



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRIS KOLB
DIRECTOR

March 5, 2019

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Shane Hernandez, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Supplemental Request 2019-3

Attached please find a recommendation for supplemental education omnibus appropriations for fiscal year 2019. Overall spending in this recommendation is increased \$120.7 million, fund sourced by an increase of \$42.6 million in school aid fund authorization, an increase of \$110 million from the talent investment fund, and a decrease of \$31.9 million in MPERS retirement obligation reform fund authorization. The total general fund amount supporting the School Aid budget is retained at \$87.9 million.

This supplemental recognizes \$50.8 million in estimated cost savings in the School Aid budget which reflect revised estimates for the number of pupils, property taxable values, and renaissance zone reimbursement payments. These savings are partially offset by anticipated increased costs for cash flow borrowing, special education, and promise zone payments. These figures are consistent with those agreed to at the January 2019 Consensus Revenue Estimating Conference.

The recommendation also includes \$61.5 million in one-time school aid fund dollars to replace drinking fountains in older school buildings statewide with hydration stations capable of filtering contaminants out of drinking water.

This supplemental also provides for a general fund deposit into the Talent Investment Fund of \$50 million in fiscal year 2019. These funds will be combined with unspent funds originally appropriated for the Marshall Plan for Talent program in PA 227 of 2018, for a total of \$110 million for the Michigan Reconnect Grant Program. This program provides a tuition-free opportunity for Michigan residents who are at least 25 years old and already in the work-force, to further advance their education by taking courses towards an industry certificate or an associate degree. An early advance of funds will allow students to begin taking advantage of this program as early as this summer. At the end of fiscal year 2019, remaining funds will be carried forward through a work project and are expected to support the program through fiscal year 2021.

The Honorable Jim Stamas
The Honorable Shane Hernandez
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If you have any questions about this supplemental, please contact Kyle Jen at (517) 373-0870.

Sincerely,



Chris Kolb
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Lee Chatfield, Speaker of the House
Jim Ananich, Senate Minority Leader
Christine Greig, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Jay Rising, Cabinet Secretary
Kyle Jen, Deputy State Budget Director
Mike Moody, Office of Financial Management
Internal State Budget Office
House Fiscal Agency

1 EDUCATION OMNIBUS

2 FISCAL YEAR 2019 SUPPLEMENTAL

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10 A bill to amend 1979 PA 94, entitled
11 "The state school aid act of 1979,"
12 by amending sections 11, 11m, 22a, 22b, 26a, 26c, 51a, 51c, 56, 62, 147e, 236 (MCL
13 388.1611, 388.1611m, 388.1622a, 388.1622b, 388.1626a, 388.1626c, 388.1651a, 388.1651c,
14 388.1656, 388.1662, 388.1747e, 388.1836), section 11 as amended by 2018 PA 586, sections
15 11m, 22a, 22b, 26a, 26c, 51a, 51c, 56, 62, 147e, 236 as amended by 2018 PA 265, and by
16 adding sections 31p and 260; and to repeal acts and parts of acts.

17
18

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

19

ARTICLE I

20

STATE AID TO PUBLIC SCHOOLS, EARLY CHILDHOOD, AND ADULT EDUCATION

21

22 Sec. 11. (1) ~~For the fiscal year ending September 30, 2018, there is appropriated for~~
23 ~~the public schools of this state and certain other state purposes relating to education the~~
24 ~~sum of \$12,682,127,200.00 from the state school aid fund, the sum of \$78,500,000.00 from~~
25 ~~the general fund, an amount not to exceed \$72,000,000.00 from the community district~~
26 ~~education trust fund created under section 12 of the Michigan trust fund act, 2000 PA 489,~~
27 ~~MCL 12.262, an amount not to exceed \$23,100,000.00 from the MPSERS retirement obligation~~
28 ~~reform reserve fund, and an amount not to exceed \$100.00 from the water emergency reserve~~
29 ~~fund.~~ For the fiscal year ending September 30, 2019, there is appropriated for the public
30 schools of this state and certain other state purposes relating to education the sum of
31 ~~\$12,876,825,200.00~~ **\$12,919,425,200.00** from the state school aid fund, the sum of
\$87,920,000.00 from the general fund, an amount not to exceed \$72,000,000.00 from the

1 community district education trust fund created under section 12 of the Michigan trust fund
2 act, 2000 PA 489, MCL 12.262, ~~an amount not to exceed \$31,900,000.00 from the MPERS~~
3 ~~retirement obligation reform reserve fund,~~ an amount not to exceed \$30,000,000.00 from the
4 school mental health and support services fund created under section 31m, and an amount not
5 to exceed \$100.00 from the water emergency reserve fund. In addition, all available federal
6 funds are appropriated ~~each fiscal year for the fiscal years~~ **YEAR** ending ~~September 30, 2018~~
7 ~~and~~ September 30, 2019.

8 (2) The appropriations under this section shall be allocated as provided in this
9 article. Money appropriated under this section from the general fund shall be expended to
10 fund the purposes of this article before the expenditure of money appropriated under this
11 section from the state school aid fund.

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

15 Sec. 11m. From the appropriation in section 11, there is allocated ~~for 2017-2018 an~~
16 ~~amount not to exceed \$18,000,000.00 and there is allocated for 2018-2019 an amount not to~~
17 ~~exceed \$24,000,000.00~~ **\$43,000,000.00** for fiscal year cash-flow borrowing costs solely
18 related to the state school aid fund established by section 11 of article IX of the state
19 constitution of 1963.

20 Sec. 22a. (1) From the appropriation in section 11, ~~there is allocated an amount not~~
21 ~~to exceed \$5,176,000,000.00 for 2017-2018 and there is allocated an amount not to exceed~~
22 ~~\$5,107,000,000.00~~ **\$5,049,000,000.00** for 2018-2019 for payments to districts and qualifying
23 public school academies to guarantee each district and qualifying public school academy an
24 amount equal to its 1994-95 total state and local per pupil revenue for school operating
25 purposes under section 11 of article IX of the state constitution of 1963. Pursuant to
26 section 11 of article IX of the state constitution of 1963, this guarantee does not apply
27 to a district in a year in which the district levies a millage rate for school district
28 operating purposes less than it levied in 1994. However, subsection (2) applies to
29 calculating the payments under this section. Funds allocated under this section that are
30 not expended in the state fiscal year for which they were allocated, as determined by the
31 department, may be used to supplement the allocations under sections 22b and 51c in order
32 to fully fund those calculated allocations for the same fiscal year.

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

5 (a) Except as otherwise provided in this subsection, the state portion of a
6 district's 1994-95 foundation allowance is an amount equal to the district's 1994-95
7 foundation allowance or \$6,500.00, whichever is less, minus the difference between the sum
8 of the product of the taxable value per membership pupil of all property in the district
9 that is nonexempt property times the district's certified mills and, for a district with
10 certified mills exceeding 12, the product of the taxable value per membership pupil of
11 property in the district that is commercial personal property times the certified mills
12 minus 12 mills and the quotient of the ad valorem property tax revenue of the district
13 captured under tax increment financing acts divided by the district's membership. For a
14 district that has a millage reduction required under section 31 of article IX of the state
15 constitution of 1963, the state portion of the district's foundation allowance shall be
16 calculated as if that reduction did not occur. For a receiving district, if school
17 operating taxes are to be levied on behalf of a dissolved district that has been attached
18 in whole or in part to the receiving district to satisfy debt obligations of the dissolved
19 district under section 12 of the revised school code, MCL 380.12, taxable value per
20 membership pupil of all property in the receiving district that is nonexempt property and
21 taxable value per membership pupil of property in the receiving district that is commercial
22 personal property do not include property within the geographic area of the dissolved
23 district; ad valorem property tax revenue of the receiving district captured under tax
24 increment financing acts does not include ad valorem property tax revenue captured within
25 the geographic boundaries of the dissolved district under tax increment financing acts; and
26 certified mills do not include the certified mills of the dissolved district. For a
27 community district, the allocation as otherwise calculated under this section shall be
28 reduced by an amount equal to the amount of local school operating tax revenue that would
29 otherwise be due to the community district if not for the operation of section 386 of the
30 revised school code, MCL 380.386, and the amount of this reduction shall be offset by the
31 increase in funding under section 22b(2).

32 (b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00,

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

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

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

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

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

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

7 (7) As used in this section:

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

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

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

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

23 (e) "Dissolved district" means a district that loses its organization, has its
24 territory attached to 1 or more other districts, and is dissolved as provided under section
25 12 of the revised school code, MCL 380.12.

26 (f) "Hold harmless millage" means, for a district with a 1994-95 foundation allowance
27 greater than \$6,500.00, the number of mills by which the exemption from the levy of school
28 operating taxes on a homestead, qualified agricultural property, qualified forest property,
29 supportive housing property, industrial personal property, commercial personal property,
30 and property occupied by a public school academy could be reduced as provided in section
31 1211 of the revised school code, MCL 380.1211, and the number of mills of school operating
32 taxes that could be levied on all property as provided in section 1211(2) of the revised

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

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

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

13 (i) "Nonexempt property" means property that is not a principal residence, qualified
14 agricultural property, qualified forest property, supportive housing property, industrial
15 personal property, commercial personal property, or property occupied by a public school
16 academy.

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

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

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

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

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

31 (i) For the number of mills by which the exemption from the levy of school operating
32 taxes on a homestead, qualified agricultural property, qualified forest property,

1 supportive housing property, industrial personal property, commercial personal property,
2 and property occupied by a public school academy may be reduced as provided in section 1211
3 of the revised school code, MCL 380.1211, the taxable value of homestead, qualified
4 agricultural property, qualified forest property, supportive housing property, industrial
5 personal property, commercial personal property, and property occupied by a public school
6 academy for the calendar year ending in the current state fiscal year. For a receiving
7 district, if school operating taxes are to be levied on behalf of a dissolved district that
8 has been attached in whole or in part to the receiving district to satisfy debt obligations
9 of the dissolved district under section 12 of the revised school code, MCL 380.12, mills do
10 not include mills within the geographic area of the dissolved district.

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

19 Sec. 22b. (1) For discretionary nonmandated payments to districts under this section,
20 there is allocated for ~~2017-2018 an amount not to exceed \$3,957,000,000.00 from the state~~
21 ~~school aid fund and general fund appropriations in section 11 and an amount not to exceed~~
22 ~~\$72,000,000.00 from the community district education trust fund appropriation in section~~
23 ~~11, and there is allocated for 2018-2019 an amount not to exceed \$4,252,000,000.00~~
24 **\$4,223,000,000.00** from the state school aid fund and general fund appropriations in section
25 11 and an amount not to exceed \$72,000,000.00 from the community district education trust
26 fund appropriation in section 11. Except for money allocated from the community district
27 trust fund, money allocated under this section that is not expended in the state fiscal
28 year for which it was allocated, as determined by the department, may be used to supplement
29 the allocations under sections 22a and 51c in order to fully fund those calculated
30 allocations for the same fiscal year.

31 (2) Subject to subsection (3) and section 296, the allocation to a district under
32 this section shall be an amount equal to the sum of the amounts calculated under sections

1 20, 20m, 51a(2), 51a(3), and 51a(11), minus the sum of the allocations to the district
2 under sections 22a and 51c. For a community district, the allocation as otherwise
3 calculated under this section shall be increased by an amount equal to the amount of local
4 school operating tax revenue that would otherwise be due to the community district if not
5 for the operation of section 386 of the revised school code, MCL 380.386, and this increase
6 shall be paid from the community district education trust fund allocation in subsection (1)
7 in order to offset the absence of local school operating revenue in a community district in
8 the funding of the state portion of the foundation allowance under section 20(4).

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

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

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

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

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

18 (e) Comply with section 21f.

19 (f) For a district or public school academy that has entered into a partnership
20 agreement with the department, comply with section 22p.

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

25 (5) From the allocation in subsection (1), the department shall pay up to
26 \$1,000,000.00 in litigation costs incurred by this state related to commercial or
27 industrial property tax appeals, including, but not limited to, appeals of classification,
28 that impact revenues dedicated to the state school aid fund.

29 (6) From the allocation in subsection (1), the department shall pay up to
30 \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by
31 1 or more districts or intermediate districts against this state. If the allocation under
32 this section is insufficient to fully fund all payments required under this section, the

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

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

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

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

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

31 (11) If a lawsuit challenging payments made to districts related to costs reimbursed
32 by federal title XIX Medicaid funds is filed against this state, then, for the purpose of

1 addressing potential liability under such a lawsuit, the state budget director may place
2 funds allocated under this section in escrow or allocate money from the funds otherwise
3 allocated under this section, up to a maximum of 50% of the amount allocated in subsection
4 (1). If funds are placed in escrow under this subsection, those funds are a work project
5 appropriation and the funds are carried forward into the following fiscal year. The purpose
6 of the work project is to provide for any payments that may be awarded to districts as a
7 result of the litigation. The work project shall be completed upon resolution of the
8 litigation. In addition, this state reserves the right to terminate future federal title
9 XIX Medicaid reimbursement payments to districts if the amount or allocation of reimbursed
10 funds is challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX
11 of the social security act, 42 USC 1396 to 1396w-5.

12 Sec. 26a. From the funds appropriated in section 11, there is allocated an amount not
13 to exceed ~~\$15,000,000.00 for 2017-2018 and there is allocated an amount not to exceed~~
14 ~~\$15,000,000.00~~ **\$13,800,000.00** for 2018-2019 to reimburse districts and intermediate
15 districts pursuant to section 12 of the Michigan renaissance zone act, 1996 PA 376, MCL
16 125.2692, for taxes levied in ~~2017 and 2018.~~, ~~as applicable.~~ The allocations shall be made
17 not later than 60 days after the department of treasury certifies to the department and to
18 the state budget director that the department of treasury has received all necessary
19 information to properly determine the amounts due to each eligible recipient.

20 Sec. 26c. (1) From the appropriation in section 11, there is allocated an amount not
21 to exceed ~~\$1,600,000.00 for 2017-2018 and there is allocated an amount not to exceed~~
22 ~~\$3,000,000.00~~ **\$3,400,000.00** for 2018-2019 to the promise zone fund created in subsection
23 (3). The funds allocated under this section reflect the amount of revenue from the
24 collection of the state education tax captured under section 17(2) of the Michigan promise
25 zone authority act, 2008 PA 549, MCL 390.1677.

26 (2) Funds allocated to the promise zone fund under this section shall be used solely
27 for payments to eligible districts and intermediate districts, in accordance with section
28 17(3) of the Michigan promise zone authority act, 2008 PA 549, MCL 390.1677, that have a
29 promise zone development plan approved by the department of treasury under section 7 of the
30 Michigan promise zone authority act, 2008 PA 549, MCL 390.1667. Eligible districts and
31 intermediate districts shall use payments made under this section for reimbursement for
32 qualified educational expenses as defined in section 3 of the Michigan promise zone

1 authority act, 2008 PA 549, MCL 390.1663.

2 (3) The promise zone fund is created as a separate account within the state school
3 aid fund to be used solely for the purposes of the Michigan promise zone authority act,
4 2008 PA 549, MCL 390.1661 to 390.1679. All of the following apply to the promise zone fund:

5 (a) The state treasurer shall direct the investment of the promise zone fund. The
6 state treasurer shall credit to the promise zone fund interest and earnings from fund
7 investments.

8 (b) Money in the promise zone fund at the close of a fiscal year shall remain in the
9 promise zone fund and shall not lapse to the general fund.

10 (4) Subject to subsection (2), the state treasurer may make payments from the promise
11 zone fund to eligible districts and intermediate districts pursuant to the Michigan promise
12 zone authority act, 2008 PA 549, MCL 390.1661 to 390.1679, to be used for the purposes of a
13 promise zone authority created under that act.

14 (5) Notwithstanding section 17b, payments under this section shall be paid on a
15 schedule determined by the department.

16 **SEC. 31p. (1) FROM THE SCHOOL AID FUND APPROPRIATION IN SECTION 11, THERE IS**
17 **ALLOCATED AN AMOUNT NOT TO EXCEED \$60,000,000.00 FOR 2018-2019 FOR GRANTS TO ELIGIBLE**
18 **DISTRICTS FOR COSTS ASSOCIATED WITH REPLACING SCHOOL DRINKING FOUNTAIN FIXTURES WITH**
19 **HYDRATION STATIONS. FROM THE GENERAL FUND MONEY IN SECTION 11, THERE IS ALLOCATED**
20 **\$1,500,000.00 FOR THE PURPOSES OF THIS SECTION. FUNDS APPROPRIATED UNDER THIS SECTION ARE**
21 **INTENDED TO ENSURE THAT DISTRICTS ARE PROVIDING SAFE DRINKING WATER.**

22 (2) THE DEPARTMENT, IN COLLABORATION WITH THE DEPARTMENT OF ENVIRONMENTAL QUALITY,
23 SHALL DEVELOP AN APPLICATION PROCESS FOR GRANTS UNDER THIS SECTION. THE DEPARTMENT SHALL
24 AWARD GRANTS TO ELIGIBLE DISTRICTS TO PROVIDE AT LEAST 1 HYDRATION STATION PER EVERY 100
25 PUPILS IN MEMBERSHIP PER BUILDING. AWARDS PER HYDRATION STATION SHALL NOT EXCEED \$3,800.00.
26 IF FUNDING IS AVAILABLE, THE DEPARTMENT MAY AWARD GRANTS FOR ADDITIONAL HYDRATION STATIONS
27 TO PROVIDE MORE THAN 1 HYDRATION STATION PER EVERY 100 PUPILS IN MEMBERSHIP PER BUILDING IF
28 THE DISTRICT DEMONSTRATES NEEDS BASED CRITERIA, AS DETERMINED BY THE DEPARTMENT OF
29 ENVIRONMENTAL QUALITY. A SCHOOL OF EXCELLENCE THAT IS A CYBER SCHOOL, AS DEFINED IN SECTION
30 551 OF THE REVISED SCHOOL CODE, MCL 380.551, IS NOT ELIGIBLE FOR FUNDING UNDER THIS
31 SECTION.

32 (3) THE DEPARTMENT, IN COLLABORATION WITH THE DEPARTMENT OF ENVIRONMENTAL QUALITY,

1 SHALL PUBLISH A LIST OF HYDRATION STATIONS ELIGIBLE FOR PURCHASE AND INSTALLATION UNDER
2 THIS SECTION.

3 (4) DISTRICTS RECEIVING GRANTS UNDER THIS SECTION MAY USE THE FUNDS FOR ANY OF THE
4 FOLLOWING:

5 (A) THE PURCHASE OF HYDRATION STATIONS.

6 (B) COSTS DIRECTLY ASSOCIATED WITH THE INSTALLATION OF HYDRATION STATIONS.

7 (C) COSTS DIRECTLY ASSOCIATED WITH THE REMOVAL OR CLOSURE OF EXISTING DRINKING
8 FOUNTAINS THAT DO NOT MEET THE FILTERING CAPABILITIES OF HYDRATION STATIONS, AS DETERMINED
9 BY THE DEPARTMENT.

10 (D) DISPOSAL OF HAZARDOUS MATERIALS AND OTHER ENVIRONMENTAL ABATEMENT COSTS DIRECTLY
11 ASSOCIATED WITH THE INSTALLATION OF NEW HYDRATION STATIONS AS DESCRIBED IN SUBDIVISION (B)
12 OR THE REMOVAL OF EXISTING DRINKING FOUNTAINS AS DESCRIBED IN SUBDIVISION (C).

13 (5) DISTRICTS RECEIVING GRANTS UNDER THIS SECTION SHALL ENSURE ALL OF THE FOLLOWING:

14 (A) IN BUILDINGS RECEIVING FUNDING FOR HYDRATION STATIONS UNDER THIS SECTION, THERE
15 IS AT LEAST 1 HYDRATION STATION PER EVERY 100 PUPILS IN MEMBERSHIP.

16 (B) IN BUILDINGS RECEIVING FUNDING FOR HYDRATION STATIONS UNDER THIS SECTION, ALL
17 EXISTING DRINKING FOUNTAINS THAT DO NOT MEET THE FILTERING CAPABILITIES OF HYDRATION
18 STATIONS, AS DETERMINED BY THE DEPARTMENT, ARE CLOSED OR REMOVED.

19 (C) GRANT AWARDS NOT UTILIZED FOR THE PURPOSES DESCRIBED IN SUBSECTION (4), AS
20 DETERMINED BY THE DEPARTMENT IN COLLABORATION WITH THE DEPARTMENT OF ENVIRONMENTAL QUALITY,
21 ARE REMITTED TO THE STATE IN A FORM AND MANNER DETERMINED BY THE DEPARTMENT.

22 (D) HYDRATION STATIONS FUNDED UNDER THIS SECTION RECEIVE PROPER MAINTENANCE, AS
23 DETERMINED BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY, INCLUDING THE MAINTENANCE AND
24 REPLACEMENT OF HYDRATION STATION FILTERS. DISTRICTS RECEIVING GRANTS UNDER THIS SECTION
25 SHALL SIGN AN AGREEMENT WITH THE DEPARTMENT OF ENVIRONMENTAL QUALITY STATING THAT THE
26 DISTRICT WILL FOLLOW PROPER MAINTENANCE SCHEDULES.

27 (6) FROM THE GENERAL FUND ALLOCATION IN SUBSECTION (1), THERE IS ALLOCATED
28 \$1,500,000.00 FOR THE DEPARTMENT, IN COLLABORATION WITH THE DEPARTMENT OF ENVIRONMENTAL
29 QUALITY, TO ADMINISTER THIS SECTION. THE DEPARTMENT, IN COLLABORATION WITH THE DEPARTMENT
30 OF ENVIRONMENTAL QUALITY, SHALL PROVIDE GUIDANCE TO SCHOOL DISTRICTS ON THE PROPER
31 MAINTENANCE OF HYDRATIONS STATIONS, INCLUDING THE MAINTENANCE AND REPLACEMENT CYCLES OF
32 HYDRATION STATION FILTERS.

1 (7) THE DEPARTMENT, THE DEPARTMENT OF ENVIRONMENTAL QUALITY, THE DEPARTMENT OF
2 LICENSING AND REGULATORY AFFAIRS, AND THE DEPARTMENT OF HEALTH AND HUMAN SERVICES SHALL
3 COLLABORATE TO IMPLEMENT THIS SECTION.

4 (8) NOTWITHSTANDING SECTION 17B, PAYMENTS UNDER THIS SECTION MAY BE MADE AS
5 DETERMINED BY THE DEPARTMENT, IN COLLABORATION WITH THE DEPARTMENT OF ENVIRONMENTAL
6 QUALITY, FOR ELIGIBLE HYDRATION STATION REPLACEMENT COSTS.

7 (9) AS USED IN THIS SECTION, "HYDRATION STATION" MEANS A FIXTURE THAT IS DESIGNED TO
8 DELIVER DRINKING WATER THROUGH EXISTING WATER LINES AND IS CAPABLE OF RECEIVING A FILTER
9 DESIGNED TO REMOVE LEAD FROM WATER. THESE FILTERS ARE TO BE OF A CONSTRUCTION THAT WOULD
10 LEND THEMSELVES TO BE ABLE TO REASONABLY REMOVE ADDITIONAL CONTAMINANTS OF CONCERN, AS
11 DETERMINED BY THE DEPARTMENT OF ENVIRONMENTAL QUALITY.

12 (10) THE FUNDS ALLOCATED UNDER THIS SECTION FOR 2018-2019 ARE A WORK PROJECT
13 APPROPRIATION, AND ANY UNEXPENDED FUNDS FOR 2018-2019 ARE CARRIED FORWARD INTO 2019-2020.
14 THE PURPOSE OF THE WORK PROJECT IS TO REPLACE DRINKING FOUNTAIN FIXTURES WITH HYDRATION
15 STATIONS TO PROVIDE SAFE DRINKING WATER IN SCHOOLS. THE ESTIMATED COMPLETION DATE OF THE
16 WORK PROJECT IS SEPTEMBER 30, 2021.

17 Sec. 51a. (1) From the appropriation in section 11, there is allocated an amount not
18 to exceed ~~\$960,446,100.00~~ for 2017-2018 and there is allocated an amount not to exceed
19 ~~\$983,196,100.00~~ **\$1,008,796,100.00** for 2018-2019 from state sources and all available
20 federal funding under sections 611 to 619 of part B of the individuals with disabilities
21 education act, 20 USC 1411 to 1419, estimated at \$370,000,000.00 ~~each fiscal year for 2017-~~
22 ~~2018 and for 2018-2019~~, plus any carryover federal funds from previous year appropriations.
23 In addition, from the general fund appropriation in section 11, there is allocated to the
24 department an amount not to exceed \$500,000.00 for ~~each fiscal year for 2017-2018 and for~~
25 2018-2019 for the purpose of subsection (16). The allocations under this subsection are for
26 the purpose of reimbursing districts and intermediate districts for special education
27 programs, services, and special education personnel as prescribed in article 3 of the
28 revised school code, MCL 380.1701 to 380.1761; net tuition payments made by intermediate
29 districts to the Michigan Schools for the Deaf and Blind; and special education programs
30 and services for pupils who are eligible for special education programs and services
31 according to statute or rule. For meeting the costs of special education programs and
32 services not reimbursed under this article, a district or intermediate district may use

1 money in general funds or special education funds, not otherwise restricted, or
2 contributions from districts to intermediate districts, tuition payments, gifts and
3 contributions from individuals or other entities, or federal funds that may be available
4 for this purpose, as determined by the intermediate district plan prepared pursuant to
5 article 3 of the revised school code, MCL 380.1701 to 380.1761. Notwithstanding section
6 17b, payments of federal funds to districts, intermediate districts, and other eligible
7 entities under this section shall be paid on a schedule determined by the department.

8 (2) From the funds allocated under subsection (1), there is allocated the amount
9 necessary, and estimated at ~~\$266,900,000.00 for 2017-2018 and estimated at \$273,100,000.00~~
10 **\$286,800,000.00** for 2018-2019, for payments toward reimbursing districts and intermediate
11 districts for 28.6138% of total approved costs of special education, excluding costs
12 reimbursed under section 53a, and 70.4165% of total approved costs of special education
13 transportation. Allocations under this subsection shall be made as follows:

14 (a) The initial amount allocated to a district under this subsection toward
15 fulfilling the specified percentages shall be calculated by multiplying the district's
16 special education pupil membership, excluding pupils described in subsection (11), times
17 the foundation allowance under section 20 of the pupil's district of residence, plus the
18 amount of the district's per-pupil allocation under section 20m, not to exceed the basic
19 foundation allowance under section 20 for the current fiscal year, or, for a special
20 education pupil in membership in a district that is a public school academy, times an
21 amount equal to the amount per membership pupil calculated under section 20(6). For an
22 intermediate district, the amount allocated under this subdivision toward fulfilling the
23 specified percentages shall be an amount per special education membership pupil, excluding
24 pupils described in subsection (11), and shall be calculated in the same manner as for a
25 district, using the foundation allowance under section 20 of the pupil's district of
26 residence, not to exceed the basic foundation allowance under section 20 for the current
27 fiscal year, and that district's per-pupil allocation under section 20m.

28 (b) After the allocations under subdivision (a), districts and intermediate districts
29 for which the payments calculated under subdivision (a) do not fulfill the specified
30 percentages shall be paid the amount necessary to achieve the specified percentages for the
31 district or intermediate district.

32 (3) From the funds allocated under subsection (1), there is allocated for ~~2017-2018~~

1 ~~2018-2019~~ an amount not to exceed ~~\$1,300,000.00~~ and there is allocated an amount not to
2 exceed ~~\$1,300,000.00~~ for ~~2018-2019~~ **\$1,200,000.00** to make payments to districts and
3 intermediate districts under this subsection. If the amount allocated to a district or
4 intermediate district for a fiscal year under subsection (2) (b) is less than the sum of the
5 amounts allocated to the district or intermediate district for 1996-97 under sections 52
6 and 58, there is allocated to the district or intermediate district for the fiscal year an
7 amount equal to that difference, adjusted by applying the same proration factor that was
8 used in the distribution of funds under section 52 in 1996-97 as adjusted to the district's
9 or intermediate district's necessary costs of special education used in calculations for
10 the fiscal year. This adjustment is to reflect reductions in special education program
11 operations or services between 1996-97 and subsequent fiscal years. Adjustments for
12 reductions in special education program operations or services shall be made in a manner
13 determined by the department and shall include adjustments for program or service shifts.

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

28 (5) State funds shall be allocated on a total approved cost basis. Federal funds
29 shall be allocated under applicable federal requirements, except that an amount not to
30 exceed \$3,500,000.00 may be allocated by the department ~~each fiscal year for 2017-2018 and~~
31 for 2018-2019 to districts, intermediate districts, or other eligible entities on a
32 competitive grant basis for programs, equipment, and services that the department

1 determines to be designed to benefit or improve special education on a statewide scale.

2 (6) From the amount allocated in subsection (1), there is allocated an amount not to
3 exceed \$2,200,000.00 ~~each fiscal year for 2017-2018 and for 2018-2019~~ to reimburse 100% of
4 the net increase in necessary costs incurred by a district or intermediate district in
5 implementing the revisions in the administrative rules for special education that became
6 effective on July 1, 1987. As used in this subsection, "net increase in necessary costs"
7 means the necessary additional costs incurred solely because of new or revised requirements
8 in the administrative rules minus cost savings permitted in implementing the revised rules.
9 Net increase in necessary costs shall be determined in a manner specified by the
10 department.

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

12 (a) "Total approved costs of special education" shall be determined in a manner
13 specified by the department and may include indirect costs, but shall not exceed 115% of
14 approved direct costs for section 52 and section 53a programs. The total approved costs
15 include salary and other compensation for all approved special education personnel for the
16 program, including payments for social security and Medicare and public school employee
17 retirement system contributions. The total approved costs do not include salaries or other
18 compensation paid to administrative personnel who are not special education personnel as
19 defined in section 6 of the revised school code, MCL 380.6. Costs reimbursed by federal
20 funds, other than those federal funds included in the allocation made under this article,
21 are not included. Special education approved personnel not utilized full time in the
22 evaluation of students or in the delivery of special education programs, ancillary, and
23 other related services shall be reimbursed under this section only for that portion of time
24 actually spent providing these programs and services, with the exception of special
25 education programs and services provided to youth placed in child caring institutions or
26 juvenile detention programs approved by the department to provide an on-grounds education
27 program.

28 (b) Beginning with the 2004-2005 fiscal year, a district or intermediate district
29 that employed special education support services staff to provide special education support
30 services in 2003-2004 or in a subsequent fiscal year and that in a fiscal year after 2003-
31 2004 receives the same type of support services from another district or intermediate
32 district shall report the cost of those support services for special education

1 reimbursement purposes under this article. This subdivision does not prohibit the transfer
2 of special education classroom teachers and special education classroom aides if the pupils
3 counted in membership associated with those special education classroom teachers and
4 special education classroom aides are transferred and counted in membership in the other
5 district or intermediate district in conjunction with the transfer of those teachers and
6 aides.

7 (c) If the department determines before bookclosing for a fiscal year that the
8 amounts allocated for that fiscal year under subsections (2), (3), (6), and (11) and
9 sections 53a, 54, and 56 will exceed expenditures for that fiscal year under subsections
10 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a district or intermediate
11 district whose reimbursement for that fiscal year would otherwise be affected by
12 subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for
13 that district or intermediate district and reimbursement for that district or intermediate
14 district shall be calculated in the same manner as it was for 2003-2004. If the amount of
15 the excess allocations under subsections (2), (3), (6), and (11) and sections 53a, 54, and
16 56 is not sufficient to fully fund the calculation of reimbursement to those districts and
17 intermediate districts under this subdivision, then the calculations and resulting
18 reimbursement under this subdivision shall be prorated on an equal percentage basis.
19 Beginning in 2015-2016, the amount of reimbursement under this subdivision for a fiscal
20 year shall not exceed \$2,000,000.00 for any district or intermediate district.

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

30 (e) Beginning with calculations for 2004-2005, if an intermediate district purchases
31 a special education pupil transportation service from a constituent district that was
32 previously purchased from a private entity; if the purchase from the constituent district

1 is at a lower cost, adjusted for changes in fuel costs; and if the cost shift from the
2 intermediate district to the constituent does not result in any net change in the revenue
3 the constituent district receives from payments under sections 22b and 51c, then upon
4 application by the intermediate district, the department shall direct the intermediate
5 district to continue to report the cost associated with the specific identified special
6 education pupil transportation service and shall adjust the costs reported by the
7 constituent district to remove the cost associated with that specific service.

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

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

16 (10) If a district or intermediate district uses money received under this section
17 for a purpose other than the purpose or purposes for which the money is allocated, the
18 department may require the district or intermediate district to refund the amount of money
19 received. Money that is refunded shall be deposited in the state treasury to the credit of
20 the state school aid fund.

21 (11) From the funds allocated in subsection (1), there is allocated the amount
22 necessary, ~~estimated at \$3,200,000.00 for 2017-2018, and estimated at \$3,400,000.00~~
23 **\$2,900,000.00** for 2018-2019, to pay the foundation allowances for pupils described in this
24 subsection. The allocation to a district under this subsection shall be calculated by
25 multiplying the number of pupils described in this subsection who are counted in membership
26 in the district times the sum of the foundation allowance under section 20 of the pupil's
27 district of residence, plus the amount of the district's per-pupil allocation under section
28 20m, not to exceed the basic foundation allowance under section 20 for the current fiscal
29 year, or, for a pupil described in this subsection who is counted in membership in a
30 district that is a public school academy, times an amount equal to the amount per
31 membership pupil under section 20(6) or, for a pupil described in this subsection who is
32 counted in membership in the education achievement system, times an amount equal to the

1 amount per membership pupil under section 20(7). The allocation to an intermediate district
2 under this subsection shall be calculated in the same manner as for a district, using the
3 foundation allowance under section 20 of the pupil's district of residence, not to exceed
4 the basic foundation allowance under section 20 for the current fiscal year, and that
5 district's per-pupil allocation under section 20m. This subsection applies to all of the
6 following pupils:

7 (a) Pupils described in section 53a.

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

11 (c) Pupils with an emotional impairment counted in membership by an intermediate
12 district and provided educational services by the department of health and human services.

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

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

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

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

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

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

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

27 (14) If a public school academy that is not a cyber school, as defined in section 551
28 of the revised school code, MCL 380.551, enrolls under this section a pupil who resides
29 outside of the intermediate district in which the public school academy is located and who
30 is eligible for special education programs and services according to statute or rule, or
31 who is a child with disabilities, as defined under the individuals with disabilities
32 education act, Public Law 108-446, the intermediate district in which the public school

1 academy is located and the public school academy shall enter into a written agreement with
2 the intermediate district in which the pupil resides for the purpose of providing the pupil
3 with a free appropriate public education, and the written agreement shall include at least
4 an agreement on the responsibility for the payment of the added costs of special education
5 programs and services for the pupil. If the public school academy that enrolls the pupil
6 does not enter into an agreement under this subsection, the public school academy shall not
7 charge the pupil's resident intermediate district or the intermediate district in which the
8 public school academy is located the added costs of special education programs and services
9 for the pupil, and the public school academy is not eligible for any payouts based on the
10 funding formula outlined in the resident or nonresident intermediate district's plan. If a
11 pupil is not enrolled in a public school academy under this subsection, the provision of
12 special education programs and services and the payment of the added costs of special
13 education programs and services for a pupil described in this subsection are the
14 responsibility of the district and intermediate district in which the pupil resides.

15 (15) For the purpose of receiving its federal allocation under part B of the
16 individuals with disabilities education act, Public Law 108-446, a public school academy
17 that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551,
18 and is in compliance with section 553a of the revised school code, MCL 380.553a, shall
19 directly receive the federal allocation under part B of the individuals with disabilities
20 education act, Public Law 108-446, from the intermediate district in which the cyber school
21 is located, as the subrecipient. If the intermediate district does not distribute the funds
22 described in this subsection to the cyber school by the part B application due date of July
23 1, the department may distribute the funds described in this subsection directly to the
24 cyber school according to the formula prescribed in 34 CFR 300.705 and 34 CFR 300.816.

25 (16) For a public school academy that is a cyber school, as defined in section 551 of
26 the revised school code, MCL 380.551, and is in compliance with section 553a of the revised
27 school code, MCL 380.553a, that enrolls a pupil under this section, the intermediate
28 district in which the cyber school is located shall ensure that the cyber school complies
29 with sections 1701a, 1703, 1704, 1751, 1752, 1756, and 1757 of the revised school code, MCL
30 380.1701a, 380.1703, 380.1704, 380.1751, 380.1752, 380.1756, and 380.1757; applicable
31 rules; and the individuals with disabilities education act, Public Law 108-446. From the
32 general fund appropriation under subsection (1), the department shall provide appropriate

1 administrative funding to the intermediate district in which that cyber school is located
2 for the purpose of ensuring that compliance.

3 (17) For the purposes of this section, the department or the center shall only
4 require a district or intermediate district to report information that is not already
5 available from the financial information database maintained by the center.

6 Sec. 51c. As required by the court in the consolidated cases known as Durant v State
7 of Michigan, 456 Mich 175 (1997), from the allocation under section 51a(1), there is
8 allocated ~~each fiscal year for 2017-2018 and for 2018-2019~~ the amount necessary, estimated
9 at ~~\$636,900,000.00 for 2017-2018 and \$651,000,000.00~~ **\$663,500,000.00** for 2018-2019, for
10 payments to reimburse districts for 28.6138% of total approved costs of special education
11 excluding costs reimbursed under section 53a, and 70.4165% of total approved costs of
12 special education transportation. Funds allocated under this section that are not expended
13 in the state fiscal year for which they were allocated, as determined by the department,
14 may be used to supplement the allocations under sections 22a and 22b in order to fully fund
15 those calculated allocations for the same fiscal year.

16 Sec. 56. (1) For the purposes of this section:

17 (a) "Membership" means for a particular fiscal year the total membership for the
18 immediately preceding fiscal year of the intermediate district and the districts
19 constituent to the intermediate district.

20 (b) "Millage levied" means the millage levied for special education pursuant to part
21 30 of the revised school code, MCL 380.1711 to 380.1741, including a levy for debt service
22 obligations.

23 (c) "Taxable value" means the total taxable value of the districts constituent to an
24 intermediate district, except that if a district has elected not to come under part 30 of
25 the revised school code, MCL 380.1711 to 380.1741, membership and taxable value of the
26 district shall not be included in the membership and taxable value of the intermediate
27 district.

28 (2) From the allocation under section 51a(1), there is allocated an amount not to
29 exceed ~~\$37,758,100.00 for 2017-2018 and an amount not to exceed~~ \$40,008,100.00 for 2018-
30 2019 to reimburse intermediate districts levying millages for special education pursuant to
31 part 30 of the revised school code, MCL 380.1711 to 380.1741. The purpose, use, and
32 expenditure of the reimbursement shall be limited as if the funds were generated by these

1 millages and governed by the intermediate district plan adopted pursuant to article 3 of
2 the revised school code, MCL 380.1701 to 380.1761. As a condition of receiving funds under
3 this section, an intermediate district distributing any portion of special education
4 millage funds to its constituent districts shall submit for departmental approval and
5 implement a distribution plan.

6 ~~(3) Reimbursement for those millages levied in 2016-2017 shall be made in 2017-2018~~
7 ~~at an amount per 2016-2017 membership pupil computed by subtracting from \$185,000.00 the~~
8 ~~2016-2017 taxable value behind each membership pupil and multiplying the resulting~~
9 ~~difference by the 2016-2017 millage levied, and then subtracting from that amount the 2016-~~
10 ~~2017 local community stabilization share revenue for special education purposes behind each~~
11 ~~membership pupil for reimbursement of personal property exemption loss under the local~~
12 ~~community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362.~~

13 (3) ~~(4)~~ Except as otherwise provided in this subsection, reimbursement for those
14 millages levied in 2017-2018 shall be made in 2018-2019 at an amount per 2017-2018
15 membership pupil computed by subtracting from ~~\$193,700.00~~ **\$193,800.00** the 2017-2018 taxable
16 value behind each membership pupil and multiplying the resulting difference by the 2017-
17 2018 millage levied, and then subtracting from that amount the 2017-2018 local community
18 stabilization share revenue for special education purposes behind each membership pupil for
19 reimbursement of personal property exemption loss under the local community stabilization
20 authority act, 2014 PA 86, MCL 123.1341 to 123.1362. Reimbursement in 2018-2019 for an
21 intermediate district whose 2017-2018 allocation was affected by the operation of
22 subsection ~~(5)~~ **(4)** shall be an amount equal to 102.5% of the 2017-2018 allocation to that
23 intermediate district.

24 ~~(4)~~ ~~(5)~~ The amount paid to a single intermediate district under this section shall
25 not exceed 62.9% of the total amount allocated under subsection (2).

26 ~~(5)~~ ~~(6)~~ The amount paid to a single intermediate district under this section shall
27 not be less than 75% of the amount allocated to the intermediate district under this
28 section for the immediately preceding fiscal year.

29 Sec. 62.(1) For the purposes of this section:

30 (a) "Membership" means for a particular fiscal year the total membership for the
31 immediately preceding fiscal year of the intermediate district and the districts
32 constituent to the intermediate district or the total membership for the immediately

1 preceding fiscal year of the area vocational-technical program.

2 (b) "Millage levied" means the millage levied for area vocational-technical education
3 pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to 380.690,
4 including a levy for debt service obligations incurred as the result of borrowing for
5 capital outlay projects and in meeting capital projects fund requirements of area
6 vocational-technical education.

7 (c) "Taxable value" means the total taxable value of the districts constituent to an
8 intermediate district or area vocational-technical education program, except that if a
9 district has elected not to come under sections 681 to 690 of the revised school code, MCL
10 380.681 to 380.690, the membership and taxable value of that district shall not be included
11 in the membership and taxable value of the intermediate district. However, the membership
12 and taxable value of a district that has elected not to come under sections 681 to 690 of
13 the revised school code, MCL 380.681 to 380.690, shall be included in the membership and
14 taxable value of the intermediate district if the district meets both of the following:

15 (i) The district operates the area vocational-technical education program pursuant to
16 a contract with the intermediate district.

17 (ii) The district contributes an annual amount to the operation of the program that
18 is commensurate with the revenue that would have been raised for operation of the program
19 if millage were levied in the district for the program under sections 681 to 690 of the
20 revised school code, MCL 380.681 to 380.690.

21 (2) From the appropriation in section 11, there is allocated an amount not to exceed
22 \$9,190,000.00 ~~each fiscal year for 2017-2018 and for 2018-2019~~ to reimburse intermediate
23 districts and area vocational-technical education programs established under section 690(3)
24 of the revised school code, MCL 380.690, levying millages for area vocational-technical
25 education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to
26 380.690. The purpose, use, and expenditure of the reimbursement shall be limited as if the
27 funds were generated by those millages.

28 ~~(3) Reimbursement for those millages levied in 2016-2017 shall be made in 2017-2018~~
29 ~~at an amount per 2016-2017 membership pupil computed by subtracting from \$200,800.00 the~~
30 ~~2016-2017 taxable value behind each membership pupil and multiplying the resulting~~
31 ~~difference by the 2016-2017 millage levied, and then subtracting from that amount the 2016-~~
32 ~~2017 local community stabilization share revenue for area vocational technical education~~

1 ~~behind each membership pupil for reimbursement of personal property exemption loss under~~
2 ~~the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362.~~

3 (3) ~~(4)~~ Reimbursement for those millages levied in 2017-2018 shall be made in 2018-
4 2019 at an amount per 2017-2018 membership pupil computed by subtracting from ~~\$205,700.00~~
5 **\$205,600.00** the 2017-2018 taxable value behind each membership pupil and multiplying the
6 resulting difference by the 2017-2018 millage levied, and then subtracting from that amount
7 the 2017-2018 local community stabilization share revenue for area vocational technical
8 education behind each membership pupil for reimbursement of personal property exemption
9 loss under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to
10 123.1362.

11 (4) ~~(5)~~ The amount paid to a single intermediate district under this section shall
12 not exceed 38.4% of the total amount allocated under subsection (2).

13 (5) ~~(6)~~ The amount paid to a single intermediate district under this section shall
14 not be less than 75% of the amount allocated to the intermediate district under this
15 section for the immediately preceding fiscal year.

16 Sec. 147e. (1) From the appropriation in section 11, there is allocated for 2018-2019
17 an amount not to exceed ~~\$31,900,000.00 from the MPSEERS retirement obligation reform reserve~~
18 ~~fund and \$5,700,000.00~~ **\$30,000,000.00** from the state school aid fund for payments to
19 participating entities.

20 (2) The payment to each participating entity under this section shall be the sum of
21 the amounts under this subsection as follows:

22 (a) An amount equal to the contributions made by a participating entity for the
23 additional contribution made to a qualified participant's Tier 2 account in an amount equal
24 to the contribution made by the qualified participant not to exceed 3% of the qualified
25 participant's compensation as provided for under section 131(6) of the public school
26 employees retirement act of 1979, 1980 PA 300, MCL 38.1431.

27 (b) Beginning October 1, 2017, an amount equal to the contributions made by a
28 participating entity for a qualified participant who is only a Tier 2 qualified participant
29 under section 81d of the public school employees retirement act of 1979, 1980 PA 300, MCL
30 38.1381d, not to exceed 4%, and, beginning February 1, 2018, not to exceed 1%, of the
31 qualified participant's compensation.

32 (c) An amount equal to the increase in employer normal cost contributions under

1 section 41b(2) of the public school employees retirement act of 1979, 1980 PA 300, MCL
2 38.1341b, for a member that was hired after February 1, 2018 and chose to participate in
3 Tier 1, compared to the employer normal cost contribution for a member under section 41b(1)
4 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341b.

5 (3) As used in this section:

6 (a) "Member" means that term as defined under the public school employees retirement
7 act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

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

13 (c) "Qualified participant" means that term as defined under section 124 of the
14 public school employees retirement act of 1979, 1980 PA 300, MCL 38.1424.

15
16 ARTICLE III

17 STATE AID FOR UNIVERSITIES AND STUDENT FINANCIAL AID

18 Sec. 236. (1) Subject to the conditions set forth in this article, the amounts listed
19 in this section are appropriated for higher education for the fiscal year ending September
20 30, 2019, from the funds indicated in this section. The following is a summary of the
21 appropriations in this section:

22 (a) The gross appropriation is ~~\$1,669,732,600.00.~~ **\$1,779,732,600.00.** After deducting
23 total interdepartmental grants and intradepartmental transfers in the amount of \$0.00, the
24 adjusted gross appropriation is ~~\$1,669,732,600.00.~~ **\$1,779,732,600.00.**

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

27 (i) Total federal revenues, \$123,526,400.00.

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

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

30 (iv) Total other state restricted revenues, ~~\$500,188,300.00~~ **\$610,188,300.00.**

31 (v) State general fund/general purpose money, \$1,046,017,900.00.

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

- 1 (a) The appropriation for Central Michigan University is \$87,415,000.00,
2 \$85,654,400.00 for operations and \$1,760,600.00 for performance funding.
- 3 (b) The appropriation for Eastern Michigan University is \$76,979,300.00,
4 \$75,169,900.00 for operations and \$1,809,400.00 for performance funding.
- 5 (c) The appropriation for Ferris State University is \$54,950,700.00, \$53,595,500.00
6 for operations and \$1,355,200.00 for performance funding.
- 7 (d) The appropriation for Grand Valley State University is \$72,056,600.00,
8 \$70,100,100.00 for operations and \$1,956,500.00 for performance funding.
- 9 (e) The appropriation for Lake Superior State University is \$13,987,000.00,
10 \$13,775,000.00 for operations and \$212,000.00 for performance funding.
- 11 (f) The appropriation for Michigan State University is \$350,703,300.00,
12 \$281,239,100.00 for operations, \$5,035,100.00 for performance funding, \$34,591,400.00 for
13 MSU AgBioResearch, and \$29,837,700.00 for MSU Extension.
- 14 (g) The appropriation for Michigan Technological University is \$49,949,600.00,
15 \$49,052,200.00 for operations and \$897,400.00 for performance funding.
- 16 (h) The appropriation for Northern Michigan University is \$47,998,400.00,
17 \$47,137,400.00 for operations and \$861,000.00 for performance funding.
- 18 (i) The appropriation for Oakland University is \$52,819,200.00, \$51,235,900.00 for
19 operations and \$1,583,300.00 for performance funding.
- 20 (j) The appropriation for Saginaw Valley State University is \$30,528,000.00,
21 \$29,766,100.00 for operations and \$761,900.00 for performance funding.
- 22 (k) The appropriation for University of Michigan - Ann Arbor is \$320,782,400.00,
23 \$314,589,100.00 for operations and \$6,193,300.00 for performance funding.
- 24 (l) The appropriation for University of Michigan - Dearborn is \$26,071,800.00,
25 \$25,421,900.00 for operations and \$649,900.00 for performance funding.
- 26 (m) The appropriation for University of Michigan - Flint is \$23,585,400.00,
27 \$23,061,800.00 for operations and \$523,600.00 for performance funding.
- 28 (n) The appropriation for Wayne State University is \$202,363,200.00, \$199,169,800.00
29 for operations and \$3,193,400.00 for performance funding.
- 30 (o) The appropriation for Western Michigan University is \$111,151,000.00,
31 \$109,376,800.00 for operations and \$1,774,200.00 for performance funding.
- 32 (3) The amount appropriated in subsection (2) for public universities is appropriated

1 from the following:

2 (a) State school aid fund, \$494,286,300.00.

3 (b) State general fund/general purpose money, \$1,027,054,600.00.

4 (4) The amount appropriated for Michigan public school employees' retirement system
5 reimbursement is \$5,133,000.00, appropriated from the state school aid fund.

6 (5) The amount appropriated for state and regional programs is \$315,000.00,
7 appropriated from general fund/general purpose money and allocated as follows:

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

9 (b) Midwestern Higher Education Compact, \$115,000.00.

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

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

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

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

16 (7) Subject to subsection (8), the amount appropriated for grants and financial aid
17 is ~~\$139,583,200.00~~, **\$249,583,200.00**, allocated as follows:

18 (a) State competitive scholarships, \$32,361,700.00.

19 (b) Tuition grants, \$38,021,500.00.

20 (c) Tuition incentive program, \$64,300,000.00.

21 (d) Children of veterans and officer's survivor tuition grant programs,
22 \$1,400,000.00.

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

24 (f) North American Indian tuition waiver, \$300,000.00.

25 **(G) MICHIGAN RECONNECT GRANT PROGRAM, \$110,000,000.00.**

26 (8) The money appropriated in subsection (7) for grants and financial aid is
27 appropriated from the following:

28 (a) Federal revenues under the United States Department of Education, Office of
29 Elementary and Secondary Education, GEAR-UP program, \$3,200,000.00.

30 (b) Federal revenues under the social security act, temporary assistance for needy
31 families, \$120,326,400.00.

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

1 (D) STATE RESTRICTED FUNDS FROM THE TALENT INVESTMENT FUND, \$110,000,000.00.

2 (E) ~~(d)~~ State general fund/general purpose money, \$15,956,800.00.

3 (9) For fiscal year 2018-2019 only, in addition to the allocation under subsection
4 (4), from the appropriations described in subsection (1), there is allocated an amount not
5 to exceed \$669,000.00 for payments to participating public universities, appropriated from
6 the state school aid fund. A university that receives money under this subsection shall use
7 that money solely for the purpose of offsetting the normal cost contribution rate. As used
8 in this subsection, "participating public universities" means public universities that are
9 a reporting unit of the Michigan public school employees' retirement system under the
10 public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437, and
11 that pay contributions to the Michigan public school employees' retirement system for the
12 state fiscal year.

13 SEC. 260. (1) THE FUNDS APPROPRIATED IN SECTION 236 FROM THE TALENT INVESTMENT FUND
14 CREATED UNDER SECTION 8A OF THE HIGHER EDUCATION LOAN AUTHORITY ACT, 2018 PA 228, MCL
15 390.1158A FOR THE MICHIGAN RECONNECT GRANT PROGRAM SHALL BE DISTRIBUTED PURSUANT TO THE
16 MICHIGAN RECONNECT GRANT ACT.

17 (2) MICHIGAN RECONNECT GRANT PAYMENTS SHALL BE MADE ON BEHALF OF ALL ELIGIBLE
18 MICHIGAN RESIDENTS WHO ARE AT LEAST 25 YEARS OF AGE AND ENROLLED IN AN ELIGIBLE INSTITUTION
19 AT LEAST HALF-TIME.

20 (3) THE DEPARTMENT OF TREASURY SHALL WORK WITH THE DEPARTMENT OF TALENT AND ECONOMIC
21 DEVELOPMENT IN ADMINISTERING THE MICHIGAN RECONNECT GRANT PROGRAM PURSUANT TO THE MICHIGAN
22 RECONNECT GRANT ACT. THE DEPARTMENTS SHALL DEVELOP A STANDARD MICHIGAN RECONNECT GRANT
23 APPLICATION AND ELIGIBILITY PROCESS THAT WILL PROVIDE THE HIGHEST LEVEL OF PARTICIPATION
24 AND ENSURES THAT ALL REQUIREMENTS OF THE PROGRAM ARE MET.

25 (4) THE AMOUNT OF A MICHIGAN RECONNECT GRANT AWARD IS EQUAL TO THE COST OF TUITION
26 AND MANDATORY FEES AT THE ELIGIBLE INSTITUTION ATTENDED LESS ALL OTHER GIFT AID.

27 (5) EACH INSTITUTION SHALL ENSURE THAT ALL KNOWN AVAILABLE RESTRICTED GRANTS FOR
28 TUITION AND FEES ARE USED PRIOR TO BILLING THE MICHIGAN RECONNECT GRANT PROGRAM FOR ANY
29 PORTION OF A STUDENT'S TUITION AND FEES.

30 (6) AN INSTITUTION MUST COMPLY WITH TUITION RESTRAINT PROVISIONS UNDER ARTICLE II OF
31 THIS ACT TO BE CONSIDERED AN ELIGIBLE INSTITUTION FOR PURPOSES OF THE PROGRAM UNDER THIS
32 SECTION.

1 (7) FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019, \$50,000,000.00 FROM THE STATE
2 GENERAL FUND/GENERAL PURPOSE MONEY SHALL BE DEPOSITED INTO THE TALENT INVESTMENT FUND
3 CREATED IN SECTION 8A OF THE HIGHER EDUCATION LOAN AUTHORITY ACT, MCL 390.1158A. FUNDS IN
4 THE TALENT INVESTMENT FUND SHALL BE USED FOR THE MICHIGAN RECONNECT GRANT PROGRAM.

5 (8) ANY UNEXPENDED AND UNENCUMBERED FUNDS REMAINING ON SEPTEMBER 30, 2019 FROM THE
6 AMOUNTS APPROPRIATED IN SECTION 236 FOR THE MICHIGAN RECONNECT GRANT PROGRAM FOR FISCAL
7 YEAR 2018-2019 DO NOT LAPSE ON SEPTEMBER 30, 2019, BUT CONTINUE TO BE AVAILABLE FOR
8 EXPENDITURE FOR THE MICHIGAN RECONNECT GRANT PROGRAM IN THE 2019-2020 FISCAL YEAR UNDER A
9 WORK PROJECT ACCOUNT.

10 Enacting section 1. (1) In accordance with section 30 of article IX of the state
11 constitution of 1963, total state spending on school aid under article I as amended by this
12 amendatory act from state sources for fiscal year 2018-2019 is estimated at
13 \$13,109,345,300.00 and state appropriations for school aid to be paid to local units of
14 government for fiscal year 2018-2019 are estimated at \$12,891,101,000.00

15 (2) In accordance with section 30 of article IX of the state constitution of 1963,
16 total state spending from state sources for higher education for fiscal year 2018-2019
17 under article III as amended by this amendatory act is estimated at \$1,656,206,200.00 and
18 the amount of that state spending from state sources to be paid to local units of
19 government for fiscal year 2018-2019 is estimated at \$0.00.

20 Enacting section 2. This amendatory act shall be effective immediately.