

HOUSE BILL No. 6016

November 9, 2016, Introduced by Rep. Irwin and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending section 20 (MCL 388.1620), as amended by 2016 PA 313.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20. (1) For 2016-2017, both of the following apply:

2 (a) The basic foundation allowance is \$8,229.00.

3 (b) The minimum foundation allowance is \$7,511.00.

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) Except as otherwise provided in this subdivision, for a
3 district that had a foundation allowance for the immediately
4 preceding state fiscal year that was at least equal to the minimum
5 foundation allowance for the immediately preceding state fiscal
6 year, but less than the basic foundation allowance for the
7 immediately preceding state fiscal year, the district shall receive
8 a foundation allowance in an amount equal to the sum of the
9 district's foundation allowance for the immediately preceding state
10 fiscal year plus the difference between twice the dollar amount of
11 the adjustment from the immediately preceding state fiscal year to
12 the current state fiscal year made in the basic foundation
13 allowance and [(the difference between the basic foundation
14 allowance for the current state fiscal year and basic foundation
15 allowance for the immediately preceding state fiscal year minus
16 \$20.00) times (the difference between the district's foundation
17 allowance for the immediately preceding state fiscal year and the
18 minimum foundation allowance for the immediately preceding state
19 fiscal year) divided by the difference between the basic foundation
20 allowance for the current state fiscal year and the minimum
21 foundation allowance for the immediately preceding state fiscal
22 year.] However, the foundation allowance for a district that had
23 less than the basic foundation allowance for the immediately
24 preceding state fiscal year shall not exceed the basic foundation
25 allowance for the current state fiscal year.

26 (b) Except as otherwise provided in this subsection, for a
27 district that in the immediately preceding state fiscal year had a

1 foundation allowance in an amount equal to the amount of the basic
2 foundation allowance for the immediately preceding state fiscal
3 year, the district shall receive a foundation allowance for 2016-
4 2017 in an amount equal to the basic foundation allowance for 2016-
5 2017.

6 (c) For a district that had a foundation allowance for the
7 immediately preceding state fiscal year that was greater than the
8 basic foundation allowance for the immediately preceding state
9 fiscal year, the district's foundation allowance is an amount equal
10 to the sum of the district's foundation allowance for the
11 immediately preceding state fiscal year plus the lesser of the
12 increase in the basic foundation allowance for the current state
13 fiscal year, as compared to the immediately preceding state fiscal
14 year, or the product of the district's foundation allowance for the
15 immediately preceding state fiscal year times the percentage
16 increase in the United States consumer price index in the calendar
17 year ending in the immediately preceding fiscal year as reported by
18 the May revenue estimating conference conducted under section 367b
19 of the management and budget act, 1984 PA 431, MCL 18.1367b.

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

23 (4) Except as otherwise provided in this subsection, beginning
24 in 2014-2015, the state portion of a district's foundation
25 allowance is an amount equal to the district's foundation allowance
26 or the basic foundation allowance for the current state fiscal
27 year, whichever is less, minus the local portion of the district's

1 foundation allowance. For a district described in subsection
2 (3)(c), beginning in 2014-2015, the state portion of the district's
3 foundation allowance is an amount equal to \$6,962.00 plus the
4 difference between the district's foundation allowance for the
5 current state fiscal year and the district's foundation allowance
6 for 1998-99, minus the local portion of the district's foundation
7 allowance. For a district that has a millage reduction required
8 under section 31 of article IX of the state constitution of 1963,
9 the state portion of the district's foundation allowance shall be
10 calculated as if that reduction did not occur. For a receiving
11 district, if school operating taxes continue to be levied on behalf
12 of a dissolved district that has been attached in whole or in part
13 to the receiving district to satisfy debt obligations of the
14 dissolved district under section 12 of the revised school code, MCL
15 380.12, the taxable value per membership pupil of property in the
16 receiving district used for the purposes of this subsection does
17 not include the taxable value of property within the geographic
18 area of the dissolved district. For a community district, if school
19 operating taxes continue to be levied by a qualifying school
20 district under section 12b of the revised school code, MCL 380.12b,
21 with the same geographic area as the community district, the
22 taxable value per membership pupil of property in the community
23 district to be used for the purposes of this subsection does not
24 include the taxable value of property within the geographic area of
25 the community district.

26 (5) The allocation calculated under this section for a pupil
27 shall be based on the foundation allowance of the pupil's district

1 of residence. For a pupil enrolled pursuant to section 105 or 105c
2 in a district other than the pupil's district of residence, the
3 allocation calculated under this section shall be based on the
4 lesser of the foundation allowance of the pupil's district of
5 residence or the foundation allowance of the educating district.
6 For a pupil in membership in a K-5, K-6, or K-8 district who is
7 enrolled in another district in a grade not offered by the pupil's
8 district of residence, the allocation calculated under this section
9 shall be based on the foundation allowance of the educating
10 district if the educating district's foundation allowance is
11 greater than the foundation allowance of the pupil's district of
12 residence. The calculation under this subsection shall take into
13 account a district's per-pupil allocation under section 20m.

14 (6) Except as otherwise provided in this subsection, for
15 pupils in membership, other than special education pupils, in a
16 public school academy, the allocation calculated under this section
17 is an amount per membership pupil other than special education
18 pupils in the public school academy equal to the foundation
19 allowance of the district in which the public school academy is
20 located or the state maximum public school academy allocation,
21 whichever is less. For pupils in membership, other than special
22 education pupils, in a public school academy that is a cyber school
23 and is authorized by a school district, the allocation calculated
24 under this section is an amount per membership pupil other than
25 special education pupils in the public school academy equal to the
26 foundation allowance of the district that authorized the public
27 school academy or the state maximum public school academy

1 allocation, whichever is less. However, a public school academy
2 that had an allocation under this subsection before 2009-2010 that
3 was equal to the sum of the local school operating revenue per
4 membership pupil other than special education pupils for the
5 district in which the public school academy is located and the
6 state portion of that district's foundation allowance shall not
7 have that allocation reduced as a result of the 2010 amendment to
8 this subsection. Notwithstanding section 101, for a public school
9 academy that begins operations after the pupil membership count
10 day, the amount per membership pupil calculated under this
11 subsection shall be adjusted by multiplying that amount per
12 membership pupil by the number of hours of pupil instruction
13 provided by the public school academy after it begins operations,
14 as determined by the department, divided by the minimum number of
15 hours of pupil instruction required under section 101(3). The
16 result of this calculation shall not exceed the amount per
17 membership pupil otherwise calculated under this subsection.

18 (7) Except as otherwise provided in this subsection, for
19 pupils attending an achievement school and in membership in the
20 education achievement system, other than special education pupils,
21 the allocation calculated under this section is an amount per
22 membership pupil other than special education pupils equal to the
23 foundation allowance of the district in which the achievement
24 school is located, not to exceed the basic foundation allowance.
25 Notwithstanding section 101, for an achievement school that begins
26 operation after the pupil membership count day, the amount per
27 membership pupil calculated under this subsection shall be adjusted

1 by multiplying that amount per membership pupil by the number of
2 hours of pupil instruction provided by the achievement school after
3 it begins operations, as determined by the department, divided by
4 the minimum number of hours of pupil instruction required under
5 section 101(3). The result of this calculation shall not exceed the
6 amount per membership pupil otherwise calculated under this
7 subsection. For the purposes of this subsection, if a public school
8 is transferred from a district to the state school reform/redesign
9 district or the achievement authority under section 1280c of the
10 revised school code, MCL 380.1280c, that public school is
11 considered to be an achievement school within the education
12 achievement system and not a school that is part of a district, and
13 a pupil attending that public school is considered to be in
14 membership in the education achievement system and not in
15 membership in the district that operated the school before the
16 transfer.

17 (8) Except as otherwise provided in this subsection, for
18 pupils in membership, other than special education pupils, in a
19 community district, the allocation calculated under this section is
20 an amount per membership pupil other than special education pupils
21 in the community district equal to the foundation allowance of the
22 qualifying school district, as described in section 12b of the
23 revised school code, MCL 380.12b, that is located within the same
24 geographic area as the community district.

25 (9) Subject to subsection (4), for a district that is formed
26 or reconfigured after June 1, 2002 by consolidation of 2 or more
27 districts or by annexation, the resulting district's foundation

1 allowance under this section beginning after the effective date of
2 the consolidation or annexation shall be the lesser of the sum of
3 the average of the foundation allowances of each of the original or
4 affected districts, calculated as provided in this section,
5 weighted as to the percentage of pupils in total membership in the
6 resulting district who reside in the geographic area of each of the
7 original or affected districts plus \$100.00 or the highest
8 foundation allowance among the original or affected districts. This
9 subsection does not apply to a receiving district unless there is a
10 subsequent consolidation or annexation that affects the district.
11 The calculation under this subsection shall take into account a
12 district's per-pupil allocation under section 20m.

13 **(10) BEGINNING IN 2017-2018, THE CALCULATION UNDER THIS**
14 **SECTION USED TO DETERMINE THE AMOUNT OF STATE PAYMENTS UNDER**
15 **SECTION 22B SHALL BE ADJUSTED AS FOLLOWS:**

16 **(A) THE AMOUNT TO BE PAID FOR EACH PUPIL IN MEMBERSHIP WHO IS**
17 **ENROLLED IN ANY OF GRADES 9 TO 12 SHALL BE AN AMOUNT EQUAL TO 1.3**
18 **TIMES THE AMOUNT OF THE FOUNDATION ALLOWANCE OR PER-PUPIL**
19 **ALLOCATION AS OTHERWISE CALCULATED UNDER THIS SECTION FOR THE**
20 **DISTRICT, PUBLIC SCHOOL ACADEMY, OR EDUCATION ACHIEVEMENT SYSTEM.**

21 **(B) THE AMOUNT TO BE PAID FOR EACH PUPIL IN MEMBERSHIP WHO IS**
22 **ENROLLED IN ANY OF GRADES K TO 8 SHALL BE AN AMOUNT EQUAL TO THE**
23 **FOUNDATION ALLOWANCE OR PER-PUPIL ALLOCATION AS OTHERWISE**
24 **CALCULATED UNDER THIS SECTION FOR THE DISTRICT, PUBLIC SCHOOL**
25 **ACADEMY, OR EDUCATION ACHIEVEMENT SYSTEM.**

26 **(11) ~~(10)~~—**Each fraction used in making calculations under this
27 section shall be rounded to the fourth decimal place and the dollar

1 amount of an increase in the basic foundation allowance shall be
2 rounded to the nearest whole dollar.

3 **(12)** ~~(11)~~—State payments related to payment of the foundation
4 allowance for a special education pupil are not calculated under
5 this section but are instead calculated under section 51a.

6 **(13)** ~~(12)~~—To assist the legislature in determining the basic
7 foundation allowance for the subsequent state fiscal year, each
8 revenue estimating conference conducted under section 367b of the
9 management and budget act, 1984 PA 431, MCL 18.1367b, shall
10 calculate a pupil membership factor, a revenue adjustment factor,
11 and an index as follows:

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

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

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

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

20 **(14)** ~~(13)~~—Payments to districts, public school academies, or
21 the education achievement system shall not be made under this
22 section. Rather, the calculations under this section shall be used
23 to determine the amount of state payments under section 22b.

24 **(15)** ~~(14)~~—If an amendment to section 2 of article VIII of the
25 state constitution of 1963 allowing state aid to some or all
26 nonpublic schools is approved by the voters of this state, each
27 foundation allowance or per-pupil payment calculation under this

1 section may be reduced.

2 **(16)** ~~(15)~~—As used in this section:

3 (a) "Certified mills" means the lesser of 18 mills or the
4 number of mills of school operating taxes levied by the district in
5 1993-94.

6 (b) "Combined state and local revenue" means the aggregate of
7 the district's state school aid received by or paid on behalf of
8 the district under this section and the district's local school
9 operating revenue.

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

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

15 (e) "Dissolved district" means a district that loses its
16 organization, has its territory attached to 1 or more other
17 districts, and is dissolved as provided under section 12 of the
18 revised school code, MCL 380.12.

19 (f) "Immediately preceding state fiscal year" means the state
20 fiscal year immediately preceding the current state fiscal year.

21 (g) "Local portion of the district's foundation allowance"
22 means an amount that is equal to the difference between (the sum of
23 the product of the taxable value per membership pupil of all
24 property in the district that is nonexempt property times the
25 district's certified mills and, for a district with certified mills
26 exceeding 12, the product of the taxable value per membership pupil
27 of property in the district that is commercial personal property

1 times the certified mills minus 12 mills) and (the quotient of the
2 product of the captured assessed valuation under tax increment
3 financing acts times the district's certified mills divided by the
4 district's membership excluding special education pupils).

5 (h) "Local school operating revenue" means school operating
6 taxes levied under section 1211 of the revised school code, MCL
7 380.1211. For a receiving district, if school operating taxes are
8 to be levied on behalf of a dissolved district that has been
9 attached in whole or in part to the receiving district to satisfy
10 debt obligations of the dissolved district under section 12 of the
11 revised school code, MCL 380.12, local school operating revenue
12 does not include school operating taxes levied within the
13 geographic area of the dissolved district.

14 (i) "Local school operating revenue per membership pupil"
15 means a district's local school operating revenue divided by the
16 district's membership excluding special education pupils.

17 (j) "Maximum public school academy allocation", except as
18 otherwise provided in this subdivision, means the maximum per-pupil
19 allocation as calculated by adding the highest per-pupil allocation
20 among all public school academies for the immediately preceding
21 state fiscal year plus the difference between twice the amount of
22 the difference between the basic foundation allowance for the
23 current state fiscal year and the basic foundation allowance for
24 the immediately preceding state fiscal year and [(the amount of the
25 difference between the basic foundation allowance for the current
26 state fiscal year and the basic foundation allowance for the
27 immediately preceding state fiscal year minus \$20.00) times (the

1 difference between the highest per-pupil allocation among all
2 public school academies for the immediately preceding state fiscal
3 year and the minimum foundation allowance for the immediately
4 preceding state fiscal year) divided by the difference between the
5 basic foundation allowance for the current state fiscal year and
6 the minimum foundation allowance for the immediately preceding
7 state fiscal year.] For the purposes of this subdivision, for 2016-
8 2017, the maximum public school academy allocation is \$7,511.00.

9 (k) "Membership" means the definition of that term under
10 section 6 as in effect for the particular fiscal year for which a
11 particular calculation is made.

12 (l) "Nonexempt property" means property that is not a
13 principal residence, qualified agricultural property, qualified
14 forest property, supportive housing property, industrial personal
15 property, commercial personal property, or property occupied by a
16 public school academy.

17 (m) "Principal residence", "qualified agricultural property",
18 "qualified forest property", "supportive housing property",
19 "industrial personal property", and "commercial personal property"
20 mean those terms as defined in section 1211 of the revised school
21 code, MCL 380.1211.

22 (n) "Receiving district" means a district to which all or part
23 of the territory of a dissolved district is attached under section
24 12 of the revised school code, MCL 380.12.

25 (o) "School operating purposes" means the purposes included in
26 the operation costs of the district as prescribed in sections 7 and
27 18 and purposes authorized under section 1211 of the revised school

1 code, MCL 380.1211.

2 (p) "School operating taxes" means local ad valorem property
3 taxes levied under section 1211 of the revised school code, MCL
4 380.1211, and retained for school operating purposes.

5 (q) "Tax increment financing acts" means 1975 PA 197, MCL
6 125.1651 to 125.1681, the tax increment finance authority act, 1980
7 PA 450, MCL 125.1801 to 125.1830, the local development financing
8 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
9 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
10 or the corridor improvement authority act, 2005 PA 280, MCL
11 125.2871 to 125.2899.

12 (r) "Taxable value per membership pupil" means taxable value,
13 as certified by the county treasurer and reported to the
14 department, for the calendar year ending in the current state
15 fiscal year divided by the district's membership excluding special
16 education pupils for the school year ending in the current state
17 fiscal year.

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