

THE STATE SCHOOL AID ACT OF 1979 (EXCERPT)

Act 94 of 1979

ARTICLE 2

388.1620 Foundation allowance; payments to districts, public school academies, and university schools; definitions.

Sec. 20. (1) For 2009-2010 and for 2010-2011, the basic foundation allowance is \$8,489.00.

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

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

(a) For a district that had a foundation allowance for the immediately preceding state fiscal year that was at least equal to the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$20.00) times (the difference between the district's foundation allowance for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts]. For 2009-2010 and for 2010-2011, for a district that had a foundation allowance for the immediately preceding state fiscal year that was at least equal to the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest foundation allowance among all districts, but less than the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the district's foundation allowance for the immediately preceding state fiscal year. However, the foundation allowance for a district that had less than the basic foundation allowance for the immediately preceding state fiscal year shall not exceed the basic foundation allowance for the current state fiscal year.

(b) Except as otherwise provided in this subsection, for a district that in the immediately preceding state fiscal year had a foundation allowance in an amount at least equal to the amount of the basic foundation allowance for the immediately preceding state fiscal year, the district shall receive a foundation allowance in an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year in the basic foundation allowance.

(c) Except as otherwise provided in subdivision (d), for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00, the district's foundation allowance is an amount equal to the sum of the district's foundation allowance for the immediately preceding state fiscal year plus the lesser of the increase in the basic foundation allowance for the current state fiscal year, as compared to the immediately preceding state fiscal year, or the product of the district's foundation allowance for the immediately preceding state fiscal year times the percentage increase in the United States consumer price index in the calendar year ending in the immediately preceding fiscal year as reported by the May revenue estimating conference conducted under section 367b of the management and budget act, 1984 PA 431, MCL 18.1367b.

(d) If House Bill No. 6212 of the 95th Legislature is enacted into law, then beginning in 2011-2012, for a district that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 and that had a foundation allowance for the 2009-2010 state fiscal year, as otherwise calculated under this section, that was less than the basic foundation allowance, the district's foundation allowance for 2011-2012 and each succeeding fiscal year shall be considered to be an amount equal to the basic foundation allowance.

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

(f) For a district that received a payment under section 22c as that section was in effect for 2001-2002, the district's 2001-2002 foundation allowance shall be considered to have been an amount equal to the sum of the

district's actual 2001-2002 foundation allowance as otherwise calculated under this section plus the per pupil amount of the district's equity payment for 2001-2002 under section 22c as that section was in effect for 2001-2002.

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

(4) Except as otherwise provided in this subsection, the state portion of a district's foundation allowance is an amount equal to the district's foundation allowance or the basic foundation allowance for the current state fiscal year, whichever is less, minus the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils. For a district described in subsection (3)(c), the state portion of the district's foundation allowance is an amount equal to \$6,962.00 plus the difference between the district's foundation allowance for the current state fiscal year and the district's foundation allowance for 1998-99, minus the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that reduction did not occur. For the purposes of state law, federal funding awarded to this state under title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5, that is appropriated under section 11 and allocated under section 22b, is considered to be part of the state portion of a district's foundation allowance and is considered to be part of the total state school aid paid to a public school academy.

(5) The allocation calculated under this section for a pupil shall be based on the foundation allowance of the pupil's district of residence. However, for a pupil enrolled in a district other than the pupil's district of residence, if the foundation allowance of the pupil's district of residence has been adjusted pursuant to subsection (19), the allocation calculated under this section shall not include the adjustment described in subsection (19). For a pupil enrolled pursuant to section 105 or 105c in a district other than the pupil's district of residence, the allocation calculated under this section shall be based on the lesser of the foundation allowance of the pupil's district of residence or the foundation allowance of the educating district. For a pupil in membership in a K-5, K-6, or K-8 district who is enrolled in another district in a grade not offered by the pupil's district of residence, the allocation calculated under this section shall be based on the foundation allowance of the educating district if the educating district's foundation allowance is greater than the foundation allowance of the pupil's district of residence. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

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

(7) If more than 25% of the pupils residing within a district are in membership in 1 or more public school academies located in the district, then the amount per membership pupil calculated under this section for a public school academy located in the district shall be reduced by an amount equal to the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership excluding special education pupils, in the school fiscal year ending in the current state fiscal year, calculated as if the resident pupils in membership in 1 or more public school academies located in the district were in membership in the district. In order to receive state school aid under this act, a district described in this subsection shall pay to the authorizing body that is the fiscal agent for a public school academy located in the district for forwarding to the public school academy an amount equal to that local school operating revenue per membership pupil for each resident pupil in membership other than special education pupils in the public school academy, as determined by the department.

(8) If a district does not receive an amount calculated under subsection (9); if the number of mills the district may levy on a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property under section 1211 of the revised school code, MCL 380.1211, is 0.5 mills or less; and if the district elects not to levy those mills, the district instead shall receive a separate supplemental amount calculated under this subsection in an amount equal to the amount the district would have received had it levied those mills, as determined by the department of treasury. A district shall not receive a separate supplemental amount calculated under this subsection for a fiscal year unless in the calendar year ending in the fiscal year the district levies the district's certified mills on property that is nonexempt property.

(9) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00 and that had fewer than 350 pupils in membership, if the district elects not to reduce the number of mills from which a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property are exempt and not to levy school operating taxes on a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property as provided in section 1211 of the revised school code, MCL 380.1211, and not to levy school operating taxes on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, there is calculated under this subsection for 1994-95 and each succeeding fiscal year a separate supplemental amount in an amount equal to the amount the district would have received per membership pupil had it levied school operating taxes on a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property at the rate authorized for the district under section 1211 of the revised school code, MCL 380.1211, and levied school operating taxes on all property at the rate authorized for the district under section 1211(2) of the revised school code, MCL 380.1211, as determined by the department of treasury. If in the calendar year ending in the fiscal year a district does not levy the district's certified mills on property that is nonexempt property, the amount calculated under this subsection will be reduced by the same percentage as the millage actually levied compares to the district's certified mills.

(10) Subject to subsection (4), for a district that is formed or reconfigured after June 1, 2002 by consolidation of 2 or more districts or by annexation, the resulting district's foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district who reside in the geographic area of each of the original or affected districts. The calculation under this subsection shall take into account a district's per pupil allocation under section 20j(2).

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

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

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

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

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

(c) The index shall be calculated by multiplying the pupil membership factor by the revenue adjustment factor. However, for 2009-2010 and for 2010-2011, the index shall be 1.00. If a consensus index is not determined at the revenue estimating conference, the principals of the revenue estimating conference shall report their estimates to the house and senate subcommittees responsible for school aid appropriations not later than 7 days after the conclusion of the revenue conference.

(14) If the principals at the revenue estimating conference reach a consensus on the index described in subsection (13)(c), the lowest foundation allowance among all districts for the subsequent state fiscal year shall be at least the amount of that consensus index multiplied by the lowest foundation allowance among all districts for the immediately preceding state fiscal year.

(15) If at the January revenue estimating conference it is estimated that pupil membership, excluding intermediate district membership, for the subsequent state fiscal year will be greater than 101% of the pupil membership, excluding intermediate district membership, for the current state fiscal year, then it is the intent of the legislature that the executive budget proposal for the school aid budget for the subsequent state fiscal year include a general fund/general purpose allocation sufficient to support the membership in excess of 101% of the current year pupil membership.

(16) For a district that had combined state and local revenue per membership pupil in the 1993-94 state fiscal year of more than \$6,500.00, that had fewer than 7 pupils in membership in the 1993-94 state fiscal year, that has at least 1 child educated in the district in the current state fiscal year, and that levies the number of mills of school operating taxes authorized for the district under section 1211 of the revised school code, MCL 380.1211, a minimum amount of combined state and local revenue shall be calculated for the district as provided under this subsection. The minimum amount of combined state and local revenue for 1999-2000 shall be \$67,000.00 plus the district's additional expenses to educate pupils in grades 9 to 12 educated in other districts as determined and allowed by the department. The minimum amount of combined state and local revenue under this subsection, before adding the additional expenses, shall increase each fiscal year by the same percentage increase as the percentage increase in the basic foundation allowance from the immediately preceding fiscal year to the current fiscal year. The state portion of the minimum amount of combined state and local revenue under this subsection shall be calculated by subtracting from the minimum amount of combined state and local revenue under this subsection the sum of the district's local school operating revenue and an amount equal to the product of the sum of the state portion of the district's foundation allowance plus the amount calculated under section 20j times the district's membership. As used in this subsection, "additional expenses" means the district's expenses for tuition or fees, not to exceed the basic foundation allowance for the current state fiscal year, plus a room and board stipend not to exceed \$10.00 per school day for each pupil in grades 9 to 12 educated in another district, as approved by the department.

(17) For a district in which 7.75 mills levied in 1992 for school operating purposes in the 1992-93 school year were not renewed in 1993 for school operating purposes in the 1993-94 school year, the district's combined state and local revenue per membership pupil shall be recalculated as if that millage reduction did not occur and the district's foundation allowance shall be calculated as if its 1994-95 foundation allowance had been calculated using that recalculated 1993-94 combined state and local revenue per membership pupil as a base. A district is not entitled to any retroactive payments for fiscal years before 2000-2001 due to this subsection.

(18) For a district in which an industrial facilities exemption certificate that abated taxes on property with a state equalized valuation greater than the total state equalized valuation of the district at the time the certificate was issued or \$700,000,000.00, whichever is greater, was issued under 1974 PA 198, MCL 207.551 to 207.572, before the calculation of the district's 1994-95 foundation allowance, the district's foundation allowance for 2002-2003 is an amount equal to the sum of the district's foundation allowance for 2002-2003, as otherwise calculated under this section, plus \$250.00.

(19) For a district that received a grant under former section 32e for 2001-2002, the district's foundation allowance for 2002-2003 and each succeeding fiscal year shall be adjusted to be an amount equal to the sum of the district's foundation allowance, as otherwise calculated under this section, plus the quotient of 100% of the amount of the grant award to the district for 2001-2002 under former section 32e divided by the number of pupils in the district's membership for 2001-2002 who were residents of and enrolled in the district. Except as otherwise provided in this subsection, a district qualifying for a foundation allowance adjustment under this subsection shall use the funds resulting from this adjustment for at least 1 of grades K to 3 for purposes allowable under former section 32e as in effect for 2001-2002, and may also use these funds for an early intervening program described in subsection (20). For an individual school or schools operated by a district qualifying for a foundation allowance under this subsection that have been determined by the department to meet the adequate yearly progress standards of the federal no child left behind act of 2001, Public Law 107-110, in both mathematics and English language arts at all applicable grade levels for all applicable subgroups, the district may submit to the department an application for flexibility in using the funds resulting from this adjustment that are attributable to the pupils in the school or schools. The application shall identify the affected school or schools and the affected funds and shall contain a plan for using the funds for specific purposes identified by the district that are designed to reduce class size, but that may be different from the purposes otherwise allowable under this subsection. The department shall approve the application if the department determines that the purposes identified in the plan are reasonably designed to reduce class size. If the department does not act to approve or disapprove an application within 30 days after it is submitted to the department, the application is considered to be approved. If an application for flexibility in using the funds is approved, the district may use the funds identified in the application for any purpose identified in the plan.

(20) An early intervening program that uses funds resulting from the adjustment under subsection (19) shall meet either or both of the following:

(a) Shall monitor individual pupil learning for pupils in grades K to 3 and provide specific support or learning strategies to pupils in grades K to 3 as early as possible in order to reduce the need for special education placement. The program shall include literacy and numeracy supports, sensory motor skill development, behavior supports, instructional consultation for teachers, and the development of a parent/school learning plan. Specific support or learning strategies may include support in or out of the general classroom in areas including reading, writing, math, visual memory, motor skill development, behavior, or language development. These would be provided based on an understanding of the individual child's learning needs.

(b) Shall provide early intervening strategies for pupils in grades K to 3 using schoolwide systems of academic and behavioral supports and shall be scientifically research-based. The strategies to be provided shall include at least pupil performance indicators based upon response to intervention, instructional consultation for teachers, and ongoing progress monitoring. A schoolwide system of academic and behavioral support should be based on a support team available to the classroom teachers. The members of this team could include the principal, special education staff, reading teachers, and other appropriate personnel who would be available to systematically study the needs of the individual child and work with the teacher to match instruction to the needs of the individual child.

(21) For a district that levied 1.9 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$800,000.00 for a fiscal year as a result of this adjustment.

(22) For a district that levied 2.23 mills in 1993 to finance an operating deficit, the district's foundation allowance shall be calculated as if those mills were included as operating mills in the calculation of the district's 1994-1995 foundation allowance. A district is not entitled to any retroactive payments for fiscal years before 2006-2007 due to this subsection. A district receiving an adjustment under this subsection shall not receive more than \$500,000.00 for a fiscal year as a result of this adjustment.

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

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

(26) As used in this section:

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

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

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

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

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

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

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

(h) "Maximum public school academy allocation", except as otherwise provided in this subdivision, means the maximum per-pupil allocation as calculated by adding the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance and [(the dollar amount of the adjustment from the immediately preceding state fiscal year to the current state fiscal year made in the basic foundation allowance minus \$20.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies) divided by the difference between the basic foundation allowance for the current state fiscal year and the sum of \$7,108.00 plus the total dollar amount of all adjustments made from 2006-2007 to the immediately preceding state fiscal year in the lowest per-pupil allocation among all public school academies]. For 2009-2010 and 2010-2011, maximum public school academy allocation means \$7,580.00.

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

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

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

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

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

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

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

History: Add. 1993, Act 336, Eff. Mar. 15, 1994;—Am. 1994, Act 172, Imd. Eff. June 17, 1994;—Am. 1994, Act 283, Imd. Eff. July 12, 1994;—Am. 1994, Act 360, Imd. Eff. Dec. 22, 1994;—Am. 1995, Act 130, Eff. Oct. 1, 1995;—Am. 1996, Act 180, Imd. Eff. Apr. 19, 1996;—Am. 1996, Act 300, Eff. Oct. 1, 1996;—Am. 1997, Act 24, Imd. Eff. June 16, 1997;—Am. 1997, Act 93, Eff. Oct. 1, 1997;—Am. 1997, Act 142, Imd. Eff. Nov. 19, 1997;—Am. 1998, Act 339, Imd. Eff. Oct. 13, 1998;—Am. 1998, Act 553, Imd. Eff. Jan. 27, 1999;—Am. 1999, Act 119, Imd. Eff. July 20, 1999;—Am. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2002, Act 191, Imd. Eff. Apr. 26, 2002;—Am. 2002, Act 521, Imd. Eff. July 25, 2002;—Am. 2003, Act 141, Eff. Jan. 1, 2004;—Am. 2003, Act 158, Imd. Eff. Aug. 11, 2003;—Am. 2004, Act 351, Imd. Eff. Sept. 30, 2004;—Am. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 120, Imd. Eff. Apr. 14, 2006;—Am. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007.

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2007;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2008, Act 561, Imd. Eff. Jan. 16, 2009;—Am. 2009, Act 73, Imd. Eff. July 9, 2009;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Imd. Eff. July 8, 2010.

Compiler's note: The words "1/3 of" in subsection (20)(a)(i)(Q), as amended by Act 283 of 1994, were vetoed by the governor on July 9, 1994.

The last sentence of subsection (9), and subsections (18) and (19), as amended by Act 360 of 1994, were vetoed by the governor on December 22, 1994.

Subsection (11), as amended by Act 130 of 1995, was vetoed by the governor on June 30, 1995.

Enacting section 3 of Act 521 of 2002 provides:

"Enacting section 3. This amendatory act does not take effect unless the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50 cents or more per pack of cigarettes (25 mills per cigarette) effective on or before September 30, 2002 and the revenue from not less than 20 cents per pack of cigarettes (10 mills per cigarette) of that increase is dedicated by law for deposit into the state school aid fund established by section 11 of article IX of the state constitution of 1963."

For legislation increasing tax on cigarettes and dedicating a portion of increased revenue to state school aid fund, see 2002 PA 503, Imd. Eff. July 18, 2002.

Subsection (20), as amended by Act 158 of 2003, was vetoed by the governor on August 11, 2003. The text of subsection (20) set forth above in this section (MCL 388.1620) derives from Act 141 of 2003. In the veto message accompanying her veto of certain items in Enrolled House Bill 4401 (Act 158 of 2003), the governor stated, "I have vetoed amendatory language in Section 20(20) that stops the annual \$15 million supplemental payment to Detroit Public Schools at the end of fiscal year 2003. Existing language clearly indicates that this supplemental funding is intended to continue as long as the reform board remains in place. I intend to honor that commitment."

Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 73 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2008 PA 268 from state sources for fiscal year 2008-2009 is estimated at \$11,097,798,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$10,890,765,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

Subsection (25), as amended by Act 110 of 2010, was vetoed by the governor on July 7, 2010.

388.1620a Repealed. 1995, Act 130, Eff. Oct. 1, 1995.

Compiler's note: The repealed section pertained to determination of district's combined state and local revenue per membership pupil.

388.1620b Repealed. 2000, Act 297, Eff. Oct. 1, 2000.

Compiler's note: The repealed section pertained to allocation for 1998-99.

388.1620c Repealed. 1997, Act 142, Imd. Eff. Nov. 19, 1997.

Compiler's note: The repealed section pertained to additional payments to districts and public school academies for 1997-98.

388.1620d Requirements for final determination under MCL 388.1620 and former section 388.1620a.

Sec. 20d. In making the final determination required under former section 20a of a district's combined state and local revenue per membership pupil in 1993-94 and in making calculations under section 20 for 2010-2011, the department and the department of treasury shall comply with all of the following:

(a) For a district that had combined state and local revenue per membership pupil in the 1994-95 state

fiscal year of \$6,500.00 or more and served as a fiscal agent for a state board designated area vocational education center in the 1993-94 school year, total state school aid received by or paid on behalf of the district pursuant to this act in 1993-94 shall exclude payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services to the area vocational education center. Not later than June 30, 1996, the department shall make an adjustment under this subdivision to the district's combined state and local revenue per membership pupil in the 1994-95 state fiscal year and the department of treasury shall make a final certification of the number of mills that may be levied by the district under section 1211 of the revised school code, MCL 380.1211, as a result of the adjustment under this subdivision.

(b) If a district had an adjustment made to its 1993-94 total state school aid that excluded payments made under former section 146 and under section 147 on behalf of the district's employees who provided direct services for intermediate district center programs operated by the district under article 5, if nonresident pupils attending the center programs were included in the district's membership for purposes of calculating the combined state and local revenue per membership pupil for 1993-94, and if there is a signed agreement by all constituent districts of the intermediate district that an adjustment under this subdivision shall be made, the foundation allowances for 1995-96 and 1996-97 of all districts that had pupils attending the intermediate district center program operated by the district that had the adjustment shall be calculated as if their combined state and local revenue per membership pupil for 1993-94 included resident pupils attending the center program and excluded nonresident pupils attending the center program.

History: Add. 1994, Act 360, Imd. Eff. Dec. 22, 1994;—Am. 1995, Act 130, Imd. Eff. June 30, 1995;—Am. 1996, Act 180, Imd. Eff. Apr. 19, 1996;—Am. 1996, Act 300, Imd. Eff. June 19, 1996;—Am. 1997, Act 93, Eff. Oct. 1, 1997;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010.

Compiler's note: Subsection (2), as amended by Act 300 of 1996, was vetoed by the governor on June 19, 1996.

Sec. 20d, as amended by Act 372 of 1996, was vetoed by the governor on July 3, 1996.

Subdivision (c), as amended by Act 93 of 1997, was vetoed by the governor on August 1, 1997.

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

388.1620e, 388.1620f Repealed. 1995, Act 130, Eff. Oct. 1, 1995.

Compiler's note: The repealed sections pertained to state portion of district's foundation allowance and allocation to instructional program operated by public university.

388.1620g Repealed. 1996, Act 300, Eff. Oct. 1, 1996.

Compiler's note: The repealed section pertained to additional payments for 1995-96.

388.1620h, 388.1620i Repealed. 1997, Act 93, Eff. Oct. 1, 1997.

Compiler's note: The repealed sections pertained to payments for special education pupils for 1995-96 and funding for districts experiencing large pupil membership growth.

388.1620j Foundation allowance supplemental payments; amounts.

Sec. 20j. (1) Foundation allowance supplemental payments for 2008-2009 to districts that in the 1994-95 state fiscal year had a foundation allowance greater than \$6,500.00 shall be calculated under this section.

(2) The per pupil allocation to each district under this section shall be the difference between the basic foundation allowance for the 1998-99 state fiscal year and \$7,204.00 less \$271.00 minus the dollar amount of the adjustment from the 1998-99 state fiscal year to 2007-2008 in the district's foundation allowance.

(3) If a district's local revenue per pupil does not exceed the sum of its foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the per pupil allocation under subsection (2) multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the foundation allowance under section 20 but does not exceed the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), the total payment to the district calculated under this section shall be the product of the difference between the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2) minus the local revenue per pupil multiplied by the district's membership excluding special education pupils. If a district's local revenue per pupil exceeds the sum of the foundation allowance under section 20 plus the per pupil allocation under subsection (2), there is no payment calculated under this section for the district.

(4) Payments to districts shall not be made under this section. Rather, the calculations under this section shall be made and used to determine the amount of state payments under section 22b.

History: Add. 1999, Act 119, Imd. Eff. July 20, 1999;—Am. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2004, Act 351, Eff. Oct. 1, 2004;—Am. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2008, Act 561, Imd. Eff. Jan. 16, 2009.

Compiler's note: Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

388.1620k Reduction in district's state school aid; determining maximum number of mills district may levy.

Sec. 20k. If the maximum amount appropriated under section 11 from the state school aid fund for a fiscal year exceeds the amount available for expenditure from the state school aid fund for that fiscal year so that a district's state school aid is reduced pursuant to section 11(3), the payments calculated under section 20j and made under section 22b shall be considered to be foundation allowance payments for the purpose of determining the maximum number of mills a district may levy under section 1211(3) of the revised school code, MCL 380.1211. However, the amount to be considered a foundation allowance payment for this purpose shall not exceed the amount reduced from the district's state aid payment as a result of the implementation of section 11(3).

History: Add. 2003, Act 158, Imd. Eff. Aug. 11, 2003.

Compiler's note: Former MCL 388.1620k, which pertained to allocations for 2000-2001, was repealed by Act 121 of 2001, Eff. Oct. 1, 2001.

388.1621, 388.1621a Repealed. 1993, Act 336, Eff. Oct. 1, 1994.

Compiler's note: The repealed sections pertained to school improvement plans, annual education report, accreditation, and core curriculum; employability skills assessment programs; and allocations to districts.

388.1621b Tuition and fee support for pupil attending postsecondary institution.

Sec. 21b. (1) Subject to subsections (2) and (3), a district shall use funds received under section 22a or 22b to support the attendance of a district pupil at an eligible postsecondary institution under the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or under the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913.

(2) To the extent required under subsection (3), a district shall pay tuition and mandatory course fees, material fees, and registration fees required by an eligible postsecondary institution for enrollment in an eligible course. A district also shall pay any late fees charged by an eligible postsecondary institution due to the district's failure to make a required payment according to the timetable prescribed by the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913. A district is not required to pay transportation costs, parking costs, or activity fees.

(3) A district shall pay to the eligible postsecondary institution on behalf of an eligible student an amount equal to the lesser of the amount of the eligible charges described in subsection (2) or the prorated percentage of the state portion of the foundation allowance paid or calculated, as applicable, on behalf of that eligible student under section 20, with the proration based on the proportion of the school year that the eligible student

attends the postsecondary institution. A district may pay more money to an eligible postsecondary institution on behalf of an eligible student than required under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and may use local school operating revenue for that purpose. An eligible student is responsible for payment of the remainder of the costs associated with his or her postsecondary enrollment that exceed the amount the district is required to pay under this section and the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or the career and technical preparation act, 2000 PA 258, MCL 388.1901 to 388.1913, and that are not paid by the district. As used in this subsection, "local school operating revenue" means that term as defined in section 20.

(4) As used in this section, "eligible course", "eligible student", and "eligible postsecondary institution" mean those terms as defined in section 3 of the postsecondary enrollment options act, 1996 PA 160, MCL 388.511 to 388.524, or in section 3 of the career and technical preparation act, 2000 PA 258, MCL 388.1903, as applicable.

History: Add. 1991, Act 118, Imd. Eff. Oct. 11, 1991;—Am. 1991, Act 200, Imd. Eff. Jan. 2, 1992;—Am. 1992, Act 148, Eff. Oct. 1, 1992;—Am. 1993, Act 175, Eff. Oct. 1, 1993;—Am. 1993, Act 336, Eff. Oct. 1, 1994;—Am. 1994, Act 283, Imd. Eff. July 12, 1994;—Am. 1996, Act 161, Eff. July 1, 1996;—Am. 1996, Act 300, Eff. Oct. 1, 1996;—Am. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2004, Act 351, Eff. Oct. 1, 2004.

Compiler's note: Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

388.1621c Repealed. 1993, Act 336, Eff. Oct. 1, 1994.

Compiler's note: The repealed section pertained to counting certain funds and payments for purposes of MCL 388.1621(5).

388.1621d Repealed. 1996, Act 300, Eff. Oct. 1, 1996.

Compiler's note: The repealed section pertained to reorganization planning grant.

388.1621e Repealed. 1995, Act 130, Eff. Oct. 1, 1995.

Compiler's note: The repealed section pertained to allocations to districts.

388.1622 Repealed. 1993, Act 336, Eff. Oct. 1, 1994.

Compiler's note: The repealed section pertained to allocations to districts.

388.1622a Allocation for 2009-2010 and 2010-2011; payments to districts, qualifying university schools, and qualifying public school academies; definitions.

Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$5,796,241,000.00 for 2009-2010 and an amount not to exceed \$5,764,000,000.00 for 2010-2011 for payments to districts, qualifying university schools, and qualifying public school academies to guarantee each district, qualifying university school, and qualifying public school academy an amount equal to its 1994-95 total state and local per pupil revenue for school operating purposes under section 11 of article IX of the state constitution of 1963. Pursuant to section 11 of article IX of the state constitution of 1963, this guarantee does not apply to a district in a year in which the district levies a millage rate for school district operating purposes less than it levied in 1994. However, subsection (2) applies to calculating the payments under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22b and 51c in order to fully fund those calculated allocations for the same fiscal year.

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

(a) Except as otherwise provided in this subsection, the state portion of a district's 1994-95 foundation allowance is an amount equal to the district's 1994-95 foundation allowance or \$6,500.00, whichever is less, minus the difference between the sum of the product of the taxable value per membership pupil of all property in the district that is nonexempt property times the district's certified mills and, for a district with certified mills exceeding 12, the product of the taxable value per membership pupil of property in the district that is commercial personal property times the certified mills minus 12 mills and the quotient of the ad valorem property tax revenue of the district captured under tax increment financing acts divided by the district's membership. For a district that has a millage reduction required under section 31 of article IX of the state constitution of 1963, the state portion of the district's foundation allowance shall be calculated as if that

reduction did not occur.

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

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

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

(5) For a district that is formed or reconfigured after June 1, 2000 by consolidation of 2 or more districts or by annexation, the resulting district's 1994-95 foundation allowance under this section beginning after the effective date of the consolidation or annexation shall be the average of the 1994-95 foundation allowances of each of the original or affected districts, calculated as provided in this section, weighted as to the percentage of pupils in total membership in the resulting district in the state fiscal year in which the consolidation takes place who reside in the geographic area of each of the original districts. If an affected district's 1994-95 foundation allowance is less than the 1994-95 basic foundation allowance, the amount of that district's 1994-95 foundation allowance shall be considered for the purpose of calculations under this subsection to be equal to the amount of the 1994-95 basic foundation allowance.

(6) As used in this section:

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

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

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

(d) "Current year hold harmless school operating taxes per pupil" means the per pupil revenue generated by multiplying a district's 1994-95 hold harmless millage by the district's current year taxable value per membership pupil.

(e) "Hold harmless millage" means, for a district with a 1994-95 foundation allowance greater than \$6,500.00, the number of mills by which the exemption from the levy of school operating taxes on a homestead, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property could be reduced as provided in section 1211 of the revised school code, MCL 380.1211, and the number of mills of school operating taxes that could be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, as certified by the department of treasury for the 1994 tax year.

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

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

(h) "Nonexempt property" means property that is not a principal residence, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, or commercial personal property.

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

(j) "Qualifying university school" means a university school that was in operation in the 1994-95 school year and is in operation in the current fiscal year.

(k) "School operating taxes" means local ad valorem property taxes levied under section 1211 of the

revised school code, MCL 380.1211, and retained for school operating purposes.

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

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

(i) For the number of mills by which the exemption from the levy of school operating taxes on a homestead, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property may be reduced as provided in section 1211 of the revised school code, MCL 380.1211, the taxable value of homestead, qualified agricultural property, qualified forest property, supportive housing property, industrial personal property, and commercial personal property for the calendar year ending in the current state fiscal year.

(ii) For the number of mills of school operating taxes that may be levied on all property as provided in section 1211(2) of the revised school code, MCL 380.1211, the taxable value of all property for the calendar year ending in the current state fiscal year.

History: Add. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2002, Act 191, Imd. Eff. Apr. 26, 2002;—Am. 2002, Act 521, Imd. Eff. July 25, 2002;—Am. 2003, Act 158, Eff. Oct. 1, 2003;—Am. 2004, Act 351, Imd. Eff. Sept. 30, 2004;—Am. 2005, Act 98, Imd. Eff. July 22, 2005;—Am. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 342, Imd. Eff. Aug. 15, 2006;—Am. 2007, Act 6, Imd. Eff. Apr. 30, 2007;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 112, Imd. Eff. Apr. 29, 2008;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 73, Imd. Eff. July 9, 2009;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Imd. Eff. July 8, 2010;—Am. 2010, Act 217, Imd. Eff. Dec. 3, 2010.

Compiler's note: Enacting section 3 of Act 521 of 2002 provides:

"Enacting section 3. This amendatory act does not take effect unless the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50 cents or more per pack of cigarettes (25 mills per cigarette) effective on or before September 30, 2002 and the revenue from not less than 20 cents per pack of cigarettes (10 mills per cigarette) of that increase is dedicated by law for deposit into the state school aid fund established by section 11 of article IX of the state constitution of 1963."

For legislation increasing tax on cigarettes and dedicating a portion of increased revenue to state school aid fund, see 2002 PA 503, Imd. Eff. July 18, 2002.

Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of 2005 PA 98 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2004-2005 in this amendatory act, 2004 PA 518, 2004 PA 351, and 2004 PA 185 is estimated at \$11,113,522, 200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,050,922,200.00."

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 112 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2007 PA 137 from state sources for fiscal year 2007-2008 is estimated at \$11,421,776,200.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,346,293,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 73 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2008 PA 268 from state sources for fiscal year 2008-2009 is estimated at \$11,097,798,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$10,890,765,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory

act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

Enacting section 1 of Act 217 of 2010 provides:

"Enacting section 1. (1) In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act, in 2010 PA 204, and in 2010 PA 110 from state sources for fiscal year 2010-2011 is estimated at \$10,955,902,900.00 and state appropriations to be paid to local units of government for fiscal year 2010-2011 are estimated at \$10,824,041,900.00.

(2) In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act, in 2010 PA 110, and in 2009 PA 121 from state sources for fiscal year 2009-2010 is estimated at \$10,645,097,700.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,562,169,000.00."

388.1622b Allocations for 2009-2010 and 2010-2011; discretionary nonmandated payments; allocation of additional amount from federal funds; duties of district; purchase of software; payments for litigation costs; allegation of unfunded constitutional requirement; escrowed funds as work project; purpose; determination; review of claim by local claims review board; removal to court of appeals; payment provisions.

Sec. 22b. (1) From the state funds appropriated in section 11, there is allocated for 2009-2010 an amount not to exceed \$3,289,000,000.00 and there is allocated for 2010-2011 an amount not to exceed \$3,573,500,000.00 for discretionary nonmandated payments to districts under this section. Funds allocated under this section that are not expended in the state fiscal year for which they were allocated, as determined by the department, may be used to supplement the allocations under sections 22a and 51c in order to fully fund those calculated allocations for the same fiscal year.

(2) In addition to the funds allocated in subsection (1), there is allocated an amount estimated at \$450,000,000.00 for 2009-2010 and there is allocated an amount estimated at \$184,256,600.00 for 2010-2011 from the federal funds awarded to this state under title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5. These funds shall be distributed in a form and manner determined by the department based on an equal dollar amount per the number of membership pupils used to calculate the final state aid payment of the immediately preceding fiscal year and shall be expended in a manner prescribed by federal law.

(3) Subject to subsection (4) and section 11, the allocation to a district under this section shall be an amount equal to the sum of the amounts calculated under sections 20, 20j, 51a(2), 51a(3), and 51a(12), minus the sum of the allocations to the district under sections 22a and 51c.

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

(a) Administer in each grade level that it operates in grades 1 to 5 a standardized assessment approved by the department of grade-appropriate basic educational skills. A district may use the Michigan literacy progress profile to satisfy this requirement for grades 1 to 3. Also, if the revised school code is amended to require annual assessments at additional grade levels, in order to receive an allocation under this section each district shall comply with that requirement.

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

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

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

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

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

(7) From the allocation in subsection (1), the department shall pay up to \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by 1 or more districts or intermediate districts against this state. If the allocation under this section is insufficient to fully fund all payments required under this section, the payments under this subsection shall be made in full before any proration of remaining payments under this section.

(8) It is the intent of the legislature that all constitutional obligations of this state have been fully funded under sections 22a, 31d, 51a, and 51c. If a claim is made by an entity receiving funds under this act that challenges the legislative determination of the adequacy of this funding or alleges that there exists an unfunded constitutional requirement, the state budget director may escrow or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the claim before making any payments to districts under subsection (3). If funds are escrowed, the escrowed funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the

work project is to provide for any payments that may be awarded to districts as a result of litigation. The work project shall be completed upon resolution of the litigation.

(9) If the local claims review board or a court of competent jurisdiction makes a final determination that this state is in violation of section 29 of article IX of the state constitution of 1963 regarding state payments to districts, the state budget director shall use work project funds under subsection (8) or allocate from the discretionary funds for nonmandated payments under this section the amount as may be necessary to satisfy the amount owed to districts before making any payments to districts under subsection (3).

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

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

(12) If a lawsuit challenging payments made to districts related to costs reimbursed by federal title XIX medicaid funds is filed against this state, then, for the purpose of addressing potential liability under such a lawsuit, the state budget director may place funds allocated under this section in escrow or allocate money from the funds otherwise allocated under this section, up to a maximum of 50% of the amount allocated in subsection (1). If funds are placed in escrow under this subsection, those funds are a work project appropriation and the funds are carried forward into the following fiscal year. The purpose of the work project is to provide for any payments that may be awarded to districts as a result of the litigation. The work project shall be completed upon resolution of the litigation. In addition, this state reserves the right to terminate future federal title XIX medicaid reimbursement payments to districts if the amount or allocation of reimbursed funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the social security act, 42 USC 1396 to 1396v.

History: Add. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2002, Act 191, Imd. Eff. Apr. 26, 2002;—Am. 2002, Act 521, Imd. Eff. July 25, 2002;—Am. 2003, Act 158, Eff. Oct. 1, 2003;—Am. 2004, Act 351, Eff. Oct. 1, 2004;—Am. 2005, Act 98, Imd. Eff. July 22, 2005;—Am. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 342, Imd. Eff. Aug. 15, 2006;—Am. 2007, Act 6, Imd. Eff. Apr. 30, 2007;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 112, Imd. Eff. Apr. 29, 2008;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 73, Imd. Eff. July 9, 2009;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Imd. Eff. July 8, 2010.

Compiler's note: In the first sentence of subsection (1), as amended by Act 121 of 2001, the phrase "and an amount not to exceed \$2,845,000,000.00 for 2002-2003" was vetoed by the governor September 28, 2001.

Enacting section 3 of Act 521 of 2002 provides:

"Enacting section 3. This amendatory act does not take effect unless the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50 cents or more per pack of cigarettes (25 mills per cigarette) effective on or before September 30, 2002 and the revenue from not less than 20 cents per pack of cigarettes (10 mills per cigarette) of that increase is dedicated by law for deposit into the state school aid fund established by section 11 of article IX of the state constitution of 1963."

For legislation increasing tax on cigarettes and dedicating a portion of increased revenue to state school aid fund, see 2002 PA 503, Imd. Eff. July 18, 2002.

Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of 2005 PA 98 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2004-2005 in this amendatory act, 2004 PA 518, 2004 PA 351, and 2004 PA 185 is estimated at \$11,113,522, 200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,050,922,200.00."

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 112 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2007 PA 137 from state sources for fiscal year 2007-2008 is estimated at \$11,421,776,200.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,346,293,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 73 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2008 PA 268 from state sources for fiscal year 2008-2009 is estimated at \$11,097,798,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$10,890,765,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

388.1622c Repealed. 2007, Act 137, Imd. Eff. Nov. 8, 2007.

Compiler's note: The repealed section pertained to equity payments to certain districts.

388.1622d Geographically isolated districts; payments; spending plan; eligibility.

Sec. 22d. (1) From the appropriation in section 11, an amount not to exceed \$2,025,000.00 is allocated for 2010-2011 for additional payments to small, geographically isolated districts under this section.

(2) From the allocation under subsection (1), there is allocated for 2010-2011 an amount not to exceed \$750,000.00 for payments under this subsection to districts that meet all of the following:

- (a) Operates grades K to 12.
- (b) Has fewer than 250 pupils in membership.
- (c) Each school building operated by the district meets at least 1 of the following:
 - (i) Is located in the Upper Peninsula at least 30 miles from any other public school building.
 - (ii) Is located on an island that is not accessible by bridge.

(3) The amount of the additional funding to each eligible district under subsection (2) shall be determined under a spending plan developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan shall be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each eligible district, and develop and agree on a spending plan that distributes the available funding under subsection (2) to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under subsection (2) and shall be paid to the eligible districts in the same manner as payments under section 22b.

(4) Subject to subsection (6), from the allocation in subsection (1), there is allocated for 2010-2011 an amount not to exceed \$1,275,000.00 for payments under this subsection to districts that meet all of the following:

- (a) The district has 5.0 or fewer pupils per square mile as determined by the department.
- (b) The district has a total square mileage greater than 200.0 or is 1 of 2 districts that have consolidated transportation services and have a combined total square mileage greater than 200.0.
- (5) The funds allocated under subsection (4) shall be allocated on an equal per pupil basis.
- (6) A district receiving funds allocated under subsection (2) is not eligible for funding allocated under subsection (4).

History: Add. 2004, Act 351, Eff. Oct. 1, 2004;—Am. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 112, Imd. Eff. Apr. 29, 2008;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010.

Compiler's note: Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this

amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 112 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2007 PA 137 from state sources for fiscal year 2007-2008 is estimated at \$11,421,776,200.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,346,293,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

388.1622e Additional payments to eligible districts.

Sec. 22e. (1) Beginning in 2008-2009, an amount will be allocated each fiscal year from the appropriation in section 11 for additional payments under this subsection to districts that meet the eligibility requirements under subsection (2). For 2010-2011, there is allocated for this purpose from the appropriation in section 11 an amount not to exceed \$1,300,000.00.

(2) To be eligible for a payment under subsection (1), a district must be determined by the department and the department of treasury to meet all of the following:

(a) The district levies 1 of the following operating millage amounts:

(i) All of the operating millage it is authorized to levy under section 1211 of the revised school code, MCL 380.1211.

(ii) The amount of operating millage it is authorized to levy after a voluntary reduction of its operating millage rate adopted by the board of the district.

(iii) The amount of operating millage it is authorized to levy after a millage reduction required under the limitation of section 31 of article IX of the state constitution of 1963, if a ballot question asking for approval to levy millage in excess of the limitation has been rejected in the district.

(b) The district receives a reduced amount of local school operating revenue under section 1211 of the revised school code, MCL 380.1211, as a result of the exemptions of industrial personal property and commercial personal property that were enacted in 2007 PA 37.

(c) The district does not receive any state portion of its foundation allowance, as calculated under section 20(4).

(3) Subject to subsection (4), the amount of the additional funding to each eligible district under subsection (1) is the sum of the following and shall be paid to the eligible districts in the same manner as payments under section 22b:

(a) The product of the taxable value of the district's industrial personal property for the calendar year ending in the fiscal year multiplied by the total number of mills the district levies on nonexempt property under section 1211 of the revised school code, MCL 380.1211, for that calendar year.

(b) The product of the taxable value of the district's commercial personal property for the calendar year ending in the fiscal year multiplied by the lesser of 12 mills or the total number of mills the district levies on nonexempt property under section 1211 of the revised school code, MCL 380.1211, for that calendar year.

(4) The amount of the additional funding to an eligible district under subsection (1) for a fiscal year shall not exceed 15% of the total amount allocated under subsection (1) for that fiscal year.

(5) If the total amount of the payments calculated under subsection (3) for a fiscal year exceeds the allocation under subsection (1) for that fiscal year, the payment to each district under subsection (1) shall be prorated on an equal percentage basis.

(6) In addition to the amount allocated under subsection (1), for 2010-2011 only there is also allocated from the appropriation in section 11 the amount of \$500,000.00 to a district that is eligible for a payment under subsection (1) and that levied 1.8 mills in 1993 to finance an operating deficit.

History: Add. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010;—Am. 2010, Act 204, Imd. Eff. Oct. 12, 2010.

Compiler's note: Enacting section 1 of Act 268 of 2008 provides:

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"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

Subsection (6), as amended by Act 110 of 2010, was vetoed by the governor on July 7, 2010.

Enacting section 1 of Act 204 of 2010 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2010 PA 110 from state sources for fiscal year 2010-2011 is estimated at \$10,955,902,900.00 and state appropriations to be paid to local units of government for fiscal year 2010-2011 are estimated at \$10,824,041,900.00."

388.1623 Instructional program operated by public university.

Sec. 23. (1) An instructional program operated under this section by a public university for pupils in grades K-6, 6-8, or 9-12, or a combination of those grades, may be funded under this act as a district if all of the following requirements are met:

(a) The public university has submitted an application under this section, or submitted an application to the department in a prior fiscal year under former section 23c, in the form and manner prescribed by the department. The application shall include, or have included, at least all of the following:

(i) Identification of the proposed grade levels for which the university plans to operate an instructional program.

(ii) Identification of the districts from which pupils would be eligible to attend the instructional program.

(iii) A description of the process for the random selection of pupils for enrollment.

(iv) A description of the proposed curriculum features that would be given highest priority in the instructional program.

(b) The instructional program complies with the requirements of sections 1204a, 1277, 1278, and 1280 of the revised school code, MCL 380.1204a, 380.1277, 380.1278, and 380.1280, commonly referred to as "public act 25 of 1990".

(2) An instructional program operated under this section is eligible in the same manner as a district or public school academy for all applicable categorical and federal aid.

(3) An employee of a public university employed in an instructional program operated under this section is not an employee of a school district for purposes of 1937 (Ex Sess) PA 4, MCL 38.71 to 38.191.

(4) An employee of a public university employed in an instructional program operated under this section is not eligible to be a member of the public school employees retirement system established by the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1467, unless other employees of the university are eligible for membership in that retirement system.

History: Add. 1994, Act 360, Imd. Eff. Dec. 22, 1994;—Am. 1995, Act 130, Eff. Oct. 1, 1995;—Am. 1996, Act 300, Eff. Oct. 1, 1996;—Am. 1997, Act 93, Eff. Oct. 1, 1997.

Compiler's note: Former MCL 388.1623, which pertained to funding districts eligible for state school aid under MCL 388.1631, 388.1636, and 388.1646, was repealed by Act 197 of 1989, Eff. Oct. 1, 1989.

388.1623a-388.1623c Repealed. 1993, Act 336, Eff. Oct. 1, 1994.

Compiler's note: The repealed sections pertained to schools of choice, grants for "tec-choices" programs, and grants to public universities.

388.1623d Repealed. 1994, Act 360, Eff. June 30, 1995;—1995, Act 130, Eff. Oct. 1, 1995.

Compiler's note: The repealed section pertained to alternative public school established and operated by intermediate school district.

388.1623e Repealed. 1995, Act 130, Eff. Oct. 1, 1995.

Compiler's note: The repealed section pertained to prohibited funding to public school academies.

388.1624 Allocations for 2010-2011; payments for educating students assigned by court or department of human services; definitions; funding for department-approved on-grounds educational program; special education pupils funded under MCL 388.1653a.

Sec. 24. (1) From the appropriation in section 11, there is allocated for 2010-2011 an amount not to exceed \$8,000,000.00 for payments to the educating district or intermediate district for educating pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services and approved by the department to provide an on-grounds education program. The amount of the payment under this section to a district or intermediate district shall be calculated as prescribed under subsection (2).

(2) The total amount allocated under this section shall be allocated by paying to the educating district or intermediate district an amount equal to the lesser of the district's or intermediate district's added cost or the department's approved per pupil allocation for the district or intermediate district. For the purposes of this subsection:

(a) "Added cost" means 100% of the added cost each fiscal year for educating all pupils assigned by a court or the department of human services to reside in or to attend a juvenile detention facility or child caring institution licensed by the department of human services or the department of energy, labor, and economic growth and approved by the department to provide an on-grounds education program. Added cost shall be computed by deducting all other revenue received under this act for pupils described in this section from total costs, as approved by the department, in whole or in part, for educating those pupils in the on-grounds education program or in a program approved by the department that is located on property adjacent to a juvenile detention facility or child caring institution. Costs reimbursed by federal funds are not included.

(b) "Department's approved per pupil allocation" for a district or intermediate district shall be determined by dividing the total amount allocated under this section for a fiscal year by the full-time equated membership total for all pupils approved by the department to be funded under this section for that fiscal year for the district or intermediate district.

(3) A district or intermediate district educating pupils described in this section at a residential child caring institution may operate, and receive funding under this section for, a department-approved on-grounds educational program for those pupils that is longer than 181 days, but not longer than 233 days, if the child caring institution was licensed as a child caring institution and offered in 1991-92 an on-grounds educational program that was longer than 181 days but not longer than 233 days and that was operated by a district or intermediate district.

(4) Special education pupils funded under section 53a shall not be funded under this section.

History: 1979, Act 94, Eff. Oct. 1, 1979;—Am. 1982, Act 276, Imd. Eff. Oct. 5, 1982;—Am. 1986, Act 212, Eff. Oct. 1, 1986;—Am. 1987, Act 128, Eff. Oct. 1, 1987;—Am. 1988, Act 318, Eff. Oct. 1, 1988;—Am. 1989, Act 197, Eff. Oct. 1, 1989;—Am. 1990, Act 207, Eff. Oct. 1, 1990;—Am. 1991, Act 200, Imd. Eff. Jan. 2, 1992;—Am. 1992, Act 148, Eff. Oct. 1, 1992;—Am. 1993, Act 175, Eff. Oct. 1, 1993;—Am. 1993, Act 336, Eff. Oct. 1, 1994;—Am. 1994, Act 283, Eff. Oct. 1, 1994;—Am. 1995, Act 130, Eff. Oct. 1, 1995;—Am. 1996, Act 300, Eff. Oct. 1, 1996;—Am. 1997, Act 93, Eff. Oct. 1, 1997;—Am. 1997, Act 142, Imd. Eff. Nov. 19, 1997;—Am. 1998, Act 339, Imd. Eff. Oct. 13, 1998;—Am. 1999, Act 119, Imd. Eff. July 20, 1999;—Am. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2002, Act 191, Imd. Eff. Apr. 26, 2002;—Am. 2002, Act 521, Imd. Eff. July 25, 2002;—Am. 2003, Act 158, Imd. Eff. Aug. 11, 2003;—Am. 2004, Act 351, Eff. Oct. 1, 2004;—Am. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010.

Compiler's note: Subsection (3) of Sec. 24, as amended by Act 128 of 1987, was vetoed by the governor on July 24, 1987.

Subsection (3) of Sec. 24, as amended by Act 212 of 1986, reads as follows:

"(3) Special education pupils funded under section 53 shall not be counted under this section."

In his veto message relative to Enrolled House Bill 4572, which became Act 118 of 1991, the governor stated that "the tradition of not re-enacting annually the unchanged appropriation sections of the school aid act is constitutionally flawed. It assumes the invalid creation of a continuing appropriation. Therefore, the following sections of the school aid act and their associated allocations must be considered inoperative: 24, 55, 74, 75, 105a, 111, and 116. These sections will be treated as excluded from the current bill..."

In subsection (2), as amended by Act 297 of 2000, the last sentence "In addition, a district or intermediate district that received funds under this subsection for 1998-99 for an on-grounds educational program that is longer than 181 days but not longer than 233 days shall continue to receive funds under this section for subsequent fiscal years for that program" was vetoed by the governor July 26, 2000.

In the first and second sentences of subsection (1), as amended by Act 121 of 2001, the phrases "and for 2002-2003" and "and \$8,900,000.00 for 2002-2003" were vetoed by the governor September 28, 2001.

Enacting section 3 of Act 521 of 2002 provides:

"Enacting section 3. This amendatory act does not take effect unless the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50 cents or more per pack of cigarettes (25 mills per cigarette) effective on or before September 30, 2002 and the revenue from not less than 20 cents per pack of cigarettes (10 mills per cigarette) of that increase is dedicated by law for deposit into the state school aid fund established by section 11 of article IX of the state constitution of 1963."

For legislation increasing tax on cigarettes and dedicating a portion of increased revenue to state school aid fund, see 2002 PA 503, Imd. Eff. July 18, 2002.

Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00."

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

388.1624a Allocations for 2009-2010 and 2010-2011; payments to intermediate districts for pupils placed in juvenile justice service facilities.

Sec. 24a. From the appropriation in section 11, there is allocated an amount not to exceed \$1,751,300.00 for 2009-2010 and there is allocated an amount not to exceed \$1,440,000.00 for 2010-2011 for payments to intermediate districts for pupils who are placed in juvenile justice service facilities operated by the department of human services. Each intermediate district shall receive an amount equal to the state share of those costs that are clearly and directly attributable to the educational programs for pupils placed in facilities described in this section that are located within the intermediate district's boundaries. The intermediate districts receiving payments under this section shall cooperate with the department of human services to ensure that all funding allocated under this section is utilized by the intermediate district and department of human services for educational programs for pupils described in this section. Pupils described in this section are not eligible to be funded under section 24. However, a program responsibility or other fiscal responsibility associated with these pupils shall not be transferred from the department of human services to a district or intermediate district unless the district or intermediate district consents to the transfer.

History: Add. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Imd. Eff. July 8, 2010.

Compiler's note: Former MCL 388.1624a, which pertained to counting pupils residing in nonoperating districts attached to operating districts, was repealed by Act 130 of 1995, Eff. Oct. 1, 1995.

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

388.1624b Parents or legal guardian residing in different districts; enrollment of child.

Sec. 24b. For the purposes of this act, without regard to whether a parent or legal guardian has custody of the child, if a child's parents, or a child's parent or parents and the child's legal guardian, reside in different districts and if the child meets the applicable age requirements, the child may enroll in a district in which either of the child's parents resides, or in which the child's legal guardian resides. When a child described in this section enrolls in a district under this section, that district is the child's district of residence for the purposes of this act.

History: Add. 1996, Act 372, Eff. Sept. 1, 1996.

388.1624c Allocations for 2010-2011; payments to districts for pupils enrolled in youth challenge program.

Sec. 24c. From the appropriation in section 11, there is allocated an amount not to exceed \$742,300.00 for 2010-2011 for payments to districts for pupils who are enrolled in a nationally administered community-based education and youth mentoring program, known as the youth challenge program, that is located within the district and is administered by the department of military and veterans affairs. Both of the following apply to a district receiving payments under this section:

(a) The district shall contract with the department of military and veterans affairs to ensure that all funding allocated under this section is utilized by the district and the department of military and veterans affairs for the youth challenge program.

(b) The district may retain for its administrative expenses an amount not to exceed 3% of the amount of the payment the district receives under this section.

History: Add. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010;—Am. 2010, Act 204, Imd. Eff. Oct. 12, 2010.

Compiler's note: Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

Enacting section 1 of Act 204 of 2010 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2010 PA 110 from state sources for fiscal year 2010-2011 is estimated at \$10,955,902,900.00 and state appropriations to be paid to local units of government for fiscal year 2010-2011 are estimated at \$10,824,041,900.00."

388.1625 Enrollment of expelled pupil enrolled in alternative education program or strict discipline academy; report; payment; information provided to department and district.

Sec. 25. If a pupil is enrolled in an alternative education program operated by an intermediate district or district for the purpose of educating pupils who have been expelled from school or referred from the court, or is enrolled in a strict discipline academy for pupils who have been expelled or suspended from school as described in section 1311g of the revised school code, MCL 380.1311g, and if the pupil is counted in membership in another intermediate district or district, the intermediate district or district operating the program or the strict discipline academy shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the intermediate district or district operating the program or to the strict discipline academy an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the alternative education program or strict discipline academy compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the intermediate district or district operating the alternative education program or to the strict discipline academy. The district in which the pupil is counted in membership and the intermediate district or district operating the alternative education program or strict discipline academy shall provide to the department all information the department requires to enforce this section.

History: Add. 1996, Act 300, Eff. Oct. 1, 1996;—Am. 1997, Act 93, Eff. Oct. 1, 1997;—Am. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2005, Act 155, Eff. Oct. 1, 2005.

Compiler's note: Former MCL 388.1625, which pertained to allocations to districts with nonschool operating property taxes, was
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repealed by Act 336 of 1993, Eff. Oct. 1, 1994.

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

388.1625a Payment of amount to educating district; information provided by district in which pupil counted in membership and educating district.

Sec. 25a. If a pupil described in section 6(6)(f) enrolls pursuant to section 6(6)(f) during a school year in a district other than the district in which the pupil is counted in membership, the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance received by the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

History: Add. 1998, Act 553, Imd. Eff. Jan. 27, 1999;—Am. 2006, Act 342, Eff. Oct. 1, 2006.

Compiler's note: Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

388.1625b Applicability of section to educating district not first class; conditions; "educating district" defined.

Sec. 25b. (1) This section applies to an educating district's enrollment of a pupil if the educating district is not a school district of the first class and if all of the following apply:

(a) The pupil transfers from 1 of 3 other districts specified by the educating district and enrolls in the educating district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

(d) The total number of pupils enrolled in the district who are described in subdivisions (a), (b), and (c) and who transfer from 1 of the 3 other districts specified by the educating district is at least equal to the greater of 25 or 1% of the educating district's membership.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from 1 of the 3 other specified districts described in subsection (1)(d) and enrolls during a school year in the educating district, the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section within 30 days after receipt of the report, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) In determining the total amount a district owes to the educating district under this section, regardless of

whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to that district from the educating district and meet the requirements of subsection (1)(a) to (c).

(4) As used in this section, "educating district" means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).

History: Add. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2008, Act 268, Eff. Oct. 1, 2008.

Compiler's note: Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

388.1625c Applicability of section to educating district of first class; conditions; "educating district" defined.

Sec. 25c. (1) This section applies to an educating district's enrollment of a pupil if the educating district is a school district of the first class and if all of the following apply:

(a) The pupil transfers from another district and enrolls in the educating district after the pupil membership count day.

(b) Due to the pupil's enrollment status as of the pupil membership count day, the pupil was counted in membership in the district from which he or she transfers.

(c) The pupil was a resident of the educating district on the pupil membership count day or met other eligibility criteria under section 6(4) or (6) to be counted in membership in the educating district if the pupil had been enrolled in the educating district on the pupil membership count day.

(d) The total number of pupils enrolled in the district who are described in subdivisions (a), (b), and (c) is at least equal to 25.

(2) If the conditions specified in subsection (1) are met, and a pupil transfers from another district and enrolls during a school year in the educating district, then not later than December 31 of the next fiscal year beginning after the school year the pupil transferred the educating district shall report the enrollment information to the department and to the district in which the pupil is counted in membership, and not later than October 31 of the second fiscal year beginning after the school year the pupil transferred the district in which the pupil is counted in membership shall pay to the educating district an amount equal to the amount of the foundation allowance or per pupil payment as calculated under section 20 for the district in which the pupil is counted in membership, prorated according to the number of days of the school year ending in the fiscal year the pupil is educated in the educating district compared to the number of days of the school year ending in the fiscal year the pupil was actually enrolled in the district in which the pupil is counted in membership. The foundation allowance or per pupil payment shall be adjusted by the pupil's full-time equated status as affected by the membership definition under section 6(4). If a district does not make the payment required under this section, the department shall calculate the amount owed, shall deduct that amount from the remaining state school aid payments to the district for that fiscal year under this act, and shall pay that amount to the educating district. The district in which the pupil is counted in membership and the educating district shall provide to the department all information the department requires to enforce this section.

(3) In determining the total amount a district owes to the educating district under this section, regardless of whether that district is otherwise eligible for payment from the educating district under this section, the district may calculate and subtract from the amount owed, using the calculation described in subsection (1), any amount applicable to pupils who transfer to that district from the educating district and meet the requirements of subsection (1)(a) to (c). If, after calculating and subtracting from the amount owed by a district to the educating district under this section any amount applicable to pupils who transfer to that district from the educating district and meet the requirements of subsection (1)(a) to (c), it is determined that the educating district owes funds to the district, the educating district shall pay those funds to the district in the same manner as provided under subsection (2).

(4) As used in this section, "educating district" means the district in which a pupil enrolls after the pupil membership count day as described in subsection (1).

History: Add. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2008, Act 268, Eff. Oct. 1, 2008.

Compiler's note: Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

388.1626 Receipt or reduction of funds by district or intermediate district.

Sec. 26. A district or intermediate district receiving money pursuant to 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, or the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, shall have its funds received under section 22b, 56, or 62 reduced by an amount equal to the added local money.

History: 1979, Act 94, Eff. Oct. 1, 1979;—Am. 1983, Act 25, Imd. Eff. Apr. 5, 1983;—Am. 1987, Act 128, Eff. Oct. 1, 1987;—Am. 1990, Act 355, Imd. Eff. Dec. 26, 1990;—Am. 1993, Act 175, Eff. Oct. 1, 1993;—Am. 1993, Act 336, Eff. Oct. 1, 1994;—Am. 1994, Act 283, Eff. Oct. 1, 1994;—Am. 1997, Act 93, Eff. Oct. 1, 1997;—Am. 2004, Act 351, Eff. Oct. 1, 2004;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007.

Compiler's note: Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

388.1626a Reimbursements to districts and intermediate districts under MCL 125.2692; time of allocations.

Sec. 26a. From the state school aid fund appropriation in section 11, there is allocated an amount not to exceed \$26,300,000.00 for 2010-2011 to reimburse districts and intermediate districts pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL 125.2692, for taxes levied in 2010. The allocations shall be made not later than 60 days after the department of treasury certifies to the department and to the state budget director that the department of treasury has received all necessary information to properly determine the amounts due to each eligible recipient.

History: Add. 1997, Act 93, Eff. Oct. 1, 1997;—Am. 1997, Act 142, Imd. Eff. Nov. 19, 1997;—Am. 1998, Act 339, Imd. Eff. Oct. 13, 1998;—Am. 1998, Act 553, Imd. Eff. Jan. 27, 1999;—Am. 1999, Act 119, Imd. Eff. July 20, 1999;—Am. 2000, Act 297, Imd. Eff. July 26, 2000;—Am. 2001, Act 121, Imd. Eff. Sept. 28, 2001;—Am. 2002, Act 191, Imd. Eff. Apr. 26, 2002;—Am. 2002, Act 521, Imd. Eff. July 25, 2002;—Am. 2003, Act 158, Imd. Eff. Aug. 11, 2003;—Am. 2003, Act 236, Imd. Eff. Dec. 29, 2003;—Am. 2004, Act 351, Eff. Oct. 1, 2004;—Am. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 73, Imd. Eff. July 9, 2009;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010;—Am. 2010, Act 204, Imd. Eff. Oct. 12, 2010.

Compiler's note: In the first sentence of subsection (1), as amended by Act 121 of 2001, the phrase "and 2002-2003" was vetoed by the governor September 28, 2001.

Enacting section 3 of Act 521 of 2002 provides:

"Enacting section 3. This amendatory act does not take effect unless the tax on cigarettes under the tobacco products tax act, 1993 PA 327, MCL 205.421 to 205.436, is increased by 50 cents or more per pack of cigarettes (25 mills per cigarette) effective on or before September 30, 2002 and the revenue from not less than 20 cents per pack of cigarettes (10 mills per cigarette) of that increase is dedicated by law for deposit into the state school aid fund established by section 11 of article IX of the state constitution of 1963."

For legislation increasing tax on cigarettes and dedicating a portion of increased revenue to state school aid fund, see 2002 PA 503, Imd. Eff. July 18, 2002.

Enacting section 1 of Act 236 of 2003 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2003 PA 158 and 2002 PA 521 from state sources for fiscal year 2003-2004 is estimated at \$11,290,087,100.00 and state appropriations to be paid to local units of government for fiscal year 2003-2004 are estimated at \$11,274,332,800.00."

Enacting section 1 of Act 351 of 2004 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2004-2005 is estimated at \$11,173,900,000.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,113,650,400.00."

Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 73 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2008 PA 268 from state sources for fiscal year 2008-2009 is estimated at \$11,097,798,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$10,890,765,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

Enacting section 1 of Act 204 of 2010 provides:

"Enacting section 1. In accordance with section 30 of article IX of the state constitution of 1963, total state spending in this amendatory act and in 2010 PA 110 from state sources for fiscal year 2010-2011 is estimated at \$10,955,902,900.00 and state appropriations to be paid to local units of government for fiscal year 2010-2011 are estimated at \$10,824,041,900.00."

388.1626b Payments in lieu of tax obligation pursuant to MCL 324.2154; payments to districts, intermediate districts, and community college districts.

Sec. 26b. (1) From the appropriation in section 11, there is allocated for 2010-2011 an amount not to exceed \$3,400,000.00 for payments to districts, intermediate districts, and community college districts for the portion of the payment in lieu of taxes obligation that is attributable to districts, intermediate districts, and community college districts pursuant to section 2154 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.2154.

(2) If the amount appropriated under this section is not sufficient to fully pay obligations under this section, payments shall be prorated on an equal basis among all eligible districts, intermediate districts, and community college districts.

History: Add. 2005, Act 155, Eff. Oct. 1, 2005;—Am. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 6, Imd. Eff. Apr. 30, 2007;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 268, Eff. Oct. 1, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010.

Compiler's note: Enacting section 1 of 2005 PA 155 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act and in House Bill No. 4831 of the 93rd Legislature from state sources for fiscal year 2005-2006 is estimated at \$11,364,814,000.00 and state appropriations to be paid to local units of government for fiscal year 2005-2006 are estimated at \$11,341,913,100.00."

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."

388.1627, 388.1628 Repealed. 1993, Act 336, Eff. Oct. 1, 1994.

Compiler's note: The repealed sections pertained to allocations to districts and districts in which military air bases are closed.

388.1628a Repealed. 1995, Act 130, Eff. Oct. 1, 1995.

Compiler's note: The repealed section pertained to transitional allocations to closed federal military installations.

388.1629 Declining enrollment assistance; payments to eligible districts; "average pupil membership" defined.

Sec. 29. (1) From the appropriation in section 11, there is allocated an amount not to exceed \$20,000,000.00 for 2010-2011 for additional payments to eligible districts for declining enrollment assistance.

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(2) A district is eligible for a payment under this section if all of the following apply:

(a) The district's pupil membership for the current fiscal year is less than the district's pupil membership for the immediately preceding fiscal year and the district's pupil membership for the immediately preceding fiscal year is less than the district's pupil membership for the previously preceding fiscal year as calculated under section 6 for that fiscal year.

(b) The district's average pupil membership is greater than the district's pupil membership for the current fiscal year as calculated under section 6.

(c) The district is not eligible to receive funding under section 6(4)(y) or 22d(2).

(3) Payments to each eligible district shall be equal to the difference between the district's average pupil membership and the district's pupil membership as calculated under section 6 for the current fiscal year multiplied by the district's foundation allowance as calculated under section 20. If the total amount of the payments calculated under this subsection exceeds the allocation for this section, the payment to each district shall be prorated on an equal percentage basis.

(4) For the purposes of this section, "average pupil membership" means the average of the district's membership for the 3-fiscal-year period ending with the current fiscal year, calculated by adding the district's actual membership for each of those 3 fiscal years, as otherwise calculated under section 6, and dividing the sum of those 3 membership figures by 3.

History: Add. 2006, Act 342, Eff. Oct. 1, 2006;—Am. 2007, Act 137, Imd. Eff. Nov. 8, 2007;—Am. 2008, Act 268, Imd. Eff. Aug. 6, 2008;—Am. 2009, Act 121, Imd. Eff. Oct. 19, 2009;—Am. 2010, Act 110, Eff. Oct. 1, 2010.

Compiler's note: Former MCL 388.1629, which pertained to foreign born pupils, was repealed by Act 175 of 1993, Eff. Oct. 1, 1993.

Enacting section 1 of Act 342 of 2006 provides:

"Enacting section 1. (1) In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2006-2007 is estimated at \$11,682,508,200.00 and state appropriations to be paid to local units of government for fiscal year 2006-2007 are estimated at \$11,536,597,200.00.

(2) In accordance with section 30 of article I of the state constitution of 1963, total state spending from state sources for fiscal year 2005-2006 in this amendatory act and 2005 PA 155 is estimated at \$11,308,027,200.00 and state appropriations to be paid to local units of government for fiscal year 2004-2005 are estimated at \$11,285,376,300.00."

Enacting section 1 of Act 137 of 2007 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2007-2008 is estimated at \$11,527,973,800.00 and state appropriations to be paid to local units of government for fiscal year 2007-2008 are estimated at \$11,458,493,300.00."

Enacting section 1 of Act 268 of 2008 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2008-2009 is estimated at \$11,816,898,200.00 and state appropriations to be paid to local units of government for fiscal year 2008-2009 are estimated at \$11,602,465,900.00."

Enacting section 1 of Act 121 of 2009 provides:

"Enacting section 1. In accordance with section 30 of article I of the state constitution of 1963, total state spending in this amendatory act from state sources for fiscal year 2009-2010 is estimated at \$10,825,754,100.00 and state appropriations to be paid to local units of government for fiscal year 2009-2010 are estimated at \$10,718,801,700.00."