

# HOUSE BILL No. 5224

December 13, 2011, Introduced by Reps. Johnson, McBroom, Foster, Shirkey, Rendon, Potvin, Wayne Schmidt, Daley, Callton, Goike, Damrow, Muxlow, Opsommer and MacMaster 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 2011 PA 62.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 20. (1) For 2011-2012, the basic foundation allowance is  
2 \$8,019.00. **FOR 2012-2013, THE BASIC FOUNDATION ALLOWANCE SHALL BE**  
3 **\$7,745.00. FOR 2013-2014, THE BASIC FOUNDATION ALLOWANCE SHALL BE**  
4 **\$7,470.00. FOR 2014-2015, THE BASIC FOUNDATION ALLOWANCE SHALL BE**  
5 **\$7,195.00.**

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

9           (3) Except as otherwise provided in this section, the amount  
10 of a district's foundation allowance shall be calculated as

1 follows, using in all calculations the total amount of the  
2 district's foundation allowance as calculated before any proration:

3 (a) For a district that had a foundation allowance for the  
4 immediately preceding state fiscal year that was at least equal to  
5 the sum of \$7,108.00 plus the total dollar amount of all  
6 adjustments made from 2006-2007 to the immediately preceding state  
7 fiscal year in the lowest foundation allowance among all districts,  
8 but less than the basic foundation allowance for the immediately  
9 preceding state fiscal year, the district shall receive a  
10 foundation allowance in an amount equal to the sum of the  
11 district's foundation allowance for the immediately preceding state  
12 fiscal year plus the difference between twice the dollar amount of  
13 the adjustment from the immediately preceding state fiscal year to  
14 the current state fiscal year made in the basic foundation  
15 allowance and [(the dollar amount of the adjustment from the  
16 immediately preceding state fiscal year to the current state fiscal  
17 year made in the basic foundation allowance minus \$20.00) times  
18 (the difference between the district's foundation allowance for the  
19 immediately preceding state fiscal year and the sum of \$7,108.00  
20 plus the total dollar amount of all adjustments made from 2006-2007  
21 to the immediately preceding state fiscal year in the lowest  
22 foundation allowance among all districts) divided by the difference  
23 between the basic foundation allowance for the current state fiscal  
24 year and the sum of \$7,108.00 plus the total dollar amount of all  
25 adjustments made from 2006-2007 to the immediately preceding state  
26 fiscal year in the lowest foundation allowance among all  
27 districts]. For 2011-2012, for a district that had a foundation

1 allowance for the immediately preceding state fiscal year that was  
2 at least equal to the sum of \$7,108.00 plus the total dollar amount  
3 of all adjustments made from 2006-2007 to the immediately preceding  
4 state fiscal year in the lowest foundation allowance among all  
5 districts, but less than the basic foundation allowance for the  
6 immediately preceding state fiscal year, the district shall receive  
7 a foundation allowance in an amount equal to the district's  
8 foundation allowance for 2010-2011, minus \$470.00. **FOR 2012-2013,**  
9 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
10 **THIS SUBDIVISION FOR 2011-2012 THAT WAS LESS THAN \$6,955.00, THE**  
11 **DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$6,955.00. FOR 2012-2013,**  
12 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
13 **THIS SUBDIVISION FOR 2011-2012 THAT WAS AT LEAST EQUAL TO**  
14 **\$6,955.00, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE THE SAME AS**  
15 **THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2011-2012. FOR 2013-2014,**  
16 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
17 **THIS SUBDIVISION FOR 2012-2013 THAT WAS LESS THAN \$7,070.00, THE**  
18 **DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$7,070.00. FOR 2013-2014,**  
19 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
20 **THIS SUBDIVISION FOR 2012-2013 THAT WAS AT LEAST EQUAL TO**  
21 **\$7,070.00, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE THE SAME AS**  
22 **THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2012-2013. FOR 2014-2015,**  
23 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
24 **THIS SUBDIVISION FOR 2013-2014 THAT WAS LESS THAN \$7,195.00, THE**  
25 **DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$7,195.00. FOR 2014-2015,**  
26 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
27 **THIS SUBDIVISION FOR 2013-2014 THAT WAS AT LEAST EQUAL TO**

1 \$7,195.00, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE THE SAME AS  
2 THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014. However, the  
3 foundation allowance for a district that had A FOUNDATION ALLOWANCE  
4 IN AN AMOUNT less than the basic foundation allowance for the  
5 immediately preceding state fiscal year shall not exceed the basic  
6 foundation allowance for the current state fiscal year.

7 (b) Except as otherwise provided in this subsection, for a  
8 district that in the immediately preceding state fiscal year had a  
9 foundation allowance in an amount at least equal to the amount of  
10 the basic foundation allowance for the immediately preceding state  
11 fiscal year, the district shall receive a foundation allowance for  
12 2011-2012 in an amount equal to the district's foundation allowance  
13 for 2010-2011, minus \$470.00. FOR 2012-2013, FOR A DISTRICT THAT IN  
14 THE IMMEDIATELY PRECEDING STATE FISCAL YEAR HAD A FOUNDATION  
15 ALLOWANCE AS CALCULATED UNDER THIS SUBDIVISION IN AN AMOUNT AT  
16 LEAST EQUAL TO THE AMOUNT OF THE BASIC FOUNDATION ALLOWANCE FOR THE  
17 IMMEDIATELY PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE  
18 A FOUNDATION ALLOWANCE FOR 2012-2013 IN AN AMOUNT EQUAL TO THE  
19 DISTRICT'S FOUNDATION ALLOWANCE FOR 2011-2012, MINUS \$274.00. FOR  
20 2013-2014, FOR A DISTRICT THAT IN THE IMMEDIATELY PRECEDING STATE  
21 FISCAL YEAR HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER THIS  
22 SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO THE AMOUNT OF THE BASIC  
23 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL  
24 YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE FOR 2013-  
25 2014 IN AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR  
26 2012-2013, MINUS \$275.00. FOR 2014-2015, FOR A DISTRICT THAT IN THE  
27 IMMEDIATELY PRECEDING STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE

1 AS CALCULATED UNDER THIS SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO  
2 THE AMOUNT OF THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY  
3 PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE A  
4 FOUNDATION ALLOWANCE FOR 2014-2015 IN AN AMOUNT EQUAL TO THE  
5 DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014, MINUS \$275.00.

6 (c) Except as otherwise provided in subdivision (d), for a  
7 district that in the 1994-95 state fiscal year had a foundation  
8 allowance greater than \$6,500.00, the district's foundation  
9 allowance is an amount equal to the sum of the district's  
10 foundation allowance for the immediately preceding state fiscal  
11 year plus the lesser of the increase in the basic foundation  
12 allowance for the current state fiscal year, as compared to the  
13 immediately preceding state fiscal year, or the product of the  
14 district's foundation allowance for the immediately preceding state  
15 fiscal year times the percentage increase in the United States  
16 consumer price index in the calendar year ending in the immediately  
17 preceding fiscal year as reported by the May revenue estimating  
18 conference conducted under section 367b of the management and  
19 budget act, 1984 PA 431, MCL 18.1367b. Except as otherwise provided  
20 in subdivision (d), for 2011-2012, for a district that in the 1994-  
21 1995 state fiscal year had a foundation allowance greater than  
22 \$6,500.00, the district's foundation allowance is an amount equal  
23 to the district's foundation allowance for the 2010-2011 fiscal  
24 year minus \$470.00. **FOR 2012-2013, EXCEPT AS OTHERWISE PROVIDED IN**  
25 **SUBDIVISION (D), FOR A DISTRICT THAT IN THE IMMEDIATELY PRECEDING**  
26 **STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
27 **THIS SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO THE AMOUNT OF THE**

1 BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE  
2 FISCAL YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE FOR  
3 2012-2013 IN AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE  
4 FOR 2011-2012, MINUS \$274.00. FOR 2013-2014, EXCEPT AS OTHERWISE  
5 PROVIDED IN SUBDIVISION (D), FOR A DISTRICT THAT IN THE IMMEDIATELY  
6 PRECEDING STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE AS  
7 CALCULATED UNDER THIS SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO  
8 THE AMOUNT OF THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY  
9 PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE A  
10 FOUNDATION ALLOWANCE FOR 2013-2014 IN AN AMOUNT EQUAL TO THE  
11 DISTRICT'S FOUNDATION ALLOWANCE FOR 2012-2013, MINUS \$275.00. FOR  
12 2014-2015, EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (D), FOR A  
13 DISTRICT THAT IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR HAD A  
14 FOUNDATION ALLOWANCE AS CALCULATED UNDER THIS SUBDIVISION IN AN  
15 AMOUNT AT LEAST EQUAL TO THE AMOUNT OF THE BASIC FOUNDATION  
16 ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, THE  
17 DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE FOR 2014-2015 IN AN  
18 AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014,  
19 MINUS \$275.00.

20 (d) For a district that in the 1994-95 state fiscal year had a  
21 foundation allowance greater than \$6,500.00 and that had a  
22 foundation allowance for the 2009-2010 state fiscal year, as  
23 otherwise calculated under this section, that was less than the  
24 basic foundation allowance, the district's foundation allowance for  
25 2011-2012 and each succeeding fiscal year shall be considered to be  
26 an amount equal to the basic foundation allowance.

27 (e) For a district that has a foundation allowance that is not

1 a whole dollar amount, the district's foundation allowance shall be  
2 rounded up to the nearest whole dollar.

3 (f) For a district that received a payment under **FORMER**  
4 section 22c as that section was in effect for 2001-2002, the  
5 district's 2001-2002 foundation allowance shall be considered to  
6 have been an amount equal to the sum of the district's actual 2001-  
7 2002 foundation allowance as otherwise calculated under this  
8 section plus the per pupil amount of the district's equity payment  
9 for 2001-2002 under **FORMER** section 22c as that section was in  
10 effect for 2001-2002.

11 (g) For a district that received a payment under **FORMER**  
12 section 22c as that section was in effect for 2006-2007, the  
13 district's 2006-2007 foundation allowance shall be considered to  
14 have been an amount equal to the sum of the district's actual 2006-  
15 2007 foundation allowance as otherwise calculated under this  
16 section plus the per pupil amount of the district's equity payment  
17 for 2006-2007 under **FORMER** section 22c as that section was in  
18 effect for 2006-2007.

19 (4) Except as otherwise provided in this subsection, the state  
20 portion of a district's foundation allowance is an amount equal to  
21 the district's foundation allowance or the basic foundation  
22 allowance for the current state fiscal year, whichever is less,  
23 minus the difference between the sum of the product of the taxable  
24 value per membership pupil of all property in the district that is  
25 nonexempt property times the district's certified mills and, for a  
26 district with certified mills exceeding 12, the product of the  
27 taxable value per membership pupil of property in the district that

1 is commercial personal property times the certified mills minus 12  
2 mills and the quotient of the ad valorem property tax revenue of  
3 the district captured under tax increment financing acts divided by  
4 the district's membership excluding special education pupils. For a  
5 district described in subsection (3)(c), the state portion of the  
6 district's foundation allowance is an amount equal to \$6,962.00  
7 plus the difference between the district's foundation allowance for  
8 the current state fiscal year and the district's foundation  
9 allowance for 1998-99, minus the difference between the sum of the  
10 product of the taxable value per membership pupil of all property  
11 in the district that is nonexempt property times the district's  
12 certified mills and, for a district with certified mills exceeding  
13 12, the product of the taxable value per membership pupil of  
14 property in the district that is commercial personal property times  
15 the certified mills minus 12 mills and the quotient of the ad  
16 valorem property tax revenue of the district captured under tax  
17 increment financing acts divided by the district's membership  
18 excluding special education pupils. For a district that has a  
19 millage reduction required under section 31 of article IX of the  
20 state constitution of 1963, the state portion of the district's  
21 foundation allowance shall be calculated as if that reduction did  
22 not occur.

23 (5) The allocation calculated under this section for a pupil  
24 shall be based on the foundation allowance of the pupil's district  
25 of residence. However, for a pupil enrolled in a district other  
26 than the pupil's district of residence, if the foundation allowance  
27 of the pupil's district of residence has been adjusted pursuant to



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

14 (6) Subject to subsection (7) and except as otherwise provided  
15 in this subsection, for pupils in membership, other than special  
16 education pupils, in a public school academy or a university  
17 school, the allocation calculated under this section is an amount  
18 per membership pupil other than special education pupils in the  
19 public school academy or university school equal to the foundation  
20 allowance of the district in which the public school academy or  
21 university school is located or the state maximum public school  
22 academy allocation, whichever is less. However, a public school  
23 academy or university school that had an allocation under this  
24 subsection before 2009-2010 that was equal to the sum of the local  
25 school operating revenue per membership pupil other than special  
26 education pupils for the district in which the public school  
27 academy or university school is located and the state portion of

1 that district's foundation allowance shall not have that allocation  
2 reduced as a result of the 2010 amendment to this subsection.  
3 Notwithstanding section 101, for a public school academy that  
4 begins operations after the pupil membership count day, the amount  
5 per membership pupil calculated under this subsection shall be  
6 adjusted by multiplying that amount per membership pupil by the  
7 number of hours of pupil instruction provided by the public school  
8 academy after it begins operations, as determined by the  
9 department, divided by the minimum number of hours of pupil  
10 instruction required under section 101(3). The result of this  
11 calculation shall not exceed the amount per membership pupil  
12 otherwise calculated under this subsection.

13 (7) If more than 25% of the pupils residing within a district  
14 are in membership in 1 or more public school academies located in  
15 the district, then the amount per membership pupil calculated under  
16 this section for a public school academy located in the district  
17 shall be reduced by an amount equal to the difference between the  
18 sum of the product of the taxable value per membership pupil of all  
19 property in the district that is nonexempt property times the  
20 district's certified mills and, for a district with certified mills  
21 exceeding 12, the product of the taxable value per membership pupil  
22 of property in the district that is commercial personal property  
23 times 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, in the school fiscal year  
27 ending in the current state fiscal year, calculated as if the

1 resident pupils in membership in 1 or more public school academies  
2 located in the district were in membership in the district. In  
3 order to receive state school aid under this article, a district  
4 described in this subsection shall pay to the authorizing body that  
5 is the fiscal agent for a public school academy located in the  
6 district for forwarding to the public school academy an amount  
7 equal to that local school operating revenue per membership pupil  
8 for each resident pupil in membership other than special education  
9 pupils in the public school academy, as determined by the  
10 department.

11 (8) Subject to subsection (4), for a district that is formed  
12 or reconfigured after June 1, 2002 by consolidation of 2 or more  
13 districts or by annexation, the resulting district's foundation  
14 allowance under this section beginning after the effective date of  
15 the consolidation or annexation shall be the average of the  
16 foundation allowances of each of the original or affected  
17 districts, calculated as provided in this section, weighted as to  
18 the percentage of pupils in total membership in the resulting  
19 district who reside in the geographic area of each of the original  
20 or affected districts.

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

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

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

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

17           (b) The revenue adjustment factor shall be computed by  
18 dividing the sum of the estimated total state school aid fund  
19 revenue for the subsequent state fiscal year plus the estimated  
20 total state school aid fund revenue for the current state fiscal  
21 year, adjusted for any change in the rate or base of a tax the  
22 proceeds of which are deposited in that fund and excluding money  
23 transferred into that fund from the countercyclical budget and  
24 economic stabilization fund under the management and budget act,  
25 1984 PA 431, MCL 18.1101 to 18.1594, by the sum of the estimated  
26 total school aid fund revenue for the current state fiscal year  
27 plus the estimated total state school aid fund revenue for the

1 immediately preceding state fiscal year, adjusted for any change in  
2 the rate or base of a tax the proceeds of which are deposited in  
3 that fund. If a consensus revenue factor is not determined at the  
4 revenue estimating conference, the principals of the revenue  
5 estimating conference shall report their estimates to the house and  
6 senate subcommittees responsible for school aid appropriations not  
7 later than 7 days after the conclusion of the revenue conference.

8 (c) The index shall be calculated by multiplying the pupil  
9 membership factor by the revenue adjustment factor. However, for  
10 2011-2012, the index shall be 0.93575. If a consensus index is not  
11 determined at the revenue estimating conference, the principals of  
12 the revenue estimating conference shall report their estimates to  
13 the house and senate subcommittees responsible for school aid  
14 appropriations not later than 7 days after the conclusion of the  
15 revenue conference.

16 (12) If the principals at the revenue estimating conference  
17 reach a consensus on the index described in subsection (11)(c), the  
18 lowest foundation allowance among all districts for the subsequent  
19 state fiscal year shall be at least the amount of that consensus  
20 index multiplied by the lowest foundation allowance among all  
21 districts for the immediately preceding state fiscal year.

22 (13) For a district in which 7.75 mills levied in 1992 for  
23 school operating purposes in the 1992-93 school year were not  
24 renewed in 1993 for school operating purposes in the 1993-94 school  
25 year, the district's combined state and local revenue per  
26 membership pupil shall be recalculated as if that millage reduction  
27 did not occur and the district's foundation allowance shall be

1 calculated as if its 1994-95 foundation allowance had been  
2 calculated using that recalculated 1993-94 combined state and local  
3 revenue per membership pupil as a base. A district is not entitled  
4 to any retroactive payments for fiscal years before 2000-2001 due  
5 to this subsection. A district receiving an adjustment under this  
6 subsection shall not receive as a result of this adjustment an  
7 amount that exceeds 50% of the amount the district received as a  
8 result of this adjustment for 2010-2011. This adjustment shall not  
9 be made after 2011-2012.

10 (14) For a district in which an industrial facilities  
11 exemption certificate that abated taxes on property with a state  
12 equalized valuation greater than the total state equalized  
13 valuation of the district at the time the certificate was issued or  
14 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
15 198, MCL 207.551 to 207.572, before the calculation of the  
16 district's 1994-95 foundation allowance, the district's foundation  
17 allowance for 2002-2003 is an amount equal to the sum of the  
18 district's foundation allowance for 2002-2003, as otherwise  
19 calculated under this section, plus \$250.00. A district receiving  
20 an adjustment under this subsection shall not receive as a result  
21 of this adjustment an amount that exceeds 50% of the amount the  
22 district received as a result of this adjustment for 2010-2011.  
23 This adjustment shall not be made after 2011-2012.

24 (15) For a district that received a grant under former section  
25 32e for 2001-2002, the district's foundation allowance for 2002-  
26 2003 and each succeeding fiscal year shall be adjusted to be an  
27 amount equal to the sum of the district's foundation allowance, as

1 otherwise calculated under this section, plus the quotient of 100%  
2 of the amount of the grant award to the district for 2001-2002  
3 under former section 32e divided by the number of pupils in the  
4 district's membership for 2001-2002 who were residents of and  
5 enrolled in the district. Except as otherwise provided in this  
6 subsection, a district qualifying for a foundation allowance  
7 adjustment under this subsection shall use the funds resulting from  
8 this adjustment for at least 1 of grades K to 3 for purposes  
9 allowable under former section 32e as in effect for 2001-2002, and  
10 may also use these funds for an early intervening program described  
11 in subsection (20). For an individual school or schools operated by  
12 a district qualifying for a foundation allowance under this  
13 subsection that have been determined by the department to meet the  
14 adequate yearly progress standards of the ~~federal~~-no child left  
15 behind act of 2001, Public Law 107-110, in both mathematics and  
16 English language arts at all applicable grade levels for all  
17 applicable subgroups, the district may submit to the department an  
18 application for flexibility in using the funds resulting from this  
19 adjustment that are attributable to the pupils in the school or  
20 schools. The application shall identify the affected school or  
21 schools and the affected funds and shall contain a plan for using  
22 the funds for specific purposes identified by the district that are  
23 designed to reduce class size, but that may be different from the  
24 purposes otherwise allowable under this subsection. The department  
25 shall approve the application if the department determines that the  
26 purposes identified in the plan are reasonably designed to reduce  
27 class size. If the department does not act to approve or disapprove

1 an application within 30 days after it is submitted to the  
2 department, the application is considered to be approved. If an  
3 application for flexibility in using the funds is approved, the  
4 district may use the funds identified in the application for any  
5 purpose identified in the plan. A district receiving an adjustment  
6 under this subsection shall not receive as a result of this  
7 adjustment an amount that exceeds 68.5% of the amount the district  
8 received as a result of this adjustment for 2010-2011. This  
9 adjustment shall not be made after 2011-2012.

10 (16) For a district that levied 1.9 mills in 1993 to finance  
11 an operating deficit, the district's foundation allowance shall be  
12 calculated as if those mills were included as operating mills in  
13 the calculation of the district's 1994-1995 foundation allowance. A  
14 district is not entitled to any retroactive payments for fiscal  
15 years before 2006-2007 due to this subsection. A district receiving  
16 an adjustment under this subsection shall not receive more than  
17 \$800,000.00 for a fiscal year as a result of this adjustment. A  
18 district receiving an adjustment under this subsection shall not  
19 receive as a result of this adjustment an amount that exceeds 50%  
20 of the amount the district received as a result of this adjustment  
21 for 2010-2011. This adjustment shall not be made after 2011-2012.

22 (17) For a district that levied 2.23 mills in 1993 to finance  
23 an operating deficit, the district's foundation allowance shall be  
24 calculated as if those mills were included as operating mills in  
25 the calculation of the district's 1994-1995 foundation allowance. A  
26 district is not entitled to any retroactive payments for fiscal  
27 years before 2006-2007 due to this subsection. A district receiving



1 an adjustment under this subsection shall not receive more than  
2 \$500,000.00 for a fiscal year as a result of this adjustment. A  
3 district receiving an adjustment under this subsection shall not  
4 receive as a result of this adjustment an amount that exceeds 50%  
5 of the amount the district received as a result of this adjustment  
6 for 2010-2011. This adjustment shall not be made after 2011-2012.

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

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

16 (20) As used in this section:

17 (a) "Certified mills" means the lesser of 18 mills or the  
18 number of mills of school operating taxes levied by the district in  
19 1993-94.

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

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

27 (d) "Current state fiscal year" means the state fiscal year

1 for which a particular calculation is made.

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

4 (f) "Local school operating revenue" means school operating  
5 taxes levied under section 1211 of the revised school code, MCL  
6 380.1211.

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

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

1 adjustments made from 2006-2007 to the immediately preceding state  
2 fiscal year in the lowest per-pupil allocation among all public  
3 school academies]. For 2011-2012, **2012-2013, AND 2013-2014**, maximum  
4 public school academy allocation means \$7,110.00. **FOR 2014-2015,**  
5 **MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION MEANS \$7,195.00.**

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

9 (j) "Nonexempt property" means property that is not a  
10 principal residence, qualified agricultural property, qualified  
11 forest property, supportive housing property, industrial personal  
12 property, or commercial personal property.

13 (k) "Principal residence", "qualified agricultural property",  
14 "qualified forest property", "supportive housing property",  
15 "industrial personal property", and "commercial personal property"  
16 mean those terms as defined in section 1211 of the revised school  
17 code, MCL 380.1211.

18 (l) "School operating purposes" means the purposes included in  
19 the operation costs of the district as prescribed in sections 7 and  
20 18.

21 (m) "School operating taxes" means local ad valorem property  
22 taxes levied under section 1211 of the revised school code, MCL  
23 380.1211, and retained for school operating purposes.

24 (n) "Tax increment financing acts" means 1975 PA 197, MCL  
25 125.1651 to 125.1681, the tax increment finance authority act, 1980  
26 PA 450, MCL 125.1801 to 125.1830, the local development financing  
27 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield

1 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
2 or the corridor improvement authority act, 2005 PA 280, MCL  
3 125.2871 to 125.2899.

4 (o) "Taxable value per membership pupil" means taxable value,  
5 as certified by the department of treasury, for the calendar year  
6 ending in the current state fiscal year divided by the district's  
7 membership excluding special education pupils for the school year  
8 ending in the current state fiscal year.