

# HOUSE BILL No. 4149

January 31, 2013, Introduced by Reps. Johnson, Rendon, Schor, Brown, Muxlow and Daley and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending section 20 (MCL 388.1620), as amended by 2012 PA 201.

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

1           Sec. 20. (1) For ~~2011-2012, and for 2012-2013~~, the basic  
2 foundation allowance is \$8,019.00. **FOR 2013-2014, THE BASIC**  
3 **FOUNDATION ALLOWANCE SHALL BE \$7,750.00. FOR 2014-2015, THE BASIC**  
4 **FOUNDATION ALLOWANCE SHALL BE \$7,480.00. FOR 2015-2016, THE BASIC**  
5 **FOUNDATION ALLOWANCE SHALL BE \$7,205.00.**

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

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

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

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

1 ~~allowance for the immediately preceding state fiscal year that was~~  
2 ~~at least equal to the sum of \$7,108.00 plus the total dollar amount~~  
3 ~~of all adjustments made from 2006-2007 to the immediately preceding~~  
4 ~~state fiscal year in the lowest foundation allowance among all~~  
5 ~~districts, but less than the basic foundation allowance for the~~  
6 ~~immediately preceding state fiscal year, the district shall receive~~  
7 ~~a foundation allowance in an amount equal to the district's~~  
8 ~~foundation allowance for 2010-2011, minus \$470.00. Except as~~  
9 otherwise provided in subdivision (h), for 2012-2013, for a  
10 district that had a foundation allowance for the immediately  
11 preceding state fiscal year that was at least equal to the sum of  
12 \$7,108.00 plus the total dollar amount of all adjustments made from  
13 2006-2007 to the immediately preceding state fiscal year in the  
14 lowest foundation allowance among all districts, but less than the  
15 basic foundation allowance for the immediately preceding state  
16 fiscal year, the district shall receive a foundation allowance in  
17 an amount equal to the district's foundation allowance for the  
18 immediately preceding state fiscal year. **FOR 2013-2014, FOR A**  
19 **DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER THIS**  
20 **SUBDIVISION FOR 2012-2013 THAT WAS LESS THAN \$7,045.00, THE**  
21 **DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$7,045.00. FOR 2013-2014,**  
22 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
23 **THIS SUBDIVISION FOR 2012-2013 THAT WAS AT LEAST EQUAL TO**  
24 **\$7,045.00, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE THE SAME AS**  
25 **THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2012-2013. FOR 2014-2015,**  
26 **FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER**  
27 **THIS SUBDIVISION FOR 2013-2014 THAT WAS LESS THAN \$7,125.00, THE**

1 DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$7,125.00. FOR 2014-2015,  
2 FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER  
3 THIS SUBDIVISION FOR 2013-2014 THAT WAS AT LEAST EQUAL TO  
4 \$7,125.00, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE THE SAME AS  
5 THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014. FOR 2015-2016,  
6 FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER  
7 THIS SUBDIVISION FOR 2014-2015 THAT WAS LESS THAN \$7,205.00, THE  
8 DISTRICT'S FOUNDATION ALLOWANCE SHALL BE \$7,205.00. FOR 2015-2016,  
9 FOR A DISTRICT THAT HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER  
10 THIS SUBDIVISION FOR 2014-2015 THAT WAS AT LEAST EQUAL TO  
11 \$7,205.00, THE DISTRICT'S FOUNDATION ALLOWANCE SHALL BE THE SAME AS  
12 THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2014-2015. However, the  
13 foundation allowance for a district that had **A FOUNDATION ALLOWANCE**  
14 **IN AN AMOUNT** less than the basic foundation allowance for the  
15 immediately preceding state fiscal year shall not exceed the basic  
16 foundation allowance for the current state fiscal year.

17 ~~(b) Except as otherwise provided in this subsection, for a~~  
18 ~~district that in the immediately preceding state fiscal year had a~~  
19 ~~foundation allowance in an amount at least equal to the amount of~~  
20 ~~the basic foundation allowance for the immediately preceding state~~  
21 ~~fiscal year, the district shall receive a foundation allowance for~~  
22 ~~2011-2012 in an amount equal to the district's foundation allowance~~  
23 ~~for 2010-2011, minus \$470.00. For 2012-2013, except as otherwise~~  
24 ~~provided in this subsection, for a district that in the immediately~~  
25 ~~preceding state fiscal year had a foundation allowance in an amount~~  
26 ~~at least equal to the amount of the basic foundation allowance for~~  
27 ~~the immediately preceding state fiscal year, the district shall~~

1 receive a foundation allowance for 2012-2013 in an amount equal to  
2 the district's foundation allowance for the immediately preceding  
3 state fiscal year. FOR 2013-2014, FOR A DISTRICT THAT IN THE  
4 IMMEDIATELY PRECEDING STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE  
5 AS CALCULATED UNDER THIS SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO  
6 THE AMOUNT OF THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY  
7 PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE A  
8 FOUNDATION ALLOWANCE FOR 2013-2014 IN AN AMOUNT EQUAL TO THE  
9 DISTRICT'S FOUNDATION ALLOWANCE FOR 2012-2013, MINUS \$269.00. FOR  
10 2014-2015, FOR A DISTRICT THAT IN THE IMMEDIATELY PRECEDING STATE  
11 FISCAL YEAR HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER THIS  
12 SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO THE AMOUNT OF THE BASIC  
13 FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL  
14 YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE FOR 2014-  
15 2015 IN AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR  
16 2013-2014, MINUS \$270.00. FOR 2015-2016, FOR A DISTRICT THAT IN THE  
17 IMMEDIATELY PRECEDING STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE  
18 AS CALCULATED UNDER THIS SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO  
19 THE AMOUNT OF THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY  
20 PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE A  
21 FOUNDATION ALLOWANCE FOR 2015-2016 IN AN AMOUNT EQUAL TO THE  
22 DISTRICT'S FOUNDATION ALLOWANCE FOR 2014-2015, MINUS \$275.00.

23 (c) Except as otherwise provided in subdivision (d), for a  
24 district that in the 1994-95 state fiscal year had a foundation  
25 allowance greater than \$6,500.00, the district's foundation  
26 allowance is an amount equal to the sum of the district's  
27 foundation allowance for the immediately preceding state fiscal

1 year plus the lesser of the increase in the basic foundation  
2 allowance for the current state fiscal year, as compared to the  
3 immediately preceding state fiscal year, or the product of the  
4 district's foundation allowance for the immediately preceding state  
5 fiscal year times the percentage increase in the United States  
6 consumer price index in the calendar year ending in the immediately  
7 preceding fiscal year as reported by the May revenue estimating  
8 conference conducted under section 367b of the management and  
9 budget act, 1984 PA 431, MCL 18.1367b. ~~Except as otherwise provided~~  
10 ~~in subdivision (d), for 2011-2012, for a district that in the 1994-~~  
11 ~~1995 state fiscal year had a foundation allowance greater than~~  
12 ~~\$6,500.00, the district's foundation allowance is an amount equal~~  
13 ~~to the district's foundation allowance for the 2010-2011 fiscal~~  
14 ~~year minus \$470.00. For 2012-2013, except as otherwise provided in~~  
15 ~~subdivision (d), for a district that in the 1994-1995 state fiscal~~  
16 ~~year had a foundation allowance greater than \$6,500.00, the~~  
17 ~~district's foundation allowance is an amount equal to the~~  
18 ~~district's foundation allowance for the immediately preceding state~~  
19 ~~fiscal year. FOR 2013-2014, EXCEPT AS OTHERWISE PROVIDED IN~~  
20 ~~SUBDIVISION (D), FOR A DISTRICT THAT IN THE IMMEDIATELY PRECEDING~~  
21 ~~STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE AS CALCULATED UNDER~~  
22 ~~THIS SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO THE AMOUNT OF THE~~  
23 ~~BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE~~  
24 ~~FISCAL YEAR, THE DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE FOR~~  
25 ~~2013-2014 IN AN AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE~~  
26 ~~FOR 2012-2013, MINUS \$269.00. FOR 2014-2015, EXCEPT AS OTHERWISE~~  
27 ~~PROVIDED IN SUBDIVISION (D), FOR A DISTRICT THAT IN THE IMMEDIATELY~~

1 PRECEDING STATE FISCAL YEAR HAD A FOUNDATION ALLOWANCE AS  
2 CALCULATED UNDER THIS SUBDIVISION IN AN AMOUNT AT LEAST EQUAL TO  
3 THE AMOUNT OF THE BASIC FOUNDATION ALLOWANCE FOR THE IMMEDIATELY  
4 PRECEDING STATE FISCAL YEAR, THE DISTRICT SHALL RECEIVE A  
5 FOUNDATION ALLOWANCE FOR 2014-2015 IN AN AMOUNT EQUAL TO THE  
6 DISTRICT'S FOUNDATION ALLOWANCE FOR 2013-2014, MINUS \$270.00. FOR  
7 2015-2016, EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (D), FOR A  
8 DISTRICT THAT IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR HAD A  
9 FOUNDATION ALLOWANCE AS CALCULATED UNDER THIS SUBDIVISION IN AN  
10 AMOUNT AT LEAST EQUAL TO THE AMOUNT OF THE BASIC FOUNDATION  
11 ALLOWANCE FOR THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, THE  
12 DISTRICT SHALL RECEIVE A FOUNDATION ALLOWANCE FOR 2015-2016 IN AN  
13 AMOUNT EQUAL TO THE DISTRICT'S FOUNDATION ALLOWANCE FOR 2014-2015,  
14 MINUS \$275.00.

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

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

25 (f) For a district that received a payment under **FORMER**  
26 section 22c as that section was in effect for 2001-2002, the  
27 district's 2001-2002 foundation allowance shall be considered to

1 have been an amount equal to the sum of the district's actual 2001-  
2 2002 foundation allowance as otherwise calculated under this  
3 section plus the per pupil amount of the district's equity payment  
4 for 2001-2002 under **FORMER** section 22c as that section was in  
5 effect for 2001-2002.

6 (g) For a district that received a payment under **FORMER**  
7 section 22c as that section was in effect for 2006-2007, the  
8 district's 2006-2007 foundation allowance shall be considered to  
9 have been an amount equal to the sum of the district's actual 2006-  
10 2007 foundation allowance as otherwise calculated under this  
11 section plus the per pupil amount of the district's equity payment  
12 for 2006-2007 under **FORMER** section 22c as that section was in  
13 effect for 2006-2007.

14 (h) For 2012-2013, for a district that had a foundation  
15 allowance for the 2011-2012 state fiscal year of less than  
16 \$6,966.00, the district's foundation allowance is an amount equal  
17 to \$6,966.00.

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

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

22 (5) The allocation calculated under this section for a pupil  
23 shall be based on the foundation allowance of the pupil's district  
24 of residence. For a pupil enrolled pursuant to section 105 or 105c  
25 in a district other than the pupil's district of residence, the  
26 allocation calculated under this section shall be based on the  
27 lesser of the foundation allowance of the pupil's district of

1 residence or the foundation allowance of the educating district.  
2 For a pupil in membership in a K-5, K-6, or K-8 district who is  
3 enrolled in another district in a grade not offered by the pupil's  
4 district of residence, the allocation calculated under this section  
5 shall be based on the foundation allowance of the educating  
6 district if the educating district's foundation allowance is  
7 greater than the foundation allowance of the pupil's district of  
8 residence.

9 (6) Except as otherwise provided in this subsection, for  
10 pupils in membership, other than special education pupils, in a  
11 public school academy, the allocation calculated under this section  
12 is an amount per membership pupil other than special education  
13 pupils in the public school academy equal to the foundation  
14 allowance of the district in which the public school academy is  
15 located or the state maximum public school academy allocation,  
16 whichever is less. However, a public school academy that had an  
17 allocation under this subsection before 2009-2010 that was equal to  
18 the sum of the local school operating revenue per membership pupil  
19 other than special education pupils for the district in which the  
20 public school academy is located and the state portion of that  
21 district's foundation allowance shall not have that allocation  
22 reduced as a result of the 2010 amendment to this subsection.  
23 Notwithstanding section 101, for a public school academy that  
24 begins operations after the pupil membership count day, the amount  
25 per membership pupil calculated under this subsection shall be  
26 adjusted by multiplying that amount per membership pupil by the  
27 number of hours of pupil instruction provided by the public school

1 academy after it begins operations, as determined by the  
2 department, divided by the minimum number of hours of pupil  
3 instruction required under section 101(3). The result of this  
4 calculation shall not exceed the amount per membership pupil  
5 otherwise calculated under this subsection.

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

1 public school is considered to be in membership in the education  
2 achievement system and not in membership in the district that  
3 operated the school before the transfer.

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

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

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

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

27 (a) The pupil membership factor shall be computed by dividing

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

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

1 (c) The index shall be calculated by multiplying the pupil  
2 membership factor by the revenue adjustment factor. However, ~~for~~  
3 ~~2011-2012, the index shall be 0.93575 and for 2012-2013, the index~~  
4 shall be 1.00. If a consensus index is not determined at the  
5 revenue estimating conference, the principals of the revenue  
6 estimating conference shall report their estimates to the house and  
7 senate subcommittees responsible for school aid appropriations not  
8 later than 7 days after the conclusion of the revenue conference.

9 (12) For a district in which 7.75 mills levied in 1992 for  
10 school operating purposes in the 1992-93 school year were not  
11 renewed in 1993 for school operating purposes in the 1993-94 school  
12 year, the district's combined state and local revenue per  
13 membership pupil shall be recalculated as if that millage reduction  
14 did not occur and the district's foundation allowance shall be  
15 calculated as if its 1994-95 foundation allowance had been  
16 calculated using that recalculated 1993-94 combined state and local  
17 revenue per membership pupil as a base. A district is not entitled  
18 to any retroactive payments for fiscal years before 2000-2001 due  
19 to this subsection. A district receiving an adjustment under this  
20 subsection shall not receive as a result of this adjustment an  
21 amount that exceeds 50% of the amount the district received as a  
22 result of this adjustment for 2010-2011. This adjustment shall not  
23 be made after 2011-2012.

24 (13) For a district in which an industrial facilities  
25 exemption certificate that abated taxes on property with a state  
26 equalized valuation greater than the total state equalized  
27 valuation of the district at the time the certificate was issued or

1 \$700,000,000.00, whichever is greater, was issued under 1974 PA  
2 198, MCL 207.551 to 207.572, before the calculation of the  
3 district's 1994-95 foundation allowance, the district's foundation  
4 allowance for 2002-2003 is an amount equal to the sum of the  
5 district's foundation allowance for 2002-2003, as otherwise  
6 calculated under this section, plus \$250.00. A district receiving  
7 an adjustment under this subsection shall not receive as a result  
8 of this adjustment an amount that exceeds 50% of the amount the  
9 district received as a result of this adjustment for 2010-2011.  
10 This adjustment shall not be made after 2011-2012.

11 (14) For a district that received a grant under former section  
12 32e for 2001-2002, the district's foundation allowance for 2002-  
13 2003 and each succeeding fiscal year shall be adjusted to be an  
14 amount equal to the sum of the district's foundation allowance, as  
15 otherwise calculated under this section, plus the quotient of 100%  
16 of the amount of the grant award to the district for 2001-2002  
17 under former section 32e divided by the number of pupils in the  
18 district's membership for 2001-2002 who were residents of and  
19 enrolled in the district. Except as otherwise provided in this  
20 subsection, a district qualifying for a foundation allowance  
21 adjustment under this subsection shall use the funds resulting from  
22 this adjustment for at least 1 of grades K to 3 for purposes  
23 allowable under former section 32e as in effect for 2001-2002. For  
24 an individual school or schools operated by a district qualifying  
25 for a foundation allowance under this subsection that have been  
26 determined by the department to meet the adequate yearly progress  
27 standards of the ~~federal~~ no child left behind act of 2001, Public

1 Law 107-110, in both mathematics and English language arts at all  
2 applicable grade levels for all applicable subgroups, the district  
3 may submit to the department an application for flexibility in  
4 using the funds resulting from this adjustment that are  
5 attributable to the pupils in the school or schools. The  
6 application shall identify the affected school or schools and the  
7 affected funds and shall contain a plan for using the funds for  
8 specific purposes identified by the district that are designed to  
9 reduce class size, but that may be different from the purposes  
10 otherwise allowable under this subsection. The department shall  
11 approve the application if the department determines that the  
12 purposes identified in the plan are reasonably designed to reduce  
13 class size. If the department does not act to approve or disapprove  
14 an application within 30 days after it is submitted to the  
15 department, the application is considered to be approved. If an  
16 application for flexibility in using the funds is approved, the  
17 district may use the funds identified in the application for any  
18 purpose identified in the plan. A district receiving an adjustment  
19 under this subsection shall not receive as a result of this  
20 adjustment an amount that exceeds 68.5% of the amount the district  
21 received as a result of this adjustment for 2010-2011.

22 (15) For a district that levied 1.9 mills in 1993 to finance  
23 an operating deficit, the district's foundation allowance shall be  
24 calculated as if those mills were included as operating mills in  
25 the calculation of the district's 1994-1995 foundation allowance. A  
26 district is not entitled to any retroactive payments for fiscal  
27 years before 2006-2007 due to this subsection. A district receiving

1 an adjustment under this subsection shall not receive more than  
2 \$800,000.00 for a fiscal year as a result of this adjustment. A  
3 district receiving an adjustment under this subsection shall not  
4 receive as a result of this adjustment an amount that exceeds 50%  
5 of the amount the district received as a result of this adjustment  
6 for 2010-2011. This adjustment shall not be made after 2011-2012.

7 (16) For a district that levied 2.23 mills in 1993 to finance  
8 an operating deficit, the district's foundation allowance shall be  
9 calculated as if those mills were included as operating mills in  
10 the calculation of the district's 1994-1995 foundation allowance. A  
11 district is not entitled to any retroactive payments for fiscal  
12 years before 2006-2007 due to this subsection. A district receiving  
13 an adjustment under this subsection shall not receive more than  
14 \$500,000.00 for a fiscal year as a result of this adjustment. A  
15 district receiving an adjustment under this subsection shall not  
16 receive as a result of this adjustment an amount that exceeds 50%  
17 of the amount the district received as a result of this adjustment  
18 for 2010-2011. This adjustment shall not be made after 2011-2012.

19 (17) Payments to districts, public school academies, or the  
20 education achievement system shall not be made under this section.  
21 Rather, the calculations under this section shall be used to  
22 determine the amount of state payments under section 22b.

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

1 (19) As used in this section:

2 (a) "Certified mills" means the lesser of 18 mills or the  
3 number of mills of school operating taxes levied by the district in  
4 1993-94.

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

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

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

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

16 (f) "Local school operating revenue" means school operating  
17 taxes levied under section 1211 of the revised school code, MCL  
18 380.1211.

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

22 (h) "Maximum public school academy allocation", except as  
23 otherwise provided in this subdivision, means the maximum per-pupil  
24 allocation as calculated by adding the highest per-pupil allocation  
25 among all public school academies for the immediately preceding  
26 state fiscal year plus the difference between twice the dollar  
27 amount of the adjustment from the immediately preceding state

1 fiscal year to the current state fiscal year made in the basic  
2 foundation allowance and [(the dollar amount of the adjustment from  
3 the immediately preceding state fiscal year to the current state  
4 fiscal year made in the basic foundation allowance minus \$20.00)  
5 times (the difference between the highest per-pupil allocation  
6 among all public school academies for the immediately preceding  
7 state fiscal year and the sum of \$7,108.00 plus the total dollar  
8 amount of all adjustments made from 2006-2007 to the immediately  
9 preceding state fiscal year in the lowest per-pupil allocation  
10 among all public school academies) divided by the difference  
11 between the basic foundation allowance for the current state fiscal  
12 year and the sum of \$7,108.00 plus the total dollar amount of all  
13 adjustments made from 2006-2007 to the immediately preceding state  
14 fiscal year in the lowest per-pupil allocation among all public  
15 school academies]. For ~~2011-2012 and 2012-2013~~, **2013-2014, AND**  
16 **2014-2015**, maximum public school academy allocation means  
17 \$7,110.00. **FOR 2015-2016, MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION**  
18 **MEANS \$7,205.00.**

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

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

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

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

4 (l) "School operating purposes" means the purposes included in  
5 the operation costs of the district as prescribed in sections 7 and  
6 18.

7 (m) "School operating taxes" means local ad valorem property  
8 taxes levied under section 1211 of the revised school code, MCL  
9 380.1211, and retained for school operating purposes.

10 (n) "Tax increment financing acts" means 1975 PA 197, MCL  
11 125.1651 to 125.1681, the tax increment finance authority act, 1980  
12 PA 450, MCL 125.1801 to 125.1830, the local development financing  
13 act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield  
14 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,  
15 or the corridor improvement authority act, 2005 PA 280, MCL  
16 125.2871 to 125.2899.

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