

SENATE BILL No. 447

September 9, 2015, Introduced by Senator KNEZEK 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 2015 PA 85.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20. (1) For 2015-2016, both of the following apply:

2 (a) The basic foundation allowance is \$8,169.00.

3 (b) The minimum foundation allowance is \$7,391.00.

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 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 \$23.00) 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. For the purposes of
26 this subdivision, for 2015-2016, the minimum foundation allowance
27 for the immediately preceding state fiscal year shall be considered

1 to be \$7,251.00.

2 (b) Except as otherwise provided in this subsection, for a
3 district that in the immediately preceding state fiscal year had a
4 foundation allowance in an amount equal to the amount of the basic
5 foundation allowance for the immediately preceding state fiscal
6 year, the district shall receive a foundation allowance for 2015-
7 2016 in an amount equal to the basic foundation allowance for 2015-
8 2016.

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

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

26 (e) For a district that received a payment under section 22c
27 as that section was in effect for 2014-2015, the district's 2014-

1 2015 foundation allowance shall be considered to have been an
2 amount equal to the sum of the district's actual 2014-2015
3 foundation allowance as otherwise calculated under this section
4 plus the per-pupil amount of the district's equity payment for
5 2014-2015 under section 22c as that section was in effect for 2014-
6 2015.

7 (4) Except as otherwise provided in this subsection, the state
8 portion of a district's foundation allowance is an amount equal to
9 the district's foundation allowance or the basic foundation
10 allowance for the current state fiscal year, whichever is less,
11 minus the local portion of the district's foundation allowance
12 divided by the district's membership excluding special education
13 pupils. For a district described in subsection (3)(c), the state
14 portion of the district's foundation allowance is an amount equal
15 to \$6,962.00 plus the difference between the district's foundation
16 allowance for the current state fiscal year and the district's
17 foundation allowance for 1998-99, minus the local portion of the
18 district's foundation allowance divided by the district's
19 membership excluding special education pupils. For a district that
20 has a millage reduction required under section 31 of article IX of
21 the state constitution of 1963, the state portion of the district's
22 foundation allowance shall be calculated as if that reduction did
23 not occur. For a receiving district, if school operating taxes
24 continue to be levied on behalf of a dissolved district that has
25 been attached in whole or in part to the receiving district to
26 satisfy debt obligations of the dissolved district under section 12
27 of the revised school code, MCL 380.12, the taxable value per

1 membership pupil of property in the receiving district used for the
2 purposes of this subsection does not include the taxable value of
3 property within the geographic area of the dissolved district.

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. For a pupil enrolled pursuant to section 105 or 105c
7 in a district other than the pupil's district of residence, the
8 allocation calculated under this section shall be based on the
9 lesser of the foundation allowance of the pupil's district of
10 residence or the foundation allowance of the educating district.
11 For a pupil in membership in a K-5, K-6, or K-8 district who is
12 enrolled in another district in a grade not offered by the pupil's
13 district of residence, the allocation calculated under this section
14 shall be based on the foundation allowance of the educating
15 district if the educating district's foundation allowance is
16 greater than the foundation allowance of the pupil's district of
17 residence.

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

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

22 (7) Except as otherwise provided in this subsection, for
23 pupils attending an achievement school and in membership in the
24 education achievement system, other than special education pupils,
25 the allocation calculated under this section is an amount per
26 membership pupil other than special education pupils equal to the
27 foundation allowance of the district in which the achievement

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

21 (8) Subject to subsection (4), for a district that is formed
22 or reconfigured after June 1, 2002 by consolidation of 2 or more
23 districts or by annexation, the resulting district's foundation
24 allowance under this section beginning after the effective date of
25 the consolidation or annexation shall be the ~~lesser of the sum of~~
26 ~~the average of the foundation allowances of each of the original or~~
27 ~~affected districts, calculated as provided in this section,~~

1 ~~weighted as to the percentage of pupils in total membership in the~~
2 ~~resulting district who reside in the geographic area of each of the~~
3 ~~original or affected districts plus \$100.00 or **SUM OF** the highest~~
4 ~~foundation allowance among the original or affected districts **PLUS**~~
5 ~~**\$100.00**. This subsection does not apply to a receiving district~~
6 ~~unless there is a subsequent consolidation or annexation that~~
7 ~~affects the district.~~

8 (9) Each fraction used in making calculations under this
9 section shall be rounded to the fourth decimal place and the dollar
10 amount of an increase in the basic foundation allowance shall be
11 rounded to the nearest whole dollar.

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

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

21 (a) The pupil membership factor shall be computed by dividing
22 the estimated membership in the school year ending in the current
23 state fiscal year, excluding intermediate district membership, by
24 the estimated membership for the school year ending in the
25 subsequent state fiscal year, excluding intermediate district
26 membership. If a consensus membership factor is not determined at
27 the revenue estimating conference, the principals of the revenue

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

4 (b) The revenue adjustment factor shall be computed by
5 dividing the sum of the estimated total state school aid fund
6 revenue for the subsequent state fiscal year plus the estimated
7 total state school aid fund revenue for the current state fiscal
8 year, adjusted for any change in the rate or base of a tax the
9 proceeds of which are deposited in that fund and excluding money
10 transferred into that fund from the countercyclical budget and
11 economic stabilization fund under the management and budget act,
12 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated
13 total school aid fund revenue for the current state fiscal year
14 plus the estimated total state school aid fund revenue for the
15 immediately preceding state fiscal year, adjusted for any change in
16 the rate or base of a tax the proceeds of which are deposited in
17 that fund. If a consensus revenue factor is not determined at the
18 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 (c) The index shall be calculated by multiplying the pupil
23 membership factor by the revenue adjustment factor. If a consensus
24 index is not determined at the revenue estimating conference, the
25 principals of the revenue estimating conference shall report their
26 estimates to the house and senate subcommittees responsible for
27 school aid appropriations not later than 7 days after the

1 conclusion of the revenue conference.

2 (12) Payments to districts, public school academies, or the
3 education achievement system shall not be made under this section.
4 Rather, the calculations under this section shall be used to
5 determine the amount of state payments under section 22b.

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

11 (14) As used in this section:

12 (a) "Certified mills" means the lesser of 18 mills or the
13 number of mills of school operating taxes levied by the district in
14 1993-94.

15 (b) "Combined state and local revenue" means the aggregate of
16 the district's state school aid received by or paid on behalf of
17 the district under this section and the district's local school
18 operating revenue.

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

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

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

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

3 (g) "Local portion of the district's foundation allowance"
4 means an amount that is equal to the difference between (the sum of
5 the product of the taxable value per membership pupil of all
6 property in the district that is nonexempt property times the
7 district's certified mills and, for a district with certified mills
8 exceeding 12, the product of the taxable value per membership pupil
9 of property in the district that is commercial personal property
10 times the certified mills minus 12 mills) and (the quotient of the
11 product of the captured assessed valuation under tax increment
12 financing acts times the district's certified mills divided by the
13 district's membership excluding special education pupils).

14 (h) "Local school operating revenue" means school operating
15 taxes levied under section 1211 of the revised school code, MCL
16 380.1211. For a receiving district, if school operating taxes are
17 to be levied on behalf of a dissolved district that has been
18 attached in whole or in part to the receiving district to satisfy
19 debt obligations of the dissolved district under section 12 of the
20 revised school code, MCL 380.12, local school operating revenue
21 does not include school operating taxes levied within the
22 geographic area of the dissolved district.

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

26 (j) "Maximum public school academy allocation", except as
27 otherwise provided in this subdivision, means the maximum per-pupil

1 allocation as calculated by adding the highest per-pupil allocation
2 among all public school academies for the immediately preceding
3 state fiscal year plus the difference between twice the amount of
4 the difference between the basic foundation allowance for the
5 current state fiscal year and the basic foundation allowance for
6 the immediately preceding state fiscal year and [(the amount of the
7 difference between the basic foundation allowance for the current
8 state fiscal year and the basic foundation allowance for the
9 immediately preceding state fiscal year minus \$23.00) times (the
10 difference between the highest per-pupil allocation among all
11 public school academies for the immediately preceding state fiscal
12 year and the minimum foundation allowance for the immediately
13 preceding state fiscal year) divided by the difference between the
14 basic foundation allowance for the current state fiscal year and
15 the minimum foundation allowance for the immediately preceding
16 state fiscal year]. For the purposes of this subdivision, for 2015-
17 2016, the maximum public school academy allocation is \$7,391.00.

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

21 (l) "Nonexempt property" means property that is not a
22 principal residence, qualified agricultural property, qualified
23 forest property, supportive housing property, industrial personal
24 property, commercial personal property, or property occupied by a
25 public school academy.

26 (m) "Principal residence", "qualified agricultural property",
27 "qualified forest property", "supportive housing property",

1 "industrial personal property", and "commercial personal property"
2 mean those terms as defined in section 1211 of the revised school
3 code, MCL 380.1211.

4 (n) "Receiving district" means a district to which all or part
5 of the territory of a dissolved district is attached under section
6 12 of the revised school code, MCL 380.12.

7 (o) "School operating purposes" means the purposes included in
8 the operation costs of the district as prescribed in sections 7 and
9 18 and purposes authorized under section 1211 of the revised school
10 code, MCL 380.1211.

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

14 (q) "Tax increment financing acts" means 1975 PA 197, MCL
15 125.1651 to 125.1681, the tax increment finance authority act, 1980
16 PA 450, MCL 125.1801 to 125.1830, the local development financing
17 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
18 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
19 or the corridor improvement authority act, 2005 PA 280, MCL
20 125.2871 to 125.2899.

21 (r) "Taxable value per membership pupil" means taxable value,
22 as certified by the county treasurer and reported to the
23 department, for the calendar year ending in the current state
24 fiscal year divided by the district's membership excluding special
25 education pupils for the school year ending in the current state
26 fiscal year.

27 Enacting section 1. This amendatory act takes effect 90 days

1 after the date it is enacted into law.