25 this section shall be the product of the difference between the sum
26 of the foundation allowance under section 20 plus the per pupil
27 allocation under subsection (2) minus the local revenue per pupil

multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made and used to determine the amount of state payments under section 22b.

Sec. 32b. (1) From the funds appropriated under section 11, there is allocated an amount not to exceed \$6,750,000.00 for 2008-2009 for competitive grants to intermediate districts for the creation and continuance of great start communities or other community purposes as identified by the early childhood investment corporation. These dollars may not be expended until both of the following conditions have been met:

(a) The early childhood investment corporation has identified matching dollars of at least an amount equal to the amount of the matching dollars for 2006-2007.

(b) The executive committee ~~shall consist of~~ **THE CORPORATION INCLUDES, IN ADDITION TO THE MEMBERS OF THE EXECUTIVE COMMITTEE PROVIDED FOR BY THE INTERLOCAL AGREEMENT CREATING THE CORPORATION UNDER THE URBAN COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.510 TO 124.512, 4 members appointed by the governor - The AS PROVIDED IN THIS SUBDIVISION. NOT LESS THAN 30 DAYS AFTER THE CONVENING OF A REGULAR LEGISLATIVE SESSION IN AN ODD-NUMBERED YEAR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, THE HOUSE MINORITY**

1 LEADER, THE SENATE MAJORITY LEADER, AND THE SENATE MINORITY LEADER
 2 SHALL EACH SUBMIT TO THE GOVERNOR A LIST OF 3 OR MORE INDIVIDUALS
 3 AS NOMINEES FOR APPOINTMENT AS MEMBERS OF THE EXECUTIVE COMMITTEE
 4 OF THE CORPORATION. WITHIN 60 DAYS OF THE SUBMISSION TO THE
 5 GOVERNOR OF NOMINEES BY EACH OF THE 4 LEGISLATIVE LEADERS, THE
 6 governor shall appoint 1 member **OF THE EXECUTIVE COMMITTEE** from
 7 ~~among EACH LIST OF~~ nominees submitted by ~~the senate majority~~
 8 ~~leader, 1 member from among nominees submitted by the senate~~
 9 ~~minority leader, 1 member from among nominees submitted by the~~
 10 ~~speaker of the house of representatives, and 1 member from among~~
 11 ~~nominees submitted by the minority leader of the house of~~
 12 ~~representatives~~ **EACH OF THE 4 LEGISLATIVE LEADERS**. The governor
 13 shall appoint ~~these members~~ **FROM AMONG THE NOMINEES SUBMITTED UNDER**
 14 **THIS SUBDIVISION** not later than 60 days after the convening of the
 15 legislative session in each odd-numbered year. A member **APPOINTED**
 16 **UNDER THIS SUBDIVISION** shall serve ~~on~~ **A TERM AS A MEMBER OF** the
 17 executive committee through ~~that~~ **THE NEXT** regular legislative
 18 session unless he or she ~~voluntarily resigns or is otherwise unable~~
 19 ~~to serve. When a vacancy occurs as a result of a voluntary~~
 20 ~~resignation or inability to serve,~~ **OTHER THAN BY EXPIRATION OF A**
 21 **TERM, THE LEGISLATIVE LEADER WHO ORIGINALLY NOMINATED THE MEMBER**
 22 **SHALL SUBMIT A LIST OF 3 OR MORE INDIVIDUALS AS NOMINEES TO THE**
 23 **GOVERNOR WITHIN 30 DAYS OF THE VACANCY AND** the governor shall make
 24 an appointment to fill that vacancy in the same manner as the
 25 original appointment not later than 60 days after the date the
 26 vacancy occurs. **IF A LIST OF NOMINEES IS NOT SUBMITTED TO THE**
 27 **GOVERNOR IN THE TIME PERIOD REQUIRED UNDER THIS SUBDIVISION, THE**

**GOVERNOR MAY APPOINT ANY RESIDENT OF THIS STATE AS A MEMBER OF THE
EXECUTIVE COMMITTEE OF THE CORPORATION.**

(2) The early childhood investment corporation shall award grants to eligible intermediate districts in an amount to be determined by the corporation.

(3) In order to receive funding, each intermediate district applicant shall agree to convene local great start collaboratives to address the availability of the 6 components of a great start system in its communities: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care, to ensure that every child in the community is ready for kindergarten. Specifically, each grant will fund the following:

(a) The completion of a community needs assessment and strategic plan for the creation of a comprehensive system of early childhood services and supports, accessible to all children from birth to kindergarten and their families.

(b) Identification of local resources and services for children with disabilities, developmental delays, or special needs and their families.

(c) Coordination and expansion of high-quality early childhood and childcare programs.

(d) Evaluation of local programs.

(4) Not later than December 1 of each fiscal year, for the grants awarded under this section for the immediately preceding fiscal year, the department shall provide to the house and senate appropriations subcommittees on state school aid, the state budget

1 director, and the house and senate fiscal agencies a report
2 detailing the amount of each grant awarded under this section, the
3 grant recipients, the activities funded by each grant under this
4 section, and an analysis of each grant recipient's success in
5 addressing the development of a comprehensive system of early
6 childhood services and supports.

7 (5) An intermediate district receiving funds under this
8 section may carry over any unexpended funds received under this
9 section into the next fiscal year and may expend those unused funds
10 in the next fiscal year. A recipient of a grant shall return any
11 unexpended grant funds to the department in the manner prescribed
12 by the department not later than September 30 of the next fiscal
13 year after the fiscal year in which the funds are received.

14 (6) Notwithstanding section 17b, payments under this section
15 may be made pursuant to an agreement with the department.