

**SUBSTITUTE FOR
HOUSE BILL NO. 4110**

(as amended February 18, 2015)

[A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 11m, 18, 22a, 22b, 51a, 51c, 147c, 147d, 201,
and 236 (MCL 388.1611, 388.1611m, 388.1618, 388.1622a, 388.1622b,
388.1651a, 388.1651c, 388.1747c, 388.1747d, 388.1801, and 388.1836),
sections 11, 11m, 22a, 22b, 51a, 51c, 147c, 201, and 236 as amended
and section 147d as added by 2014 PA 196, and section 18 as amended by
2014 PA 476; and to repeal acts and parts of acts.]

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30, 2014,~~
2 ~~there is appropriated for the public schools of this state and~~
3 ~~certain other state purposes relating to education the sum of~~
4 ~~\$11,200,232,300.00 from the state school aid fund, the sum of~~
5 ~~\$156,000,000.00 from the MPSERS retirement obligation reform~~

1 ~~reserve fund created under section 147b, and the sum of~~
2 ~~\$149,900,000.00 from the general fund.~~ For the fiscal year ending
3 September 30, 2015, there is appropriated for the public schools of
4 this state and certain other state purposes relating to education
5 the sum of ~~\$11,929,262,900.00~~ **\$11,827,097,400.00** from the state
6 school aid fund, the sum of \$18,000,000.00 from the MPSERS
7 retirement obligation reform reserve fund created under section
8 147b, and the sum of ~~\$114,900,000.00~~ **\$33,700,000.00** from the
9 general fund. In addition, all other available federal funds are
10 appropriated ~~each fiscal year for the fiscal year ending September~~
11 ~~30, 2014 and for the fiscal year ending September 30, 2015.~~

12 (2) The appropriations under this section shall be allocated
13 as provided in this article. Money appropriated under this section
14 from the general fund shall be expended to fund the purposes of
15 this article before the expenditure of money appropriated under
16 this section from the state school aid fund.

17 (3) Any general fund allocations under this article that are
18 not expended by the end of the state fiscal year are transferred to
19 the school aid stabilization fund created under section 11a.

20 Sec. 11m. From the appropriation in section 11, there is
21 allocated for 2014-2015 an amount not to exceed ~~\$4,000,000.00~~
22 **\$3,000,000.00** for fiscal year cash-flow borrowing costs solely
23 related to the state school aid fund established by section 11 of
24 article IX of the state constitution of 1963.

[Sec. 18. (1) Except as provided in another section of this
article, each district or other entity shall apply the money received by
the district or entity under this article to salaries and other
compensation of teachers and other employees, tuition, transportation,
lighting, heating, ventilation, water service, the purchase of textbooks,
other supplies, and any other school operating expenditures defined in
section 7. However, not more than 20% of the total amount received by a
district under sections 22a and 22b or received by an intermediate
district under section 81 may be transferred by the board to either the

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 capital projects fund or to the debt retirement fund for debt service.
 The money shall not be applied or taken for a purpose other than as
 provided in this section. The department shall determine the
 reasonableness of expenditures and may withhold from a recipient of funds
 under this article the apportionment otherwise due upon a violation by
 the recipient.

(2) Within 15 days after a board adopts its annual operating budget
 for the following school fiscal year, or after a board adopts a
 subsequent revision to that budget, the district shall make all of the
 following available through a link on its website home page, or may make
 the information available through a link on its intermediate district's
 website home page, in a form and manner prescribed by the department:

(a) The annual operating budget and subsequent budget revisions.

(b) Using data that have already been collected and submitted to
 the department, a summary of district expenditures for the most recent
 fiscal year for which they are available, expressed in the following 2
 pie charts:

(i) A chart of personnel expenditures, broken into the following
 subcategories:

(A) Salaries and wages.

(B) Employee benefit costs, including, but not limited to, medical,
 dental, vision, life, disability, and long-term care benefits.

(C) Retirement benefit costs.

(D) All other personnel costs.

(ii) A chart of all district expenditures, broken into the following
 subcategories:

(A) Instruction.

(B) Support services.

(C) Business and administration.

(D) Operations and maintenance.

(c) Links to all of the following:

(i) The current collective bargaining agreement for each bargaining
 unit.

(ii) Each health care benefits plan, including, but not limited to,
 medical, dental, vision, disability, long-term care, or any other type of
 benefits that would constitute health care services, offered to any
 bargaining unit or employee in the district.

(iii) The audit report of the audit conducted under subsection (4)
 for the most recent fiscal year for which it is available.

(iv) The bids required under section 5 of the public employee health
 benefits act, 2007 PA 106, MCL 124.75.

(v) The district's written policy governing procurement of supplies,
 materials, and equipment.

(vi) The district's written policy establishing specific categories
 of reimbursable expenses, as described in section 1254(2) of the revised
 school code, MCL 380.1254.

(vii) Either the district's accounts payable check register for the
 most recent school fiscal year or a statement of the total amount of
 expenses incurred by board members or employees of the district that were
 reimbursed by the district for the most recent school fiscal year.

(d) The total salary and a description and cost of each fringe benefit included in the compensation package for the superintendent of the district and for each employee of the district whose salary exceeds \$100,000.00.

(e) The annual amount spent on dues paid to associations.

(f) The annual amount spent on lobbying or lobbying services. As used in this subdivision, "lobbying" means that term as defined in section 5 of 1978 PA 472, MCL 4.415.

(g) Any deficit elimination plan or enhanced deficit elimination plan the district was required to submit under this article.

(h) Identification of all credit cards maintained by the district as district credit cards, the identity of all individuals authorized to use each of those credit cards, the credit limit on each credit card, and the dollar limit, if any, for each individual's authorized use of the credit card.

(i) Costs incurred for each instance of out-of-state travel by the school administrator of the district that is fully or partially paid for by the district and the details of each of those instances of out-of-state travel, including at least identification of each individual on the trip, destination, and purpose.

(3) For the information required under subsection (2) (a), (2) (b) (i), and (2) (c), an intermediate district shall provide the same information in the same manner as required for a district under subsection (2).

(4) For the purposes of determining the reasonableness of expenditures, whether a district or intermediate district has received the proper amount of funds under this article, and whether a violation of this article has occurred, all of the following apply:

(a) The department shall require that each district and intermediate district have an audit of the district's or intermediate district's financial and pupil accounting records conducted at least annually, and at such other times as determined by the department, at the expense of the district or intermediate district, as applicable. The audits must be performed by a certified public accountant or by the intermediate district superintendent, as may be required by the department, or in the case of a district of the first class by a certified public accountant, the intermediate superintendent, or the auditor general of the city. A district or intermediate district shall retain these records for the current fiscal year and from at least the 3 immediately preceding fiscal years.

(b) If a district operates in a single building with fewer than 700 full-time equated pupils, if the district has stable membership, and if the error rate of the immediately preceding 2 pupil accounting field audits of the district is less than 2%, the district may have a pupil accounting field audit conducted biennially but must continue to have desk audits for each pupil count. The auditor must document compliance with the audit cycle in the pupil auditing manual. As used in this subdivision, "stable membership" means that the district's membership for the current fiscal year varies from the district's membership for the immediately preceding fiscal year by less than 5%.

(c) A district's or intermediate district's annual financial audit shall include an analysis of the financial and pupil accounting data used

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as the basis for distribution of state school aid.

(d) The pupil and financial accounting records and reports, audits, and management letters are subject to requirements established in the auditing and accounting manuals approved and published by the department.

(e) All of the following shall be done not later than November 15, 2014 for reporting 2013-2014 data during 2014-2015, and not later than ~~October 15~~ **NOVEMBER 1** for reporting the prior fiscal year data for all subsequent fiscal years:

(i) A district shall file the annual financial audit reports with the intermediate district and the department.

(ii) The intermediate district shall file the annual financial audit reports for the intermediate district with the department.

(iii) The intermediate district shall enter the pupil membership audit reports for its constituent districts and for the intermediate district, for the pupil membership count day and supplemental count day, in the Michigan student data system.

(f) The annual financial audit reports and pupil accounting procedures reports shall be available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(g) Not later than January 31 of each year, the department shall notify the state budget director and the legislative appropriations subcommittees responsible for review of the school aid budget of districts and intermediate districts that have not filed an annual financial audit and pupil accounting procedures report required under this section for the school year ending in the immediately preceding fiscal year.

(5) By November 15, 2014 for 2014-2015 and by ~~October 15~~ **NOVEMBER 1** for all subsequent fiscal years, each district and intermediate district shall submit to the center, in a manner prescribed by the center, annual comprehensive financial data consistent with accounting manuals and charts of accounts approved and published by the department. For an intermediate district, the report shall also contain the website address where the department can access the report required under section 620 of the revised school code, MCL 380.620. The department shall ensure that the prescribed Michigan public school accounting manual chart of accounts includes standard conventions to distinguish expenditures by allowable fund function and object. The functions shall include at minimum categories for instruction, pupil support, instructional staff support, general administration, school administration, business administration, transportation, facilities operation and maintenance, facilities acquisition, and debt service; and shall include object classifications of salary, benefits, including categories for active employee health expenditures, purchased services, supplies, capital outlay, and other. Districts shall report the required level of detail consistent with the manual as part of the comprehensive annual financial report.

(6) By September 30 of each year, each district and intermediate district shall file with the department the special education actual cost report, known as "SE-4096", on a form and in the manner prescribed by the department.

(7) By October 7 of each year, each district and intermediate district shall file with the center the transportation expenditure

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report, known as "SE-4094", on a form and in the manner prescribed by the
center.

(8) The department shall review its pupil accounting and pupil auditing manuals at least annually and shall periodically update those manuals to reflect changes in this article.

(9) If a district that is a public school academy purchases property using money received under this article, the public school academy shall retain ownership of the property unless the public school academy sells the property at fair market value.

(10) If a district or intermediate district does not comply with subsections (4), (5), (6), and (7), the department shall withhold all state school aid due to the district or intermediate district under this article, beginning with the next payment due to the district or intermediate district, until the district or intermediate district complies with subsections (4), (5), (6), and (7). However, the department shall not withhold the payment due on October 20 due to the operation of this subsection. If the district or intermediate district does not comply with subsections (4), (5), (6), and (7) by the end of the fiscal year, the district or intermediate district forfeits the amount withheld.

(11) Not later than November 1, 2014, if a district or intermediate district offers online learning under section 21f, the district or intermediate district shall submit to the department a report that details the per-pupil costs of operating the online learning by vendor type. The report shall include at least all of the following information concerning the operation of online learning for the school fiscal year ending June 30, 2014:

(a) The name of the district operating the online learning and of each district that enrolled students in the online learning.

(b) The total number of students enrolled in the online learning and the total number of membership pupils enrolled in the online learning.

(c) For each pupil who is enrolled in a district other than the district offering online learning, the name of that district.

(d) The district in which the pupil was enrolled before enrolling in the district offering online learning.

(e) The number of participating students who had previously dropped out of school.

(f) The number of participating students who had previously been expelled from school.

(g) The total cost to enroll a student in the program. This cost shall be reported on a per-pupil, per-course, per-semester or trimester basis by vendor type. The total shall include costs broken down by cost for content development, content licensing, training, online instruction and instructional support, personnel, hardware and software, payment to each online learning provider, and other costs associated with operating online learning.

(h) The name of each online education provider contracted by the district and the state in which each online education provider is headquartered.

(12) Not later than March 31, 2015, the department shall submit to the house and senate appropriations subcommittees on state school aid,

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the state budget director, and the house and senate fiscal agencies a
report summarizing the per pupil costs by vendor type of online courses
available under section 21f.

(13) As used in subsections (11) and (12), "vendor type" means the
following:

(a) Online courses provided by the Michigan virtual university.

(b) Online courses provided by a school of excellence that is a
cyber school, as defined in section 551 of the revised school code, MCL
380.551.

(c) Online courses provided by third party vendors not affiliated
with a Michigan public school.

(d) Online courses created and offered by a district or
intermediate district.]

25 Sec. 22a. (1) From the appropriation in section 11, there is
26 allocated an amount not to exceed ~~\$5,393,000,000.00~~
27 **\$5,380,000,000.00** for 2014-2015 for payments to districts and

1 qualifying public school academies to guarantee each district and
2 qualifying public school academy an amount equal to its 1994-95
3 total state and local per pupil revenue for school operating
4 purposes under section 11 of article IX of the state constitution
5 of 1963. Pursuant to section 11 of article IX of the state
6 constitution of 1963, this guarantee does not apply to a district
7 in a year in which the district levies a millage rate for school
8 district operating purposes less than it levied in 1994. However,
9 subsection (2) applies to calculating the payments under this
10 section. Funds allocated under this section that are not expended
11 in the state fiscal year for which they were allocated, as
12 determined by the department, may be used to supplement the
13 allocations under sections 22b and 51c in order to fully fund those
14 calculated allocations for the same fiscal year.

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

20 (a) Except as otherwise provided in this subsection, the state
21 portion of a district's 1994-95 foundation allowance is an amount
22 equal to the district's 1994-95 foundation allowance or \$6,500.00,
23 whichever is less, minus the difference between the sum of the
24 product of the taxable value per membership pupil of all property
25 in the district that is nonexempt property times the district's
26 certified mills and, for a district with certified mills exceeding
27 12, the product of the taxable value per membership pupil of

1 property in the district that is commercial personal property times
2 the certified mills minus 12 mills and the quotient of the ad
3 valorem property tax revenue of the district captured under tax
4 increment financing acts divided by the district's membership. For
5 a district that has a millage reduction required under section 31
6 of article IX of the state constitution of 1963, the state portion
7 of the district's foundation allowance shall be calculated as if
8 that reduction did not occur. For a receiving district, if school
9 operating taxes are to be levied on behalf of a dissolved district
10 that has been attached in whole or in part to the receiving
11 district to satisfy debt obligations of the dissolved district
12 under section 12 of the revised school code, MCL 380.12, taxable
13 value per membership pupil of all property in the receiving
14 district that is nonexempt property and taxable value per
15 membership pupil of property in the receiving district that is
16 commercial personal property do not include property within the
17 geographic area of the dissolved district; ad valorem property tax
18 revenue of the receiving district captured under tax increment
19 financing acts does not include ad valorem property tax revenue
20 captured within the geographic boundaries of the dissolved district
21 under tax increment financing acts; and certified mills do not
22 include the certified mills of the dissolved district.

23 (b) For a district that had a 1994-95 foundation allowance
24 greater than \$6,500.00, the state payment under this subsection
25 shall be the sum of the amount calculated under subdivision (a)
26 plus the amount calculated under this subdivision. The amount
27 calculated under this subdivision shall be equal to the difference

1 between the district's 1994-95 foundation allowance minus \$6,500.00
2 and the current year hold harmless school operating taxes per
3 pupil. If the result of the calculation under subdivision (a) is
4 negative, the negative amount shall be an offset against any state
5 payment calculated under this subdivision. If the result of a
6 calculation under this subdivision is negative, there shall not be
7 a state payment or a deduction under this subdivision. The taxable
8 values per membership pupil used in the calculations under this
9 subdivision are as adjusted by ad valorem property tax revenue
10 captured under tax increment financing acts divided by the
11 district's membership. For a receiving district, if school
12 operating taxes are to be levied on behalf of a dissolved district
13 that has been attached in whole or in part to the receiving
14 district to satisfy debt obligations of the dissolved district
15 under section 12 of the revised school code, MCL 380.12, ad valorem
16 property tax revenue captured under tax increment financing acts do
17 not include ad valorem property tax revenue captured within the
18 geographic boundaries of the dissolved district under tax increment
19 financing acts.

20 (3) Beginning in 2003-2004, for pupils in membership in a
21 qualifying public school academy, there is allocated under this
22 section to the authorizing body that is the fiscal agent for the
23 qualifying public school academy for forwarding to the qualifying
24 public school academy an amount equal to the 1994-95 per pupil
25 payment to the qualifying public school academy under section 20.

26 (4) A district or qualifying public school academy may use
27 funds allocated under this section in conjunction with any federal

1 funds for which the district or qualifying public school academy
2 otherwise would be eligible.

3 (5) Except as otherwise provided in this subsection, for a
4 district that is formed or reconfigured after June 1, 2000 by
5 consolidation of 2 or more districts or by annexation, the
6 resulting district's 1994-95 foundation allowance under this
7 section beginning after the effective date of the consolidation or
8 annexation shall be the average of the 1994-95 foundation
9 allowances of each of the original or affected districts,
10 calculated as provided in this section, weighted as to the
11 percentage of pupils in total membership in the resulting district
12 in the state fiscal year in which the consolidation takes place who
13 reside in the geographic area of each of the original districts. If
14 an affected district's 1994-95 foundation allowance is less than
15 the 1994-95 basic foundation allowance, the amount of that
16 district's 1994-95 foundation allowance shall be considered for the
17 purpose of calculations under this subsection to be equal to the
18 amount of the 1994-95 basic foundation allowance. This subsection
19 does not apply to a receiving district unless there is a subsequent
20 consolidation or annexation that affects the district.

21 (6) Payments under this section are subject to section 25f.

22 (7) As used in this section:

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

27 (b) "Certified mills" means the lesser of 18 mills or the

1 number of mills of school operating taxes levied by the district in
2 1993-94.

3 (c) "Current state fiscal year" means the state fiscal year
4 for which a particular calculation is made.

5 (d) "Current year hold harmless school operating taxes per
6 pupil" means the per pupil revenue generated by multiplying a
7 district's 1994-95 hold harmless millage by the district's current
8 year taxable value per membership pupil. For a receiving district,
9 if school operating taxes are to be levied on behalf of a dissolved
10 district that has been attached in whole or in part to the
11 receiving district to satisfy debt obligations of the dissolved
12 district under section 12 of the revised school code, MCL 380.12,
13 taxable value per membership pupil does not include the taxable
14 value of property within the geographic area of the dissolved
15 district.

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

20 (f) "Hold harmless millage" means, for a district with a 1994-
21 95 foundation allowance greater than \$6,500.00, the number of mills
22 by which the exemption from the levy of school operating taxes on a
23 homestead, qualified agricultural property, qualified forest
24 property, supportive housing property, industrial personal
25 property, and commercial personal property could be reduced as
26 provided in section 1211 of the revised school code, MCL 380.1211,
27 and the number of mills of school operating taxes that could be

1 levied on all property as provided in section 1211(2) of the
2 revised school code, MCL 380.1211, as certified by the department
3 of treasury for the 1994 tax year. For a receiving district, if
4 school operating taxes are to be levied on behalf of a dissolved
5 district that has been attached in whole or in part to the
6 receiving district to satisfy debt obligations of the dissolved
7 district under section 12 of the revised school code, MCL 380.12,
8 school operating taxes do not include school operating taxes levied
9 within the geographic area of the dissolved district.

10 (g) "Homestead", "qualified agricultural property", "qualified
11 forest property", "supportive housing property", "industrial
12 personal property", and "commercial personal property" mean those
13 terms as defined in section 1211 of the revised school code, MCL
14 380.1211.

15 (h) "Membership" means the definition of that term under
16 section 6 as in effect for the particular fiscal year for which a
17 particular calculation is made.

18 (i) "Nonexempt property" means property that is not a
19 principal residence, qualified agricultural property, qualified
20 forest property, supportive housing property, industrial personal
21 property, or commercial personal property.

22 (j) "Qualifying public school academy" means a public school
23 academy that was in operation in the 1994-95 school year and is in
24 operation in the current state fiscal year.

25 (k) "Receiving district" means a district to which all or part
26 of the territory of a dissolved district is attached under section
27 12 of the revised school code, MCL 380.12.

1 (l) "School operating taxes" means local ad valorem property
2 taxes levied under section 1211 of the revised school code, MCL
3 380.1211, and retained for school operating purposes as defined in
4 section 20.

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

14 (i) For the number of mills by which the exemption from the
15 levy of school operating taxes on a homestead, qualified
16 agricultural property, qualified forest property, supportive
17 housing property, industrial personal property, and commercial
18 personal property may be reduced as provided in section 1211 of the
19 revised school code, MCL 380.1211, the taxable value of homestead,
20 qualified agricultural property, qualified forest property,
21 supportive housing property, industrial personal property, and
22 commercial personal property for the calendar year ending in the
23 current state fiscal year. For a receiving district, if school
24 operating taxes are to be levied on behalf of a dissolved district
25 that has been attached in whole or in part to the receiving
26 district to satisfy debt obligations of the dissolved district
27 under section 12 of the revised school code, MCL 380.12, mills do

1 not include mills within the geographic area of the dissolved
2 district.

3 (ii) For the number of mills of school operating taxes that may
4 be levied on all property as provided in section 1211(2) of the
5 revised school code, MCL 380.1211, the taxable value of all
6 property for the calendar year ending in the current state fiscal
7 year. For a receiving district, if school operating taxes are to be
8 levied on behalf of a dissolved district that has been attached in
9 whole or in part to the receiving district to satisfy debt
10 obligations of the dissolved district under section 12 of the
11 revised school code, MCL 380.12, school operating taxes do not
12 include school operating taxes levied within the geographic area of
13 the dissolved district.

14 Sec. 22b. (1) From the appropriation in section 11, there is
15 allocated an amount not to exceed ~~\$3,492,000,000.00~~
16 **\$3,434,000,000.00** for 2014-2015 for discretionary nonmandated
17 payments to districts under this section. Funds allocated under
18 this section that are not expended in the state fiscal year for
19 which they were allocated, as determined by the department, may be
20 used to supplement the allocations under sections 22a and 51c in
21 order to fully fund those calculated allocations for the same
22 fiscal year.

23 (2) Subject to subsection (3) and section 296, the allocation
24 to a district under this section shall be an amount equal to the
25 sum of the amounts calculated under sections 20, 51a(2), 51a(3),
26 and 51a(11), minus the sum of the allocations to the district under
27 sections 22a and 51c.

1 (3) In order to receive an allocation under subsection (1),
2 each district shall do all of the following:

3 (a) Comply with section 1280b of the revised school code, MCL
4 380.1280b.

5 (b) Comply with sections 1278a and 1278b of the revised school
6 code, MCL 380.1278a and 380.1278b.

7 (c) Furnish data and other information required by state and
8 federal law to the center and the department in the form and manner
9 specified by the center or the department, as applicable.

10 (d) Comply with section 1230g of the revised school code, MCL
11 380.1230g.

12 (e) Comply with section 21f.

13 (4) Districts are encouraged to use funds allocated under this
14 section for the purchase and support of payroll, human resources,
15 and other business function software that is compatible with that
16 of the intermediate district in which the district is located and
17 with other districts located within that intermediate district.

18 (5) From the allocation in subsection (1), the department
19 shall pay up to \$1,000,000.00 in litigation costs incurred by this
20 state related to commercial or industrial property tax appeals,
21 including, but not limited to, appeals of classification, that
22 impact revenues dedicated to the state school aid fund.

23 (6) From the allocation in subsection (1), the department
24 shall pay up to \$1,000,000.00 in litigation costs incurred by this
25 state associated with lawsuits filed by 1 or more districts or
26 intermediate districts against this state. If the allocation under
27 this section is insufficient to fully fund all payments required

1 under this section, the payments under this subsection shall be
2 made in full before any proration of remaining payments under this
3 section.

4 (7) It is the intent of the legislature that all
5 constitutional obligations of this state have been fully funded
6 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by
7 an entity receiving funds under this article that challenges the
8 legislative determination of the adequacy of this funding or
9 alleges that there exists an unfunded constitutional requirement,
10 the state budget director may escrow or allocate from the
11 discretionary funds for nonmandated payments under this section the
12 amount as may be necessary to satisfy the claim before making any
13 payments to districts under subsection (2). If funds are escrowed,
14 the escrowed funds are a work project appropriation and the funds
15 are carried forward into the following fiscal year. The purpose of
16 the work project is to provide for any payments that may be awarded
17 to districts as a result of litigation. The work project shall be
18 completed upon resolution of the litigation.

19 (8) If the local claims review board or a court of competent
20 jurisdiction makes a final determination that this state is in
21 violation of section 29 of article IX of the state constitution of
22 1963 regarding state payments to districts, the state budget
23 director shall use work project funds under subsection (7) or
24 allocate from the discretionary funds for nonmandated payments
25 under this section the amount as may be necessary to satisfy the
26 amount owed to districts before making any payments to districts
27 under subsection (2).

1 (9) If a claim is made in court that challenges the
2 legislative determination of the adequacy of funding for this
3 state's constitutional obligations or alleges that there exists an
4 unfunded constitutional requirement, any interested party may seek
5 an expedited review of the claim by the local claims review board.
6 If the claim exceeds \$10,000,000.00, this state may remove the
7 action to the court of appeals, and the court of appeals shall have
8 and shall exercise jurisdiction over the claim.

9 (10) If payments resulting from a final determination by the
10 local claims review board or a court of competent jurisdiction that
11 there has been a violation of section 29 of article IX of the state
12 constitution of 1963 exceed the amount allocated for discretionary
13 nonmandated payments under this section, the legislature shall
14 provide for adequate funding for this state's constitutional
15 obligations at its next legislative session.

16 (11) If a lawsuit challenging payments made to districts
17 related to costs reimbursed by federal title XIX ~~medicaid~~**MEDICAID**
18 funds is filed against this state, then, for the purpose of
19 addressing potential liability under such a lawsuit, the state
20 budget director may place funds allocated under this section in
21 escrow or allocate money from the funds otherwise allocated under
22 this section, up to a maximum of 50% of the amount allocated in
23 subsection (1). If funds are placed in escrow under this
24 subsection, those funds are a work project appropriation and the
25 funds are carried forward into the following fiscal year. The
26 purpose of the work project is to provide for any payments that may
27 be awarded to districts as a result of the litigation. The work

1 project shall be completed upon resolution of the litigation. In
2 addition, this state reserves the right to terminate future federal
3 title XIX ~~medicaid~~**MEDICAID** reimbursement payments to districts if
4 the amount or allocation of reimbursed funds is challenged in the
5 lawsuit. As used in this subsection, "title XIX" means title XIX of
6 the social security act, 42 USC 1396 to 1396v.

7 (12) Payments under this section are subject to section 25f.

8 Sec. 51a. (1) From the appropriation in section 11, there is
9 allocated an amount not to exceed ~~\$938,946,100.00~~**\$914,946,100.00**
10 for 2014-2015 from state sources and all available federal funding
11 under sections 611 to 619 of part B of the individuals with
12 disabilities education act, 20 USC 1411 to 1419, estimated at
13 \$370,000,000.00 for 2014-2015, plus any carryover federal funds
14 from previous year appropriations. The allocations under this
15 subsection are for the purpose of reimbursing districts and
16 intermediate districts for special education programs, services,
17 and special education personnel as prescribed in article 3 of the
18 revised school code, MCL 380.1701 to 380.1766; net tuition payments
19 made by intermediate districts to the Michigan schools for the deaf
20 and blind; and special education programs and services for pupils
21 who are eligible for special education programs and services
22 according to statute or rule. For meeting the costs of special
23 education programs and services not reimbursed under this article,
24 a district or intermediate district may use money in general funds
25 or special education funds, not otherwise restricted, or
26 contributions from districts to intermediate districts, tuition
27 payments, gifts and contributions from individuals or other

1 entities, or federal funds that may be available for this purpose,
2 as determined by the intermediate district plan prepared pursuant
3 to article 3 of the revised school code, MCL 380.1701 to 380.1766.
4 Notwithstanding section 17b, payments of federal funds to
5 districts, intermediate districts, and other eligible entities
6 under this section shall be paid on a schedule determined by the
7 department.

8 (2) From the funds allocated under subsection (1), there is
9 allocated the amount necessary, estimated at ~~\$252,000,000.00~~
10 **\$251,800,000.00** for 2014-2015, for payments toward reimbursing
11 districts and intermediate districts for 28.6138% of total approved
12 costs of special education, excluding costs reimbursed under
13 section 53a, and 70.4165% of total approved costs of special
14 education transportation. Allocations under this subsection shall
15 be made as follows:

16 (a) The initial amount allocated to a district under this
17 subsection toward fulfilling the specified percentages shall be
18 calculated by multiplying the district's special education pupil
19 membership, excluding pupils described in subsection (11), times
20 the foundation allowance under section 20 of the pupil's district
21 of residence, not to exceed the basic foundation allowance under
22 section 20 for the current fiscal year, or, for a special education
23 pupil in membership in a district that is a public school academy,
24 times an amount equal to the amount per membership pupil calculated
25 under section 20(6) or, for a pupil described in this subsection
26 who is counted in membership in the education achievement system,
27 times an amount equal to the amount per membership pupil under

1 section 20(7). For an intermediate district, the amount allocated
2 under this subdivision toward fulfilling the specified percentages
3 shall be an amount per special education membership pupil,
4 excluding pupils described in subsection (11), and shall be
5 calculated in the same manner as for a district, using the
6 foundation allowance under section 20 of the pupil's district of
7 residence, not to exceed the basic foundation allowance under
8 section 20 for the current fiscal year.

9 (b) After the allocations under subdivision (a), districts and
10 intermediate districts for which the payments calculated under
11 subdivision (a) do not fulfill the specified percentages shall be
12 paid the amount necessary to achieve the specified percentages for
13 the district or intermediate district.

14 (3) From the funds allocated under subsection (1), there is
15 allocated for 2014-2015 an amount not to exceed \$1,000,000.00 to
16 make payments to districts and intermediate districts under this
17 subsection. If the amount allocated to a district or intermediate
18 district for a fiscal year under subsection (2)(b) is less than the
19 sum of the amounts allocated to the district or intermediate
20 district for 1996-97 under sections 52 and 58, there is allocated
21 to the district or intermediate district for the fiscal year an
22 amount equal to that difference, adjusted by applying the same
23 proration factor that was used in the distribution of funds under
24 section 52 in 1996-97 as adjusted to the district's or intermediate
25 district's necessary costs of special education used in
26 calculations for the fiscal year. This adjustment is to reflect
27 reductions in special education program operations or services

1 between 1996-97 and subsequent fiscal years. Adjustments for
2 reductions in special education program operations or services
3 shall be made in a manner determined by the department and shall
4 include adjustments for program or service shifts.

5 (4) If the department determines that the sum of the amounts
6 allocated for a fiscal year to a district or intermediate district
7 under subsection (2)(a) and (b) is not sufficient to fulfill the
8 specified percentages in subsection (2), then the shortfall shall
9 be paid to the district or intermediate district during the fiscal
10 year beginning on the October 1 following the determination and
11 payments under subsection (3) shall be adjusted as necessary. If
12 the department determines that the sum of the amounts allocated for
13 a fiscal year to a district or intermediate district under
14 subsection (2)(a) and (b) exceeds the sum of the amount necessary
15 to fulfill the specified percentages in subsection (2), then the
16 department shall deduct the amount of the excess from the
17 district's or intermediate district's payments under this article
18 for the fiscal year beginning on the October 1 following the
19 determination and payments under subsection (3) shall be adjusted
20 as necessary. However, if the amount allocated under subsection
21 (2)(a) in itself exceeds the amount necessary to fulfill the
22 specified percentages in subsection (2), there shall be no
23 deduction under this subsection.

24 (5) State funds shall be allocated on a total approved cost
25 basis. Federal funds shall be allocated under applicable federal
26 requirements, except that an amount not to exceed \$3,500,000.00 may
27 be allocated by the department for 2014-2015 to districts,

1 intermediate districts, or other eligible entities on a competitive
2 grant basis for programs, equipment, and services that the
3 department determines to be designed to benefit or improve special
4 education on a statewide scale.

5 (6) From the amount allocated in subsection (1), there is
6 allocated an amount not to exceed \$2,200,000.00 for 2014-2015 to
7 reimburse 100% of the net increase in necessary costs incurred by a
8 district or intermediate district in implementing the revisions in
9 the administrative rules for special education that became
10 effective on July 1, 1987. As used in this subsection, "net
11 increase in necessary costs" means the necessary additional costs
12 incurred solely because of new or revised requirements in the
13 administrative rules minus cost savings permitted in implementing
14 the revised rules. Net increase in necessary costs shall be
15 determined in a manner specified by the department.

16 (7) For purposes of sections 51a to 58, all of the following
17 apply:

18 (a) "Total approved costs of special education" shall be
19 determined in a manner specified by the department and may include
20 indirect costs, but shall not exceed 115% of approved direct costs
21 for section 52 and section 53a programs. The total approved costs
22 include salary and other compensation for all approved special
23 education personnel for the program, including payments for social
24 security and ~~medicare~~**MEDICARE** and public school employee
25 retirement system contributions. The total approved costs do not
26 include salaries or other compensation paid to administrative
27 personnel who are not special education personnel as defined in

1 section 6 of the revised school code, MCL 380.6. Costs reimbursed
2 by federal funds, other than those federal funds included in the
3 allocation made under this article, are not included. Special
4 education approved personnel not utilized full time in the
5 evaluation of students or in the delivery of special education
6 programs, ancillary, and other related services shall be reimbursed
7 under this section only for that portion of time actually spent
8 providing these programs and services, with the exception of
9 special education programs and services provided to youth placed in
10 child caring institutions or juvenile detention programs approved
11 by the department to provide an on-grounds education program.

12 (b) Beginning with the 2004-2005 fiscal year, a district or
13 intermediate district that employed special education support
14 services staff to provide special education support services in
15 2003-2004 or in a subsequent fiscal year and that in a fiscal year
16 after 2003-2004 receives the same type of support services from
17 another district or intermediate district shall report the cost of
18 those support services for special education reimbursement purposes
19 under this article. This subdivision does not prohibit the transfer
20 of special education classroom teachers and special education
21 classroom aides if the pupils counted in membership associated with
22 those special education classroom teachers and special education
23 classroom aides are transferred and counted in membership in the
24 other district or intermediate district in conjunction with the
25 transfer of those teachers and aides.

26 (c) If the department determines before bookclosing for a
27 fiscal year that the amounts allocated for that fiscal year under

1 subsections (2), (3), (6), and (11) and sections 53a, 54, and 56
2 will exceed expenditures for that fiscal year under subsections
3 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a
4 district or intermediate district whose reimbursement for that
5 fiscal year would otherwise be affected by subdivision (b),
6 subdivision (b) does not apply to the calculation of the
7 reimbursement for that district or intermediate district and
8 reimbursement for that district or intermediate district shall be
9 calculated in the same manner as it was for 2003-2004. If the
10 amount of the excess allocations under subsections (2), (3), (6),
11 and (11) and sections 53a, 54, and 56 is not sufficient to fully
12 fund the calculation of reimbursement to those districts and
13 intermediate districts under this subdivision, then the
14 calculations and resulting reimbursement under this subdivision
15 shall be prorated on an equal percentage basis. This reimbursement
16 shall not be made after 2014-2015.

17 (d) Reimbursement for ancillary and other related services, as
18 defined by R 340.1701c of the Michigan administrative code, shall
19 not be provided when those services are covered by and available
20 through private group health insurance carriers or federal
21 reimbursed program sources unless the department and district or
22 intermediate district agree otherwise and that agreement is
23 approved by the state budget director. Expenses, other than the
24 incidental expense of filing, shall not be borne by the parent. In
25 addition, the filing of claims shall not delay the education of a
26 pupil. A district or intermediate district shall be responsible for
27 payment of a deductible amount and for an advance payment required

1 until the time a claim is paid.

2 (e) Beginning with calculations for 2004-2005, if an
3 intermediate district purchases a special education pupil
4 transportation service from a constituent district that was
5 previously purchased from a private entity; if the purchase from
6 the constituent district is at a lower cost, adjusted for changes
7 in fuel costs; and if the cost shift from the intermediate district
8 to the constituent does not result in any net change in the revenue
9 the constituent district receives from payments under sections 22b
10 and 51c, then upon application by the intermediate district, the
11 department shall direct the intermediate district to continue to
12 report the cost associated with the specific identified special
13 education pupil transportation service and shall adjust the costs
14 reported by the constituent district to remove the cost associated
15 with that specific service.

16 (8) A pupil who is enrolled in a full-time special education
17 program conducted or administered by an intermediate district or a
18 pupil who is enrolled in the Michigan schools for the deaf and
19 blind shall not be included in the membership count of a district,
20 but shall be counted in membership in the intermediate district of
21 residence.

22 (9) Special education personnel transferred from 1 district to
23 another to implement the revised school code shall be entitled to
24 the rights, benefits, and tenure to which the person would
25 otherwise be entitled had that person been employed by the
26 receiving district originally.

27 (10) If a district or intermediate district uses money

1 received under this section for a purpose other than the purpose or
2 purposes for which the money is allocated, the department may
3 require the district or intermediate district to refund the amount
4 of money received. Money that is refunded shall be deposited in the
5 state treasury to the credit of the state school aid fund.

6 (11) From the funds allocated in subsection (1), there is
7 allocated the amount necessary, estimated at ~~\$3,300,000.00~~
8 **\$4,000,000.00** for 2014-2015, to pay the foundation allowances for
9 pupils described in this subsection. The allocation to a district
10 under this subsection shall be calculated by multiplying the number
11 of pupils described in this subsection who are counted in
12 membership in the district times the foundation allowance under
13 section 20 of the pupil's district of residence, not to exceed the
14 basic foundation allowance under section 20 for the current fiscal
15 year, or, for a pupil described in this subsection who is counted
16 in membership in a district that is a public school academy, times
17 an amount equal to the amount per membership pupil under section
18 20(6) or, for a pupil described in this subsection who is counted
19 in membership in the education achievement system, times an amount
20 equal to the amount per membership pupil under section 20(7). The
21 allocation to an intermediate district under this subsection shall
22 be calculated in the same manner as for a district, using the
23 foundation allowance under section 20 of the pupil's district of
24 residence, not to exceed the basic foundation allowance under
25 section 20 for the current fiscal year. This subsection applies to
26 all of the following pupils:

27 (a) Pupils described in section 53a.

1 (b) Pupils counted in membership in an intermediate district
2 who are not special education pupils and are served by the
3 intermediate district in a juvenile detention or child caring
4 facility.

5 (c) Pupils with an emotional impairment counted in membership
6 by an intermediate district and provided educational services by
7 the department of community health.

8 (12) If it is determined that funds allocated under subsection
9 (2) or (11) or under section 51c will not be expended, funds up to
10 the amount necessary and available may be used to supplement the
11 allocations under subsection (2) or (11) or under section 51c in
12 order to fully fund those allocations. After payments under
13 subsections (2) and (11) and section 51c, the remaining
14 expenditures from the allocation in subsection (1) shall be made in
15 the following order:

16 (a) 100% of the reimbursement required under section 53a.

17 (b) 100% of the reimbursement required under subsection (6).

18 (c) 100% of the payment required under section 54.

19 (d) 100% of the payment required under subsection (3).

20 (e) 100% of the payments under section 56.

21 (13) The allocations under subsections (2), (3), and (11)
22 shall be allocations to intermediate districts only and shall not
23 be allocations to districts, but instead shall be calculations used
24 only to determine the state payments under section 22b.

25 (14) If a public school academy enrolls pursuant to this
26 section a pupil who resides outside of the intermediate district in
27 which the public school academy is located and who is eligible for

1 special education programs and services according to statute or
2 rule, or who is a child with disabilities, as defined under the
3 individuals with disabilities education act, Public Law 108-446,
4 the provision of special education programs and services and the
5 payment of the added costs of special education programs and
6 services for the pupil are the responsibility of the district and
7 intermediate district in which the pupil resides unless the
8 enrolling district or intermediate district has a written agreement
9 with the district or intermediate district in which the pupil
10 resides or the public school academy for the purpose of providing
11 the pupil with a free appropriate public education and the written
12 agreement includes at least an agreement on the responsibility for
13 the payment of the added costs of special education programs and
14 services for the pupil.

15 Sec. 51c. As required by the court in the consolidated cases
16 known as Durant v State of Michigan, Michigan supreme court docket
17 no. 104458-104492, from the allocation under section 51a(1), there
18 is allocated for 2014-2015 the amount necessary, estimated at
19 ~~\$630,500,000.00~~, **\$606,000,000.00**, for payments to reimburse
20 districts for 28.6138% of total approved costs of special education
21 excluding costs reimbursed under section 53a, and 70.4165% of total
22 approved costs of special education transportation. Funds allocated
23 under this section that are not expended in the state fiscal year
24 for which they were allocated, as determined by the department, may
25 be used to supplement the allocations under sections 22a and 22b in
26 order to fully fund those calculated allocations for the same
27 fiscal year.

1 Sec. 147c. (1) From the appropriation in section 11, there is
2 allocated for 2014-2015 an amount not to exceed ~~\$656,700,000.00~~
3 **\$658,400,000.00** from the state school aid fund, and there is
4 appropriated for 2014-2015 an amount not to exceed \$18,000,000.00
5 from the MPSERS retirement obligation reform reserve fund, for
6 payments to districts and intermediate districts that are
7 participating entities of the Michigan public school employees'
8 retirement system. **IN ADDITION, FROM THE GENERAL FUND MONEY**
9 **APPROPRIATED IN SECTION 11, THERE IS ALLOCATED FOR 2014-2015 AN**
10 **AMOUNT NOT TO EXCEED \$500,000.00 FOR PAYMENTS TO DISTRICT LIBRARIES**
11 **THAT ARE PARTICIPATING ENTITIES OF THE MICHIGAN PUBLIC SCHOOL**
12 **EMPLOYEES' RETIREMENT SYSTEM.**

13 (2) For 2014-2015, the amounts allocated under subsection (1)
14 are estimated to provide an average MPSERS rate cap per pupil
15 amount of ~~\$441.00~~ **\$449.00** and are estimated to provide a rate cap
16 per pupil for districts ranging between \$4.00 and ~~\$1,400.00~~.
17 **\$2,056.00.**

18 (3) Payments made under this section for 2014-2015 shall be
19 equal to the difference between the unfunded actuarial accrued
20 liability contribution rate as calculated pursuant to section 41 of
21 the public school employees retirement act of 1979, 1980 PA 300,
22 MCL 38.1341, as calculated without taking into account the maximum
23 employer rate of 20.96% included in section 41 of the public school
24 employees retirement act of 1979, 1980 PA 300, MCL 38.1341, and the
25 maximum employer rate of 20.96% included in section 41 of the
26 public school employees retirement act of 1979, 1980 PA 300, MCL
27 38.1341.

1 (4) The amount allocated to each participating entity under
2 this section shall be based on each participating entity's
3 proportion of the total covered payroll for the immediately
4 preceding fiscal year for the same type of participating entities.
5 A participating entity that receives funds under this section shall
6 use the funds solely for the purpose of retirement contributions as
7 specified in subsection (5).

8 (5) Each participating entity receiving funds under this
9 section shall forward an amount equal to the amount allocated under
10 subsection (4) to the retirement system in a form, manner, and time
11 frame determined by the retirement system.

12 (6) Funds allocated under this section should be considered
13 when comparing a district's growth in total state aid funding from
14 1 fiscal year to the next.

15 (7) Not later than October 20, 2014, the department shall
16 publish and post on its website an estimated MPSERS rate cap per
17 pupil for each district.

18 (8) As used in this section:

19 (a) "MPSERS rate cap per pupil" means an amount equal to the
20 quotient of the district's payment under this section divided by
21 the district's pupils in membership.

22 (b) "Participating entity" means a district, intermediate
23 district, or district library that is a reporting unit of the
24 Michigan public school employees' retirement system under the
25 public school employees retirement act of 1979, 1980 PA 300, MCL
26 38.1301 to 38.1437, and that reports employees to the Michigan
27 public school employees' retirement system for the applicable

1 fiscal year.

2 (c) "Retirement board" means the board that administers the
3 retirement system under the public school employees retirement act
4 of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

5 (d) "Retirement system" means the Michigan public school
6 employees' retirement system under the public school employees
7 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

8 Sec. 147d. (1) From the appropriation in section 11, there is
9 allocated for 2014-2015 only an amount not to exceed
10 ~~\$108,000,000.00~~ **\$19,634,500.00** for payments to participating
11 entities.

12 (2) The amount allocated to each participating entity under
13 this section shall be based on each participating entity's
14 proportion of the total covered payroll for the immediately
15 preceding fiscal year. A participating entity that receives funds
16 under this section shall use the funds solely for purposes of this
17 section.

18 (3) Each participating entity receiving funds under this
19 section shall forward an amount equal to the sum of the amount
20 allocated under this section and the amount allocated under section
21 147c to the retirement system in a form, manner, and time frame
22 prescribed by the retirement system.

23 (4) Payments under this section shall be used by the
24 retirement system specifically for the payment or prepayment of the
25 final years or partial years of any additional costs to the
26 retirement system due to the operation of section 81b of the public
27 school employees retirement act of 1979, 1980 PA 300, MCL 38.1381b,

1 without regard to the amortization of those costs under section
2 81b(5) of the public school employees retirement act of 1979, 1980
3 PA 300, MCL 38.1381b, and in a manner and form as determined by the
4 office of retirement services.

5 (5) As used in this section:

6 (a) "Participating entity" means a district, intermediate
7 district, community college, or district library that is a
8 reporting unit of the Michigan public school employees' retirement
9 system under the public school employees retirement act of 1979,
10 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to
11 the Michigan public school employees' retirement system for the
12 applicable fiscal year.

13 (b) "Retirement system" means the Michigan public school
14 employees' retirement system under the public school employees
15 retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

16 Sec. 201. (1) Subject to the conditions set forth in this
17 article, the amounts listed in this section are appropriated for
18 community colleges for the fiscal year ending September 30, 2015,
19 from the funds indicated in this section. The following is a
20 summary of the appropriations in this section:

21 (a) The gross appropriation is \$364,724,900.00. After
22 deducting total interdepartmental grants and intradepartmental
23 transfers in the amount of \$0.00, the adjusted gross appropriation
24 is \$364,724,900.00.

25 (b) The sources of the adjusted gross appropriation described
26 in subdivision (a) are as follows:

27 (i) Total federal revenues, \$0.00.

1 (ii) Total local revenues, \$0.00.

2 (iii) Total private revenues, \$0.00.

3 (iv) Total other state restricted revenues,

4 ~~\$197,614,100.00~~-\$364,724,900.00.

5 (v) State general fund/general purpose money,

6 ~~\$167,110,800.00~~-\$0.00.

7 (2) Subject to subsection (3), the amount appropriated for
8 community college operations is \$307,191,300.00, allocated as
9 follows:

10 (a) The appropriation for Alpena Community College is
11 \$5,390,700.00, \$5,236,500.00 for operations and \$154,200.00 for
12 performance funding.

13 (b) The appropriation for Bay de Noc Community College is
14 \$5,419,500.00, \$5,279,300.00 for operations and \$140,200.00 for
15 performance funding.

16 (c) The appropriation for Delta College is \$14,498,900.00,
17 \$14,063,500.00 for operations and \$435,400.00 for performance
18 funding.

19 (d) The appropriation for Glen Oaks Community College is
20 \$2,516,100.00, \$2,441,500.00 for operations and \$74,600.00 for
21 performance funding.

22 (e) The appropriation for Gogebic Community College is
23 \$4,451,400.00, \$4,330,300.00 for operations and \$121,100.00 for
24 performance funding.

25 (f) The appropriation for Grand Rapids Community College is
26 \$17,947,500.00, \$17,454,900.00 for operations and \$492,600.00 for
27 performance funding.

1 (g) The appropriation for Henry Ford Community College is
2 \$21,623,800.00, \$21,060,000.00 for operations and \$563,800.00 for
3 performance funding.

4 (h) The appropriation for Jackson College is \$12,087,300.00,
5 \$11,758,200.00 for operations and \$329,100.00 for performance
6 funding.

7 (i) The appropriation for Kalamazoo Valley Community College
8 is \$12,503,100.00, \$12,122,500.00 for operations and \$380,600.00
9 for performance funding.

10 (j) The appropriation for Kellogg Community College is
11 \$9,813,500.00, \$9,522,000.00 for operations and \$291,500.00 for
12 performance funding.

13 (k) The appropriation for Kirtland Community College is
14 \$3,167,700.00, \$3,055,700.00 for operations and \$112,000.00 for
15 performance funding.

16 (l) The appropriation for Lake Michigan College is
17 \$5,342,900.00, \$5,178,100.00 for operations and \$164,800.00 for
18 performance funding.

19 (m) The appropriation for Lansing Community College is
20 \$30,877,600.00, \$30,023,700.00 for operations and \$853,900.00 for
21 performance funding.

22 (n) The appropriation for Macomb Community College is
23 \$32,816,600.00, \$31,931,200.00 for operations and \$885,400.00 for
24 performance funding.

25 (o) The appropriation for Mid Michigan Community College is
26 \$4,682,000.00, \$4,517,900.00 for operations and \$164,100.00 for
27 performance funding.

1 (p) The appropriation for Monroe County Community College is
2 \$4,492,900.00, \$4,342,600.00 for operations and \$150,300.00 for
3 performance funding.

4 (q) The appropriation for Montcalm Community College is
5 \$3,226,700.00, \$3,121,200.00 for operations and \$105,500.00 for
6 performance funding.

7 (r) The appropriation for C.S. Mott Community College is
8 \$15,686,100.00, \$15,247,100.00 for operations and \$439,000.00 for
9 performance funding.

10 (s) The appropriation for Muskegon Community College is
11 \$8,901,000.00, \$8,653,500.00 for operations and \$247,500.00 for
12 performance funding.

13 (t) The appropriation for North Central Michigan College is
14 \$3,172,400.00, \$3,064,400.00 for operations and \$108,000.00 for
15 performance funding.

16 (u) The appropriation for Northwestern Michigan College is
17 \$9,078,800.00, \$8,825,300.00 for operations and \$253,500.00 for
18 performance funding.

19 (v) The appropriation for Oakland Community College is
20 \$21,123,300.00, \$20,483,100.00 for operations and \$640,200.00 for
21 performance funding.

22 (w) The appropriation for St. Clair County Community College
23 is \$7,061,600.00, \$6,860,100.00 for operations and \$201,500.00 for
24 performance funding.

25 (x) The appropriation for Schoolcraft College is
26 \$12,513,700.00, \$12,112,200.00 for operations and \$401,500.00 for
27 performance funding.

1 (y) The appropriation for Southwestern Michigan College is
 2 \$6,576,400.00, \$6,404,300.00 for operations and \$172,100.00 for
 3 performance funding.

4 (z) The appropriation for Washtenaw Community College is
 5 \$13,077,300.00, \$12,610,800.00 for operations and \$466,500.00 for
 6 performance funding.

7 (aa) The appropriation for Wayne County Community College is
 8 \$16,727,600.00, \$16,194,300.00 for operations and \$533,300.00 for
 9 performance funding.

10 (bb) The appropriation for West Shore Community College is
 11 \$2,414,900.00, \$2,349,800.00 for operations and \$65,100.00 for
 12 performance funding.

13 (3) The amount appropriated in subsection (2) for community
 14 college operations is **\$307,191,300.00**, appropriated from the
 15 ~~following:~~

16 ~~—— (a) State **STATE** school aid fund. , \$195,880,500.00.~~

17 ~~—— (b) State general fund/general purpose money, \$111,310,800.00.~~

18 (4) From the appropriations described in subsection (1),
 19 subject to section 207a, the amount appropriated for fiscal year
 20 2014-2015 to offset certain fiscal year 2014-2015 retirement
 21 contributions is \$1,733,600.00, appropriated from the state school
 22 aid fund.

23 (5) From the appropriations described in subsection (1),
 24 subject to section 207b, the amount appropriated for payments to
 25 community colleges that are participating entities of the
 26 retirement system is \$52,300,000.00, appropriated from ~~general~~
 27 ~~fund/general purpose money.~~ **THE STATE SCHOOL AID FUND.**

1 (6) From the appropriations described in subsection (1),
 2 subject to section 207c, the amount appropriated for renaissance
 3 zone tax reimbursements is \$3,500,000.00, appropriated from ~~general~~
 4 ~~fund/general purpose money.~~**THE STATE SCHOOL AID FUND.**

5 Sec. 236. (1) Subject to the conditions set forth in this
 6 article, the amounts listed in this section are appropriated for
 7 higher education for the fiscal year ending September 30, 2015,
 8 from the funds indicated in this section. The following is a
 9 summary of the appropriations in this section:

10 (a) The gross appropriation is \$1,516,496,300.00. After
 11 deducting total interdepartmental grants and intradepartmental
 12 transfers in the amount of \$0.00, the adjusted gross appropriation
 13 is \$1,516,496,300.00.

14 (b) The sources of the adjusted gross appropriation described
 15 in subdivision (a) are as follows:

16 (i) Total federal revenues, \$97,026,400.00.

17 (ii) Total local revenues, \$0.00.

18 (iii) Total private revenues, \$0.00.

19 (iv) Total other state restricted revenues,

20 ~~\$204,567,900.00.~~**\$206,567,900.00.**

21 (v) State general fund/general purpose money,

22 ~~\$1,214,902,000.00.~~**\$1,212,902,000.00.**

23 (2) Amounts appropriated for public universities are as
 24 follows:

25 (a) The appropriation for Central Michigan University is
 26 \$79,115,000.00, \$73,540,100.00 for operations and \$5,574,900.00 for
 27 performance funding.

1 (b) The appropriation for Eastern Michigan University is
2 \$71,771,100.00, \$67,275,400.00 for operations and \$4,495,700.00 for
3 performance funding.

4 (c) The appropriation for Ferris State University is
5 \$49,087,000.00, \$45,636,500.00 for operations and \$3,450,500.00 for
6 performance funding.

7 (d) The appropriation for Grand Valley State University is
8 \$63,136,000.00, \$57,823,500.00 for operations and \$5,312,500.00 for
9 performance funding.

10 (e) The appropriation for Lake Superior State University is
11 \$12,782,500.00, \$12,231,000.00 for operations and \$551,500.00 for
12 performance funding.

13 (f) The appropriation for Michigan State University is
14 \$324,038,100.00, \$249,597,800.00 for operations, \$14,831,300.00 for
15 performance funding, \$32,027,900.00 for MSU AgBioResearch, and
16 \$27,581,100.00 for MSU extension.

17 (g) The appropriation for Michigan Technological University is
18 \$45,923,100.00, \$43,473,800.00 for operations and \$2,449,300.00 for
19 performance funding.

20 (h) The appropriation for Northern Michigan University is
21 \$44,277,200.00, \$41,741,400.00 for operations and \$2,535,800.00 for
22 performance funding.

23 (i) The appropriation for Oakland University is
24 \$48,364,100.00, \$45,651,600.00 for operations and \$2,712,500.00 for
25 performance funding.

26 (j) The appropriation for Saginaw Valley State University is
27 \$27,610,200.00, \$25,991,000.00 for operations and \$1,619,200.00 for

1 performance funding.

2 (k) The appropriation for University of Michigan - Ann Arbor
3 is \$295,174,100.00, \$279,232,700.00 for operations and
4 \$15,941,400.00 for performance funding.

5 (l) The appropriation for University of Michigan - Dearborn is
6 \$23,689,300.00, \$22,510,400.00 for operations and \$1,178,900.00 for
7 performance funding.

8 (m) The appropriation for University of Michigan - Flint is
9 \$21,337,700.00, \$19,938,200.00 for operations and \$1,399,500.00 for
10 performance funding.

11 (n) The appropriation for Wayne State University is
12 \$190,519,800.00, \$183,398,300.00 for operations and \$7,121,500.00
13 for performance funding.

14 (o) The appropriation for Western Michigan University is
15 \$102,742,000.00, \$97,279,000.00 for operations and \$5,463,000.00
16 for performance funding.

17 (3) The amount appropriated in subsection (2) for public
18 universities is appropriated from the following:

19 (a) State school aid fund, \$200,019,500.00.

20 (b) State general fund/general purpose money,
21 \$1,199,547,700.00.

22 (4) The amount appropriated for Michigan public school
23 employees' retirement system reimbursement is \$2,446,200.00,
24 ~~\$446,200.00~~ appropriated from the state school aid fund. ~~and~~
25 ~~\$2,000,000.00~~ ~~appropriated from general fund/general purpose money.~~

26 (5) For fiscal year 2014-2015 only, in addition to the amount
27 appropriated under subsection (4), \$4,002,200.00 is appropriated

1 for Michigan public school employees' retirement system
2 reimbursement, appropriated from the state school aid fund.

3 (6) The amount appropriated for state and regional programs is
4 \$2,295,000.00 appropriated from general fund/general purpose money
5 and allocated as follows:

6 (a) College access program, \$2,000,000.00.

7 (b) Higher education database modernization and conversion,
8 \$200,000.00.

9 (c) Midwestern higher education compact, \$95,000.00.

10 (7) The amount appropriated for the Martin Luther King, Jr. -
11 Cesar Chavez - Rosa Parks program is \$2,691,500.00, appropriated
12 from general fund/general purpose money and allocated as follows:

13 (a) Select student support services, \$1,956,100.00.

14 (b) Michigan college/university partnership program,
15 \$586,800.00.

16 (c) Morris Hood, Jr. educator development program,
17 \$148,600.00.

18 (8) Subject to subsection (9), the amount appropriated for
19 grants and financial aid is \$105,494,200.00, allocated as follows:

20 (a) State competitive scholarships, \$18,361,700.00.

21 (b) Tuition grants, \$33,532,500.00.

22 (c) Tuition incentive program, \$48,500,000.00.

23 (d) Children of veterans and officer's survivor tuition grant
24 programs, \$1,400,000.00.

25 (e) Project GEAR-UP, \$3,200,000.00.

26 (f) North American Indian tuition waivers, \$500,000.00.

27 (9) The money appropriated in subsection (8) for grants and

1 financial aid is appropriated from the following:

2 (a) Federal revenues under the United States department of
3 education, office of elementary and secondary education, GEAR-UP
4 program, \$3,200,000.00.

5 (b) Federal revenues under the social security act, temporary
6 assistance for needy families, \$93,826,400.00.

7 (c) Contributions to children of veterans tuition grant
8 program, \$100,000.00.

9 (d) State general fund/general purpose money, \$8,367,800.00.

10 Enacting section 1. (1) In accordance with section 30 of
11 article IX of the state constitution of 1963, total state spending
12 on school aid in article I under 2014 PA 196 and this amendatory
13 act from state sources for fiscal year 2014-2015 is estimated at
14 \$11,878,797,400.00 and state appropriations for school aid to be
15 paid to local units of government for fiscal year 2014-2015 are
16 estimated at \$11,720,149,600.00.

17 (2) In accordance with section 30 of article IX of the state
18 constitution of 1963, total state spending on community colleges in
19 article II under 2014 PA 196 and this amendatory act from state
20 sources for fiscal year 2014-2015 is estimated at \$364,724,900.00
21 and the amount of that state spending from state sources to be paid
22 to local units of government for fiscal year 2014-2015 is estimated
23 at \$364,724,900.00.

24 (3) In accordance with section 30 of article IX of the state
25 constitution of 1963, total state spending on higher education in
26 article III under 2014 PA 196 and this amendatory act from state
27 sources for fiscal year 2014-2015 is estimated at \$1,419,469,900.00

1 and the amount of that state spending from state sources to be paid
2 to local units of government for fiscal year 2014-2015 is estimated
3 at \$0.

4 Enacting section 2. Section 31g of the state school aid act of
5 1979, 1979 PA 94, MCL 388.1631g, is repealed.