

HOUSE BILL NO. 6277

December 05, 2024, Introduced by Rep. Andrews.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 20 and 22a (MCL 388.1620 and 388.1622a), as
amended by 2024 PA 120.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 20. (1) For 2024-2025, the target foundation allowance is
2 \$9,608.00.

3 (2) The department shall calculate the amount of each
4 district's foundation allowance as provided in this section, using
5 a target foundation allowance in the amount specified in subsection

1 (1).

2 (3) Except as otherwise provided in this section, the
3 department shall calculate the amount of a district's foundation
4 allowance as follows, using in all calculations the total amount of
5 the district's foundation allowance as calculated before any
6 proration:

7 (a) For a district that had a foundation allowance for the
8 immediately preceding fiscal year that was equal to the target
9 foundation allowance for the immediately preceding fiscal year, the
10 district receives a foundation allowance in an amount equal to the
11 target foundation allowance described in subsection (1) for the
12 current fiscal year.

13 (b) For a district that had a foundation allowance for the
14 immediately preceding fiscal year that was greater than the target
15 foundation allowance for the immediately preceding fiscal year, the
16 district's foundation allowance is an amount equal to the lesser of
17 (the sum of the district's foundation allowance for the immediately
18 preceding fiscal year plus any per pupil amount calculated under
19 section 20m(2) in the immediately preceding fiscal year plus the
20 increase in the target foundation allowance for the current fiscal
21 year, as compared to the immediately preceding fiscal year) or (the
22 product of the district's foundation allowance for the immediately
23 preceding fiscal year times the percentage increase in the United
24 States Consumer Price Index in the calendar year ending in the
25 immediately preceding fiscal year as reported by the May revenue
26 estimating conference conducted under section 367b of the
27 management and budget act, 1984 PA 431, MCL 18.1367b).

28 (c) For a district that had a foundation allowance in the
29 immediately preceding fiscal year that was less than the target

1 foundation allowance in effect for that fiscal year, the district's
2 foundation allowance is an amount equal to the lesser of (the sum
3 of district's foundation allowance for the immediately preceding
4 fiscal year plus any per pupil amount calculated under section
5 20m(2) in the immediately preceding fiscal year plus the increase
6 in the target foundation allowance for the current fiscal year, as
7 compared to the immediately preceding fiscal year) or (the product
8 of the district's foundation allowance for the immediately
9 preceding fiscal year times the percentage increase in the United
10 States Consumer Price Index in the calendar year ending in the
11 immediately preceding fiscal year as reported by the May revenue
12 estimating conference conducted under section 367b of the
13 management and budget act, 1984 PA 431, MCL 18.1367b).

14 (d) For a district that has a foundation allowance that is not
15 a whole dollar amount, the department shall round the district's
16 foundation allowance up to the nearest whole dollar.

17 (4) Except as otherwise provided in this subsection, the state
18 portion of a district's foundation allowance is an amount equal to
19 the district's foundation allowance or the target foundation
20 allowance for the current fiscal year, whichever is less, minus the
21 local portion of the district's foundation allowance. Except as
22 otherwise provided in this subsection, for a district described in
23 subsection (3)(b) and (c), the state portion of the district's
24 foundation allowance is an amount equal to the target foundation
25 allowance minus the district's foundation allowance supplemental
26 payment per pupil calculated under section 20m and minus the local
27 portion of the district's foundation allowance. For a district that
28 has a millage reduction required under section 31 of article IX of
29 the state constitution of 1963, the department shall calculate the

1 state portion of the district's foundation allowance as if that
2 reduction did not occur. For a receiving district, if school
3 operating taxes continue to be levied on behalf of a dissolved
4 district that has been attached in whole or in part to the
5 receiving district to satisfy debt obligations of the dissolved
6 district under section 12 of the revised school code, MCL 380.12,
7 the taxable value per membership pupil of property in the receiving
8 district used for the purposes of this subsection does not include
9 the taxable value of property within the geographic area of the
10 dissolved district. For a community district, if school operating
11 taxes continue to be levied by a qualifying school district under
12 section 12b of the revised school code, MCL 380.12b, with the same
13 geographic area as the community district, the taxable value per
14 membership pupil of property in the community district to be used
15 for the purposes of this subsection does not include the taxable
16 value of property within the geographic area of the community
17 district.

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

1 allowance of the pupil's district of residence. The calculation
2 under this subsection must take into account a district's per-pupil
3 allocation under section 20m.

4 (6) Except as otherwise provided in this subsection, for
5 pupils in membership, other than special education pupils, in a
6 public school academy, the allocation calculated under this section
7 is an amount per membership pupil other than special education
8 pupils in the public school academy equal to the target foundation
9 allowance specified in subsection (1), or, for a public school
10 academy that was issued a contract under section 552 of the revised
11 school code, MCL 380.552, to operate as a school of excellence that
12 is a cyber school, \$9,150.00. Notwithstanding section 101, for a
13 public school academy that begins operations after the pupil
14 membership count day, the amount per membership pupil calculated
15 under this subsection must be adjusted by multiplying that amount
16 per 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 must not exceed the amount per
21 membership pupil otherwise calculated under this subsection.

22 (7) For pupils in membership, other than special education
23 pupils, in a community district, the allocation calculated under
24 this section is an amount per membership pupil other than special
25 education pupils in the community district equal to the foundation
26 allowance of the qualifying school district, as described in
27 section 12b of the revised school code, MCL 380.12b, that is
28 located within the same geographic area as the community district.

29 (8) Subject to subsection (4), for a district that is formed

1 or reconfigured after June 1, 2002 by consolidation of 2 or more
2 districts or by annexation, the resulting district's foundation
3 allowance under this section beginning after the effective date of
4 the consolidation or annexation is the lesser of the sum of the
5 average of the foundation allowances of each of the original or
6 affected districts, calculated as provided in this section,
7 weighted as to the percentage of pupils in total membership in the
8 resulting district who reside in the geographic area of each of the
9 original or affected districts plus \$100.00 or the highest
10 foundation allowance among the original or affected districts. This
11 subsection does not apply to a receiving district unless there is a
12 subsequent consolidation or annexation that affects the district.
13 The calculation under this subsection must take into account a
14 district's per-pupil allocation under section 20m.

15 (9) The department shall round each fraction used in making
16 calculations under this section to the fourth decimal place and
17 shall round the dollar amount of an increase in the target
18 foundation allowance to the nearest whole dollar.

19 (10) State payments related to payment of the foundation
20 allowance for a special education pupil are not calculated under
21 this section but are instead calculated under section 51e.

22 (11) To assist the legislature in determining the target
23 foundation allowance for the subsequent fiscal year, each revenue
24 estimating conference conducted under section 367b of the
25 management and budget act, 1984 PA 431, MCL 18.1367b, must
26 calculate a pupil membership factor, a revenue adjustment factor,
27 and an index as follows:

28 (a) The pupil membership factor is computed by dividing the
29 estimated membership in the school year ending in the current

1 fiscal year, excluding intermediate district membership, by the
2 estimated membership for the school year ending in the subsequent
3 fiscal year, excluding intermediate district membership. If a
4 consensus membership factor is not determined at the revenue
5 estimating conference, the principals of the revenue estimating
6 conference shall report their estimates to the house and senate
7 subcommittees responsible for school aid appropriations not later
8 than 7 days after the conclusion of the revenue conference.

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

27 (c) The index is calculated by multiplying the pupil
28 membership factor by the revenue adjustment factor. If a consensus
29 index is not determined at the revenue estimating conference, the

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

(12) Payments to districts and public school academies are not made under this section. Rather, the calculations under this section are used to determine the amount of state payments under section 22b.

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

(14) As used in this section:

(a) "Certified mills" means ~~the lesser of 18 mills or the~~ number of mills of school operating taxes levied by the district ~~in 1993-94.~~ **as permitted under section 1211 of the revised school code, MCL 380.1211.**

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

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

(d) "Immediately preceding fiscal year" means the fiscal year immediately preceding the current fiscal year.

(e) "Local portion of the district's foundation allowance" means an amount that is equal to the difference between (the sum of the product of the taxable value per membership pupil of all

1 property in the district that is nonexempt property times the
2 district's certified mills and, for a district with certified mills
3 exceeding 12, the product of the taxable value per membership pupil
4 of property in the district that is commercial personal property
5 times the certified mills minus 12 mills) and (the quotient of the
6 product of the captured assessed valuation under tax increment
7 financing acts times the district's certified mills divided by the
8 district's membership excluding special education pupils).

9 (f) "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 (g) "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 (h) "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 (i) "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 (j) "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
28 code, MCL 380.1211.

29 (k) "School operating taxes" means local ad valorem property

1 taxes levied under section 1211 of the revised school code, MCL
2 380.1211, and retained for school operating purposes.

3 (l) "Tax increment financing acts" means parts 2, 3, 4, and 6
4 of the recodified tax increment financing act, 2018 PA 57, MCL
5 125.4201 to 125.4420 and 125.4602 to 125.4629, or the brownfield
6 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

7 (m) "Taxable value per membership pupil" means taxable value,
8 as certified by the county treasurer and reported to the
9 department, for the calendar year ending in the current state
10 fiscal year divided by the district's membership excluding special
11 education pupils for the school year ending in the current state
12 fiscal year.

13 Sec. 22a. (1) From the state school aid fund money
14 appropriated in section 11, there is allocated an amount not to
15 exceed \$4,144,000,000.00 for 2023-2024 and there is allocated an
16 amount not to exceed \$3,993,000,000.00 for 2024-2025 for payments
17 to districts and qualifying public school academies to guarantee
18 each district and qualifying public school academy an amount equal
19 to its 1994-95 total state and local per-pupil revenue for school
20 operating purposes under section 11 of article IX of the state
21 constitution of 1963. Pursuant to section 11 of article IX of the
22 state constitution of 1963, this guarantee does not apply to a
23 district in a year in which the district levies a millage rate for
24 school district operating purposes less than it levied in 1994.
25 However, subsection (2) applies to calculating the payments under
26 this section. Funds allocated under this section that are not
27 expended in the fiscal year for which they were allocated, as
28 determined by the department, may be used to supplement the
29 allocations under sections 22b and 51c to fully fund those

1 allocations for the same fiscal year.

2 (2) To ensure that a district receives an amount equal to the
3 district's 1994-95 total state and local per-pupil revenue for
4 school operating purposes, there is allocated to each district a
5 state portion of the district's 1994-95 foundation allowance in an
6 amount calculated as follows:

7 (a) Except as otherwise provided in this subsection, the state
8 portion of a district's 1994-95 foundation allowance is an amount
9 equal to the district's 1994-95 foundation allowance or \$6,500.00,
10 whichever is less, minus the difference between the sum of the
11 product of the taxable value per membership pupil of all property
12 in the district that is nonexempt property times the district's
13 certified mills and, for a district with certified mills exceeding
14 12, the product of the taxable value per membership pupil of
15 property in the district that is commercial personal property times
16 the certified mills minus 12 mills and the quotient of the ad
17 valorem property tax revenue of the district captured under tax
18 increment financing acts divided by the district's membership. For
19 a district that has a millage reduction required under section 31
20 of article IX of the state constitution of 1963, the department
21 shall calculate the state portion of the district's foundation
22 allowance as if that reduction did not occur. For a receiving
23 district, if school operating taxes are to be levied on behalf of a
24 dissolved district that has been attached in whole or in part to
25 the receiving district to satisfy debt obligations of the dissolved
26 district under section 12 of the revised school code, MCL 380.12,
27 taxable value per membership pupil of all property in the receiving
28 district that is nonexempt property and taxable value per
29 membership pupil of property in the receiving district that is

1 commercial personal property do not include property within the
2 geographic area of the dissolved district; ad valorem property tax
3 revenue of the receiving district captured under tax increment
4 financing acts does not include ad valorem property tax revenue
5 captured within the geographic boundaries of the dissolved district
6 under tax increment financing acts; and certified mills do not
7 include the certified mills of the dissolved district. For a
8 community district, the department shall reduce the allocation as
9 otherwise calculated under this section by an amount equal to the
10 amount of local school operating tax revenue that would otherwise
11 be due to the community district if not for the operation of
12 section 386 of the revised school code, MCL 380.386, and the amount
13 of this reduction is offset by the increase in funding under
14 section 22b(2).

15 (b) For a district that had a 1994-95 foundation allowance
16 greater than \$6,500.00, the state payment under this subsection is
17 the sum of the amount calculated under subdivision (a) plus the
18 amount calculated under this subdivision. The amount calculated
19 under this subdivision must be equal to the difference between the
20 district's 1994-95 foundation allowance minus \$6,500.00 and the
21 current year hold harmless school operating taxes per pupil. If the
22 result of the calculation under subdivision (a) is negative, the
23 negative amount is an offset against any state payment calculated
24 under this subdivision. If the result of a calculation under this
25 subdivision is negative, there is not a state payment or a
26 deduction under this subdivision. The taxable values per membership
27 pupil used in the calculations under this subdivision are as
28 adjusted by ad valorem property tax revenue captured under tax
29 increment financing acts divided by the district's membership. For

1 a receiving district, if school operating taxes are to be levied on
2 behalf of a dissolved district that has been attached in whole or
3 in part to the receiving district to satisfy debt obligations of
4 the dissolved district under section 12 of the revised school code,
5 MCL 380.12, ad valorem property tax revenue captured under tax
6 increment financing acts do not include ad valorem property tax
7 revenue captured within the geographic boundaries of the dissolved
8 district under tax increment financing acts.

9 (3) For pupils in membership in a qualifying public school
10 academy, there is allocated under this section to the authorizing
11 body that is the fiscal agent for the qualifying public school
12 academy for forwarding to the qualifying public school academy an
13 amount equal to the 1994-95 per-pupil payment to the qualifying
14 public school academy under section 20.

15 (4) A district or qualifying public school academy may use
16 funds allocated under this section in conjunction with any federal
17 funds for which the district or qualifying public school academy
18 otherwise would be eligible.

19 (5) Except as otherwise provided in this subsection, for a
20 district that is formed or reconfigured after June 1, 2000 by
21 consolidation of 2 or more districts or by annexation, the
22 resulting district's 1994-95 foundation allowance under this
23 section beginning after the effective date of the consolidation or
24 annexation is the average of the 1994-95 foundation allowances of
25 each of the original or affected districts, calculated as provided
26 in this section, weighted as to the percentage of pupils in total
27 membership in the resulting district in the fiscal year in which
28 the consolidation takes place who reside in the geographic area of
29 each of the original districts. If an affected district's 1994-95

1 foundation allowance is less than the 1994-95 basic foundation
2 allowance, the amount of that district's 1994-95 foundation
3 allowance is considered for the purpose of calculations under this
4 subsection to be equal to the amount of the 1994-95 basic
5 foundation allowance. This subsection does not apply to a receiving
6 district unless there is a subsequent consolidation or annexation
7 that affects the district.

8 (6) Payments under this section are subject to section 25g.

9 (7) As used in this section:

10 (a) "1994-95 foundation allowance" means a district's 1994-95
11 foundation allowance calculated and certified by the department of
12 treasury or the superintendent under former section 20a as enacted
13 in 1993 PA 336 and as amended by 1994 PA 283.

14 (b) "Certified mills" means ~~the lesser of 18 mills or the~~
15 number of mills of school operating taxes levied by the district ~~in~~
16 ~~1993-94~~ **as permitted under section 1211 of the revised school code,**
17 **MCL 380.1211.**

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

20 (d) "Current year hold harmless school operating taxes per
21 pupil" means the per-pupil revenue generated by multiplying a
22 district's 1994-95 hold harmless millage by the district's current
23 year taxable value per membership pupil. For a receiving district,
24 if school operating taxes are to be levied on behalf of a dissolved
25 district that has been attached in whole or in part to the
26 receiving district to satisfy debt obligations of the dissolved
27 district under section 12 of the revised school code, MCL 380.12,
28 taxable value per membership pupil does not include the taxable
29 value of property within the geographic area of the dissolved

1 district.

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

6 (f) "Hold harmless millage" means, for a district with a 1994-
7 95 foundation allowance greater than \$6,500.00, the number of mills
8 by which the exemption from the levy of school operating taxes on a
9 principal residence, qualified agricultural property, qualified
10 forest property, supportive housing property, industrial personal
11 property, commercial personal property, and property occupied by a
12 public school academy could be reduced as provided in section 1211
13 of the revised school code, MCL 380.1211, and the number of mills
14 of school operating taxes that could be levied on all property as
15 provided in section 1211(2) of the revised school code, MCL
16 380.1211, as certified by the department of treasury for the 1994
17 tax year. For a receiving district, if school operating taxes are
18 to be levied on behalf of a dissolved district that has been
19 attached in whole or in part to the receiving district to satisfy
20 debt obligations of the dissolved district under section 12 of the
21 revised school code, MCL 380.12, school operating taxes do not
22 include school operating taxes levied within the geographic area of
23 the dissolved district.

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

27 (h) "Nonexempt property" means property that is not a
28 principal residence, qualified agricultural property, qualified
29 forest property, supportive housing property, industrial personal

1 property, commercial personal property, or property occupied by a
2 public school academy.

3 (i) "Principal residence", "qualified agricultural property",
4 "qualified forest property", "supportive housing property",
5 "industrial personal property", and "commercial personal property"
6 mean those terms as defined in section 1211 of the revised school
7 code, MCL 380.1211.

8 (j) "Qualifying public school academy" means a public school
9 academy that was in operation in the 1994-95 school year and is in
10 operation in the current fiscal year.

11 (k) "Receiving district" means a district to which all or part
12 of the territory of a dissolved district is attached under section
13 12 of the revised school code, MCL 380.12.

14 (l) "School operating taxes" means local ad valorem property
15 taxes levied under section 1211 of the revised school code, MCL
16 380.1211, and retained for school operating purposes as defined in
17 section 20.

18 (m) "Tax increment financing acts" means parts 2, 3, 4, and 6
19 of the recodified tax increment financing act, 2018 PA 57, MCL
20 125.4201 to 125.4420 and 125.4602 to 125.4629, or the brownfield
21 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670.

22 (n) "Taxable value per membership pupil" means each of the
23 following divided by the district's membership:

24 (i) For the number of mills by which the exemption from the
25 levy of school operating taxes on a principal residence, qualified
26 agricultural property, qualified forest property, supportive
27 housing property, industrial personal property, commercial personal
28 property, and property occupied by a public school academy may be
29 reduced as provided in section 1211 of the revised school code, MCL

1 380.1211, the taxable value of principal residence, qualified
2 agricultural property, qualified forest property, supportive
3 housing property, industrial personal property, commercial personal
4 property, and property occupied by a public school academy for the
5 calendar year ending in the current fiscal year. For a receiving
6 district, if school operating taxes are to be levied on behalf of a
7 dissolved district that has been attached in whole or in part to
8 the receiving district to satisfy debt obligations of the dissolved
9 district under section 12 of the revised school code, MCL 380.12,
10 mills do not include mills within the geographic area of the
11 dissolved district.

12 (ii) For the number of mills of school operating taxes that may
13 be levied on all property as provided in section 1211(2) of the
14 revised school code, MCL 380.1211, the taxable value of all
15 property for the calendar year ending in the current fiscal year.
16 For a receiving district, if school operating taxes are to be
17 levied on behalf of a dissolved district that has been attached in
18 whole or in part to the receiving district to satisfy debt
19 obligations of the dissolved district under section 12 of the
20 revised school code, MCL 380.12, school operating taxes do not
21 include school operating taxes levied within the geographic area of
22 the dissolved district.

23 Enacting section 1. This amendatory act does not take effect
24 unless Senate Bill No.____ or House Bill No.____ (request no.
25 06633'24) of the 102nd Legislature is enacted into law.