



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

CHRIS KOLB
DIRECTOR

February 6, 2020

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 2020-2

Attached please find a recommendation for supplemental education omnibus appropriations for fiscal year 2020. Overall spending in this recommendation is increased \$41.6 million, fund sourced by a decrease of \$3.8 million in school aid fund authorization, an increase of \$35 million from the talent investment fund, an increase of \$400,000 in community district education trust fund authorization, and an increase of \$10 million in federal authorization. The total general fund amount supporting the School Aid budget is retained at \$62.6 million.

This supplemental recognizes a savings of \$3.4 million in the School Aid budget which reflect revised estimates for the number of pupils, property taxable values, promise zone reimbursement payments, and special education costs. These figures are consistent with those agreed to at the January 2020 Consensus Revenue Estimating Conference. In addition, the supplemental increases federal authorization by \$10 million.

This supplemental also appropriates \$35 million from the Talent Investment Fund 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 workforce to 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 2020, remaining funds will be carried forward through a work project and are expected to support the program in fiscal year 2021.

If you have any questions about this supplemental, please contact Kyle Jen at (517) 373-0870.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Kolb".

Chris Kolb
State Budget Director

The Honorable Jim Stamas
The Honorable Shane Hernandez
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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 Director
Kyle Jen, Deputy State Budget Director
Heather Boyd, Office of Financial Management
Internal State Budget Office
House Fiscal Agency

1 Education Omnibus
2 Fiscal Year 2020 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, 22a, 22b, 26c, 39a, 51a, 51c, 56, 62, and 236 (MCL 388.1611,
13 388.1622a, 388.1622b, 388.1626c, 388.1639a, 388.1651a, 388.1651c, 388.1656, 388.1662, and
14 388.1836), sections 11, 22b, and 236 as amended by 2019 PA 162, sections 22a, 26c, 39a,
15 51a, 51c, 56, and 62 as amended by 2019 PA 58, and by adding section 260; and to repeal
16 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, 2020, there is appropriated for
23 the public schools of this state and certain other state purposes relating to education the
24 sum of ~~\$13,287,765,000.00~~ **\$13,283,965,000.00** from the state school aid fund, the sum of
25 \$62,620,000.00 from the general fund, an amount not to exceed ~~\$75,400,000.00~~ **\$75,800,000.00**
26 from the community district education trust fund created under section 12 of the Michigan
27 trust fund act, 2000 PA 489, MCL 12.262, an amount not to exceed \$1,900,000.00 from the
28 MPSERS retirement obligation reform reserve fund, and an amount not to exceed \$100.00 from
29 the water emergency reserve fund. In addition, all available federal funds are appropriated
30 for the fiscal year ending September 30, 2020.

31 (2) The appropriations under this section are allocated as provided in this article.
32 Money appropriated under this section from the general fund must be expended to fund the

1 purposes of this article before the expenditure of money appropriated under this section
2 from the state school aid fund.

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

6 Sec. 22a. (1) From the appropriation in section 11, there is allocated an amount not
7 to exceed ~~\$5,057,000,000.00 for 2018-2019 and there is allocated an amount not to exceed~~
8 ~~\$4,943,000,000.00~~ **\$4,922,000,000.00** for 2019-2020 for payments to districts and qualifying
9 public school academies to guarantee each district and qualifying public school academy an
10 amount equal to its 1994-95 total state and local per pupil revenue for school operating
11 purposes under section 11 of article IX of the state constitution of 1963. Pursuant to
12 section 11 of article IX of the state constitution of 1963, this guarantee does not apply
13 to a district in a year in which the district levies a millage rate for school district
14 operating purposes less than it levied in 1994. However, subsection (2) applies to
15 calculating the payments under this section. **Funds allocated under this section that are**
16 **not expended in the state fiscal year for which they were allocated, as determined by the**
17 **department, may be used to supplement the allocations under sections 22b and 51c in order**
18 **to fully fund those calculated allocations for the same fiscal year.**

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

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

1 constitution of 1963, the department shall calculate the state portion of the district's
2 foundation allowance as if that reduction did not occur. For a receiving district, if
3 school operating taxes are to be levied on behalf of a dissolved district that has been
4 attached in whole or in part to the receiving district to satisfy debt obligations of the
5 dissolved district under section 12 of the revised school code, MCL 380.12, taxable value
6 per membership pupil of all property in the receiving district that is nonexempt property
7 and taxable value per membership pupil of property in the receiving district that is
8 commercial personal property do not include property within the geographic area of the
9 dissolved district; ad valorem property tax revenue of the receiving district captured
10 under tax increment financing acts does not include ad valorem property tax revenue
11 captured within the geographic boundaries of the dissolved district under tax increment
12 financing acts; and certified mills do not include the certified mills of the dissolved
13 district. For a community district, the department shall reduce the allocation as otherwise
14 calculated under this section by an amount equal to the amount of local school operating
15 tax revenue that would otherwise be due to the community district if not for the operation
16 of section 386 of the revised school code, MCL 380.386, and the amount of this reduction is
17 offset by the increase in funding under section 22b(2).

18 (b) For a district that had a 1994-95 foundation allowance greater than \$6,500.00,
19 the state payment under this subsection is the sum of the amount calculated under
20 subdivision (a) plus the amount calculated under this subdivision. The amount calculated
21 under this subdivision must be equal to the difference between the district's 1994-95
22 foundation allowance minus \$6,500.00 and the current year hold harmless school operating
23 taxes per pupil. If the result of the calculation under subdivision (a) is negative, the
24 negative amount is an offset against any state payment calculated under this subdivision.
25 If the result of a calculation under this subdivision is negative, there is not a state
26 payment or a deduction under this subdivision. The taxable values per membership pupil used
27 in the calculations under this subdivision are as adjusted by ad valorem property tax
28 revenue captured under tax increment financing acts divided by the district's membership.
29 For a receiving district, if school operating taxes are to be levied on behalf of a
30 dissolved district that has been attached in whole or in part to the receiving district to
31 satisfy debt obligations of the dissolved district under section 12 of the revised school
32 code, MCL 380.12, ad valorem property tax revenue captured under tax increment financing

1 acts do not include ad valorem property tax revenue captured within the geographic
2 boundaries of the dissolved district under tax increment financing acts.

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

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

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

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

25 (7) As used in this section:

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

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

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

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

9 (e) "Dissolved district" means a district that loses its organization, has its
10 territory attached to 1 or more other districts, and is dissolved as provided under section
11 12 of the revised school code, MCL 380.12.

12 (f) "Hold harmless millage" means, for a district with a 1994-95 foundation allowance
13 greater than \$6,500.00, the number of mills by which the exemption from the levy of school
14 operating taxes on a principal residence, qualified agricultural property, qualified forest
15 property, supportive housing property, industrial personal property, commercial personal
16 property, and property occupied by a public school academy could be reduced as provided in
17 section 1211 of the revised school code, MCL 380.1211, and the number of mills of school
18 operating taxes that could be levied on all property as provided in section 1211(2) of the
19 revised school code, MCL 380.1211, as certified by the department of treasury for the 1994
20 tax year. For a receiving district, if school operating taxes are to be levied on behalf of
21 a dissolved district that has been attached in whole or in part to the receiving district
22 to satisfy debt obligations of the dissolved district under section 12 of the revised
23 school code, MCL 380.12, school operating taxes do not include school operating taxes
24 levied within the geographic area of the dissolved district.

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

27 (h) "Nonexempt property" means property that is not a principal residence, qualified
28 agricultural property, qualified forest property, supportive housing property, industrial
29 personal property, commercial personal property, or property occupied by a public school
30 academy.

31 (i) "Principal residence", "qualified agricultural property", "qualified forest
32 property", "supportive housing property", "industrial personal property", and "commercial

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

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

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

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

10 (m) "Tax increment financing acts" means 1975 PA 197, MCL 125.1651 to 125.1681, the
11 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, the local
12 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, the brownfield
13 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2670, or the corridor
14 improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.

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

17 (i) For the number of mills by which the exemption from the levy of school operating
18 taxes on a principal residence, qualified agricultural property, qualified forest property,
19 supportive housing property, industrial personal property, commercial personal property,
20 and property occupied by a public school academy may be reduced as provided in section 1211
21 of the revised school code, MCL 380.1211, the taxable value of principal residence,
22 qualified agricultural property, qualified forest property, supportive housing property,
23 industrial personal property, commercial personal property, and property occupied by a
24 public school academy for the calendar year ending in the current fiscal year. For a
25 receiving district, if school operating taxes are to be levied on behalf of a dissolved
26 district that has been attached in whole or in part to the receiving district to satisfy
27 debt obligations of the dissolved district under section 12 of the revised school code, MCL
28 380.12, mills do not include mills within the geographic area of the dissolved district.

29 (ii) For the number of mills of school operating taxes that may be levied on all
30 property as provided in section 1211(2) of the revised school code, MCL 380.1211, the
31 taxable value of all property for the calendar year ending in the current fiscal year. For
32 a receiving district, if school operating taxes are to be levied on behalf of a dissolved

1 district that has been attached in whole or in part to the receiving district to satisfy
2 debt obligations of the dissolved district under section 12 of the revised school code, MCL
3 380.12, school operating taxes do not include school operating taxes levied within the
4 geographic area of the dissolved district.

5 Sec. 22b. (1) For discretionary nonmandated payments to districts under this section,
6 there is allocated for 2019-2020 an amount not to exceed ~~\$4,480,600,000.00~~
7 **\$4,498,200,000.00** from the state school aid fund and general fund appropriations in section
8 11 and an amount not to exceed ~~\$75,400,000.00~~ **\$75,800,000.00** from the community district
9 education trust fund appropriation in section 11. **Except for money allocated from the**
10 **community district trust fund, money allocated under this section that is not expended in**
11 **the state fiscal year in which it was allocated, as determined by the department, may be**
12 **used to supplement the allocations under sections 22a and 51c in order to fully fund those**
13 **calculated allocations for the same fiscal year.**

14 (2) Subject to subsection (3) and section 296, the allocation to a district under
15 this section is an amount equal to the sum of the amounts calculated under sections 20,
16 51a(2), 51a(3), and 51a(11), minus the sum of the allocations to the district under
17 sections 22a and 51c. For a community district, the allocation as otherwise calculated
18 under this section is increased by an amount equal to the amount of local school operating
19 tax revenue that would otherwise be due to the community district if not for the operation
20 of section 386 of the revised school code, MCL 380.386, and this increase must be paid from
21 the community district education trust fund allocation in subsection (1) in order to offset
22 the absence of local school operating revenue in a community district in the funding of the
23 state portion of the foundation allowance under section 20(4).

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

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

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

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

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

1 (e) Comply with section 21f.

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

4 (g) For a district or public school academy that offers kindergarten, comply with
5 section 104(4).

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

10 (5) From the allocation in subsection (1), the department shall pay up to
11 \$1,000,000.00 in litigation costs incurred by this state related to commercial or
12 industrial property tax appeals, including, but not limited to, appeals of classification,
13 that impact revenues dedicated to the state school aid fund.

14 (6) From the allocation in subsection (1), the department shall pay up to
15 \$1,000,000.00 in litigation costs incurred by this state associated with lawsuits filed by
16 1 or more districts or intermediate districts against this state. If the allocation under
17 this section is insufficient to fully fund all payments required under this section, the
18 payments under this subsection must be made in full before any proration of remaining
19 payments under this section.

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

31 (8) If the local claims review board or a court of competent jurisdiction makes a
32 final determination that this state is in violation of section 29 of article IX of the

1 state constitution of 1963 regarding state payments to districts, the state budget director
2 shall use work project funds under subsection (7) or allocate from the discretionary funds
3 for nonmandated payments under this section the amount as may be necessary to satisfy the
4 amount owed to districts before making any payments to districts under subsection (2).

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

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

16 (11) If a lawsuit challenging payments made to districts related to costs reimbursed
17 by federal title XIX Medicaid funds is filed against this state, then, for the purpose of
18 addressing potential liability under such a lawsuit, the state budget director may place
19 funds allocated under this section in escrow or allocate money from the funds otherwise
20 allocated under this section, up to a maximum of 50% of the amount allocated in subsection
21 (1). If funds are placed in escrow under this subsection, those funds are a work project
22 appropriation and the funds are carried forward into the following fiscal year. The purpose
23 of the work project is to provide for any payments that may be awarded to districts as a
24 result of the litigation. The work project is completed upon resolution of the litigation.
25 In addition, this state reserves the right to terminate future federal title XIX Medicaid
26 reimbursement payments to districts if the amount or allocation of reimbursed funds is
27 challenged in the lawsuit. As used in this subsection, "title XIX" means title XIX of the
28 social security act, 42 USC 1396 to 1396w-5.

29 Sec. 26c. (1) From the appropriation in section 11, there is allocated an amount not
30 to exceed ~~\$3,400,000.00 for 2018-2019 and there is allocated an amount not to exceed~~
31 ~~\$8,400,000.00~~ **\$7,400,000.00** for 2019-2020 to the promise zone fund created in subsection
32 (3). The funds allocated under this section reflect the amount of revenue from the

1 collection of the state education tax captured under section 17 of the Michigan promise
2 zone authority act, 2008 PA 549, MCL 390.1677.

3 (2) Funds allocated to the promise zone fund under this section must be used solely
4 for payments to eligible districts and intermediate districts, in accordance with section
5 17 of the Michigan promise zone authority act, 2008 PA 549, MCL 390.1677, that have a
6 promise zone development plan approved by the department of treasury under section 7 of the
7 Michigan promise zone authority act, 2008 PA 549, MCL 390.1667. Eligible districts and
8 intermediate districts shall use payments made under this section for reimbursement for
9 qualified educational expenses as defined in section 3 of the Michigan promise zone
10 authority act, 2008 PA 549, MCL 390.1663.

11 (3) The promise zone fund is created as a separate account within the state school
12 aid fund to be used solely for the purposes of the Michigan promise zone authority act,
13 2008 PA 549, MCL 390.1661 to 390.1679. All of the following apply to the promise zone fund:

14 (a) The state treasurer shall direct the investment of the promise zone fund. The
15 state treasurer shall credit to the promise zone fund interest and earnings from fund
16 investments.

17 (b) Money in the promise zone fund at the close of a fiscal year remains in the
18 promise zone fund and does not lapse to the general fund.

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

23 (5) Notwithstanding section 17b, the department shall make payments under this
24 section on a schedule determined by the department.

25 Sec. 39a. (1) From the federal funds appropriated in section 11, there is allocated
26 for 2019-2020 to districts, intermediate districts, and other eligible entities all
27 available federal funding, estimated at \$725,600,000.00 for the federal programs under the
28 no child left behind act of 2001, Public Law 107-110, or the every student succeeds act,
29 Public Law 114-95. These funds are allocated as follows:

30 (a) An amount estimated at \$1,200,000.00 for 2019-2020 to provide students with drug-
31 and violence-prevention programs and to implement strategies to improve school safety,
32 funded from DED-OESE, drug-free schools and communities funds.

1 (b) An amount estimated at \$100,000,000.00 for 2019-2020 for the purpose of
2 preparing, training, and recruiting high-quality teachers and class size reduction, funded
3 from DED-OESE, improving teacher quality funds.

4 (c) An amount estimated at \$11,000,000.00 for 2019-2020 for programs to teach English
5 to limited English proficient (LEP) children, funded from DED-OESE, language acquisition
6 state grant funds.

7 (d) An amount estimated at \$2,800,000.00 for 2019-2020 for rural and low income
8 schools, funded from DED-OESE, rural and low income school funds.

9 (e) An amount estimated at \$535,000,000.00 for 2019-2020 to provide supplemental
10 programs to enable educationally disadvantaged children to meet challenging academic
11 standards, funded from DED-OESE, title I, disadvantaged children funds.

12 (f) An amount estimated at \$9,200,000.00 for 2019-2020 for the purpose of identifying
13 and serving migrant children, funded from DED-OESE, title I, migrant education funds.

14 (g) An amount estimated at \$39,000,000.00 for 2019-2020 for the purpose of providing
15 high-quality extended learning opportunities, after school and during the summer, for
16 children in low-performing schools, funded from DED-OESE, twenty-first century community
17 learning center funds.

18 (h) An amount estimated at \$12,000,000.00 for 2019-2020 to help support local school
19 improvement efforts, funded from DED-OESE, title I, local school improvement grants.

20 (i) An amount estimated at \$15,400,000.00 for 2019-2020 to improve the academic
21 achievement of students, funded from DED-OESE, title IV, student support and academic
22 enrichment grants.

23 (2) From the federal funds appropriated in section 11, there is allocated for 2019-
24 2020 to districts, intermediate districts, and other eligible entities all available
25 federal funding, estimated at ~~\$49,100,000.00~~ **\$59,100,000.00** for 2019-2020 for the following
26 programs that are funded by federal grants:

27 (a) An amount estimated at \$100,000.00 for 2019-2020 for acquired immunodeficiency
28 syndrome education grants, funded from HHS - Centers for Disease Control and Prevention,
29 AIDS funding.

30 (b) An amount estimated at \$1,900,000.00 for 2019-2020 to provide services to
31 homeless children and youth, funded from DED-OVAE, homeless children and youth funds.

32 (c) An amount estimated at \$4,000,000.00 for 2019-2020 to provide mental health,

1 substance abuse, or violence prevention services to students, funded from HHS-SAMHSA.

2 (d) An amount estimated at \$24,000,000.00 for 2019-2020 for providing career and
3 technical education services to pupils, funded from DED-OVAE, basic grants to states.

4 (e) An amount estimated at \$14,000,000.00 for 2019-2020 for the Michigan charter
5 school subgrant program, funded from DED-OII, public charter schools program funds.

6 (f) An amount estimated at ~~\$5,100,000.00~~ **\$15,100,000.00** for 2019-2020 for the purpose
7 of promoting and expanding high-quality preschool services, funded from HHS-OCC, preschool
8 development funds.

9 (3) The department shall distribute all federal funds allocated under this section in
10 accordance with federal law and with flexibility provisions outlined in Public Law 107-116,
11 and in the education flexibility partnership act of 1999, Public Law 106-25.
12 Notwithstanding section 17b, the department shall make payments of federal funds to
13 districts, intermediate districts, and other eligible entities under this section on a
14 schedule determined by the department.

15 (4) For the purposes of applying for federal grants appropriated under this article,
16 the department shall allow an intermediate district to submit a consortium application on
17 behalf of 2 or more districts with the agreement of those districts as appropriate
18 according to federal rules and guidelines.

19 (5) For the purposes of funding federal title I grants under this article, in
20 addition to any other federal grants for which the strict discipline academy is eligible,
21 the department shall allocate to a strict discipline academy out of title I, part A an
22 amount equal to what the strict discipline academy would have received if included and
23 calculated under title I, part D, or what it would receive under the formula allocation
24 under title I, part A, whichever is greater.

25 (6) As used in this section:

26 (a) "DED" means the United States Department of Education.

27 (b) "DED-OESE" means the DED Office of Elementary and Secondary Education.

28 (c) "DED-OII" means the DED Office of Innovation and Improvement.

29 (d) "DED-OVAE" means the DED Office of Vocational and Adult Education.

30 (e) "HHS" means the United States Department of Health and Human Services.

31 (f) "HHS-OCC" means the HHS Office of Child Care.

32 (g) "HHS-SAMHSA" means the HHS Substance Abuse and Mental Health Services

1 Administration.

2 Sec. 51a. (1) From the appropriation in section 11, there is allocated an amount not
3 to exceed ~~\$1,008,996,100.00 for 2018-2019~~ and there is allocated an amount not to exceed
4 ~~\$1,045,196,100.00~~ **\$1,045,796,100.00** for 2019-2020 from state sources and all available
5 federal funding under sections 611 to 619 of part B of the individuals with disabilities
6 education act, 20 USC 1411 to 1419, estimated at ~~\$370,000,000.00 each fiscal year for 2018-~~
7 ~~2019~~ and for 2019-2020, plus any carryover federal funds from previous year appropriations.
8 ~~In addition, from the general fund appropriation in section 11, there is allocated to the~~
9 ~~department an amount not to exceed \$500,000.00 for 2018-2019 for the purpose of subsection~~
10 ~~(16)~~. The allocations under this subsection are for the purpose of reimbursing districts
11 and intermediate districts for special education programs, services, and special education
12 personnel as prescribed in article 3 of the revised school code, MCL 380.1701 to 380.1761;
13 net tuition payments made by intermediate districts to the Michigan Schools for the Deaf
14 and Blind; and special education programs and services for pupils who are eligible for
15 special education programs and services according to statute or rule. For meeting the costs
16 of special education programs and services not reimbursed under this article, a district or
17 intermediate district may use money in general funds or special education funds, not
18 otherwise restricted, or contributions from districts to intermediate districts, tuition
19 payments, gifts and contributions from individuals or other entities, or federal funds that
20 may be available for this purpose, as determined by the intermediate district plan prepared
21 under article 3 of the revised school code, MCL 380.1701 to 380.1761. Notwithstanding
22 section 17b, the department shall make payments of federal funds to districts, intermediate
23 districts, and other eligible entities under this section on a schedule determined by the
24 department.

25 (2) From the funds allocated under subsection (1), there is allocated the amount
26 necessary, estimated at ~~\$286,800,000.00 for 2018-2019~~ and estimated at ~~\$297,800,000.00~~
27 **\$295,700,000.00** for 2019-2020, for payments toward reimbursing districts and intermediate
28 districts for 28.6138% of total approved costs of special education, excluding costs
29 reimbursed under section 53a, and 70.4165% of total approved costs of special education
30 transportation. Allocations under this subsection are made as follows:

31 (a) The department shall calculate the initial amount allocated to a district under
32 this subsection toward fulfilling the specified percentages by multiplying the district's

1 special education pupil membership, excluding pupils described in subsection (11), times
2 the foundation allowance under section 20 of the pupil's district of residence, not to
3 exceed the basic foundation allowance under section 20 for the 2018-2019 fiscal year and
4 beginning with 2019-2020 not to exceed the target foundation allowance for the current
5 fiscal year, or, for a special education pupil in membership in a district that is a public
6 school academy, times an amount equal to the amount per membership pupil calculated under
7 section 20(6). For an intermediate district, the amount allocated under this subdivision
8 toward fulfilling the specified percentages is an amount per special education membership
9 pupil, excluding pupils described in subsection (11), and is calculated in the same manner
10 as for a district, using the foundation allowance under section 20 of the pupil's district
11 of residence, not to exceed the basic foundation allowance under section 20 for the 2018-
12 2019 fiscal year and beginning with 2019-2020 not to exceed the target foundation allowance
13 for the current fiscal year.

14 (b) After the allocations under subdivision (a), the department shall pay a district
15 or intermediate district for which the payments calculated under subdivision (a) do not
16 fulfill the specified percentages the amount necessary to achieve the specified percentages
17 for the district or intermediate district.

18 (3) From the funds allocated under subsection (1), there is allocated for ~~2018-2019~~
19 ~~an amount not to exceed \$1,200,000.00 and there is allocated for 2019-2020~~ an amount not to
20 exceed \$1,000,000.00 to make payments to districts and intermediate districts under this
21 subsection. If the amount allocated to a district or intermediate district for a fiscal
22 year under subsection (2)(b) is less than the sum of the amounts allocated to the district
23 or intermediate district for 1996-97 under sections 52 and 58, there is allocated to the
24 district or intermediate district for the fiscal year an amount equal to that difference,
25 adjusted by applying the same proration factor that was used in the distribution of funds
26 under section 52 in 1996-97 as adjusted to the district's or intermediate district's
27 necessary costs of special education used in calculations for the fiscal year. This
28 adjustment is to reflect reductions in special education program operations or services
29 between 1996-97 and subsequent fiscal years. The department shall make adjustments for
30 reductions in special education program operations or services in a manner determined by
31 the department and shall include adjustments for program or service shifts.

32 (4) If the department determines that the sum of the amounts allocated for a fiscal

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

14 (5) State funds are allocated on a total approved cost basis. Federal funds are
15 allocated under applicable federal requirements., except that an amount not to exceed
16 \$3,500,000.00 may be allocated by the department ~~each fiscal year for 2018-2019 and for~~
17 **fiscal year** 2019-2020 to districts, intermediate districts, or other eligible entities on a
18 competitive grant basis for programs, equipment, and services that the department
19 determines to be designed to benefit or improve special education on a statewide scale.

20 (6) From the amount allocated in subsection (1), there is allocated an amount not to
21 exceed \$2,200,000.00 ~~each fiscal year for 2018-2019 and for~~ 2019-2020 to reimburse 100% of
22 the net increase in necessary costs incurred by a district or intermediate district in
23 implementing the revisions in the administrative rules for special education that became
24 effective on July 1, 1987. As used in this subsection, "net increase in necessary costs"
25 means the necessary additional costs incurred solely because of new or revised requirements
26 in the administrative rules minus cost savings permitted in implementing the revised rules.
27 The department shall determine net increase in necessary costs in a manner specified by the
28 department.

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

30 (a) "Total approved costs of special education" are determined in a manner specified
31 by the department and may include indirect costs, but must not exceed 115% of approved
32 direct costs for section 52 and section 53a programs. The total approved costs include

1 salary and other compensation for all approved special education personnel for the program,
2 including payments for Social Security and Medicare and public school employee retirement
3 system contributions. The total approved costs do not include salaries or other
4 compensation paid to administrative personnel who are not special education personnel as
5 defined in section 6 of the revised school code, MCL 380.6. Costs reimbursed by federal
6 funds, other than those federal funds included in the allocation made under this article,
7 are not included. Special education approved personnel not utilized full time in the
8 evaluation of students or in the delivery of special education programs, ancillary, and
9 other related services are reimbursed under this section only for that portion of time
10 actually spent providing these programs and services, with the exception of special
11 education programs and services provided to youth placed in child caring institutions or
12 juvenile detention programs approved by the department to provide an on-grounds education
13 program.

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

25 (c) If the department determines before bookclosing for a fiscal year that the
26 amounts allocated for that fiscal year under subsections (2), (3), (6), and (11) and
27 sections 53a, 54, and 56 will exceed expenditures for that fiscal year under subsections
28 (2), (3), (6), and (11) and sections 53a, 54, and 56, then for a district or intermediate
29 district whose reimbursement for that fiscal year would otherwise be affected by
30 subdivision (b), subdivision (b) does not apply to the calculation of the reimbursement for
31 that district or intermediate district and the department shall calculate reimbursement for
32 that district or intermediate district in the same manner as it was for 2003-2004. If the

1 amount of the excess allocations under subsections (2), (3), (6), and (11) and sections
2 53a, 54, and 56 is not sufficient to fully fund the calculation of reimbursement to those
3 districts and intermediate districts under this subdivision, then the department shall
4 prorate calculations and resulting reimbursement under this subdivision on an equal
5 percentage basis. Beginning in 2015-2016, the amount of reimbursement under this
6 subdivision for a fiscal year must not exceed \$2,000,000.00 for any district or
7 intermediate district.

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

17 (e) Beginning with calculations for 2004-2005, if an intermediate district purchases
18 a special education pupil transportation service from a constituent district that was
19 previously purchased from a private entity; if the purchase from the constituent district
20 is at a lower cost, adjusted for changes in fuel costs; and if the cost shift from the
21 intermediate district to the constituent does not result in any net change in the revenue
22 the constituent district receives from payments under sections 22b and 51c, then upon
23 application by the intermediate district, the department shall direct the intermediate
24 district to continue to report the cost associated with the specific identified special
25 education pupil transportation service and shall adjust the costs reported by the
26 constituent district to remove the cost associated with that specific service.

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

31 (9) Special education personnel transferred from 1 district to another to implement
32 the revised school code are entitled to the rights, benefits, and tenure to which the

1 person would otherwise be entitled had that person been employed by the receiving district
2 originally.

3 (10) If a district or intermediate district uses money received under this section
4 for a purpose other than the purpose or purposes for which the money is allocated, the
5 department may require the district or intermediate district to refund the amount of money
6 received. The department shall deposit money that is refunded in the state treasury to the
7 credit of the state school aid fund.

8 (11) From the funds allocated in subsection (1), there is allocated the amount
9 necessary, estimated at \$3,100,000.00 for ~~2018-2019 and estimated at \$2,900,000.00 for~~
10 2019-2020, to pay the foundation allowances for pupils described in this subsection. The
11 department shall calculate the allocation to a district under this subsection by
12 multiplying the number of pupils described in this subsection who are counted in membership
13 in the district times the sum of the foundation allowance under section 20 of the pupil's
14 district of residence not to exceed the basic foundation allowance under section 20 for the
15 2018-2019 fiscal year and beginning with 2019-2020 not to exceed the target foundation
16 allowance for the current fiscal year, or, for a pupil described in this subsection who is
17 counted in membership in a district that is a public school academy, times an amount equal
18 to the amount per membership pupil under section 20(6). The department shall calculate the
19 allocation to an intermediate district under this subsection in the same manner as for a
20 district, using the foundation allowance under section 20 of the pupil's district of
21 residence, not to exceed the basic foundation allowance under section 20 for the 2018-2019
22 fiscal year and beginning with 2019-2020 not to exceed the target foundation allowance for
23 the current fiscal year. This subsection applies to all of the following pupils:

24 (a) Pupils described in section 53a.

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

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

30 (12) If it is determined that funds allocated under subsection (2) or (11) or under
31 section 51c will not be expended, funds up to the amount necessary and available may be
32 used to supplement the allocations under subsection (2) or (11) or under section 51c in

1 order to fully fund those allocations. After payments under subsections (2) and (11) and
2 section 51c, the department shall expend the remaining funds from the allocation in
3 subsection (1) in the following order:

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

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

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

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

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

9 (13) The allocations under subsections (2), (3), and (11) are allocations to
10 intermediate districts only and are not allocations to districts, but instead are
11 calculations used only to determine the state payments under section 22b.

12 (14) If a public school academy that is not a cyber school, as defined in section 551
13 of the revised school code, MCL 380.551, enrolls under this section a pupil who resides
14 outside of the intermediate district in which the public school academy is located and who
15 is eligible for special education programs and services according to statute or rule, or
16 who is a child with disabilities, as defined under the individuals with disabilities
17 education act, Public Law 108-446, the intermediate district in which the public school
18 academy is located and the public school academy shall enter into a written agreement with
19 the intermediate district in which the pupil resides for the purpose of providing the pupil
20 with a free appropriate public education, and the written agreement must include at least
21 an agreement on the responsibility for the payment of the added costs of special education
22 programs and services for the pupil. If the public school academy that enrolls the pupil
23 does not enter into an agreement under this subsection, the public school academy shall not
24 charge the pupil's resident intermediate district or the intermediate district in which the
25 public school academy is located the added costs of special education programs and services
26 for the pupil, and the public school academy is not eligible for any payouts based on the
27 funding formula outlined in the resident or nonresident intermediate district's plan. If a
28 pupil is not enrolled in a public school academy under this subsection, the provision of
29 special education programs and services and the payment of the added costs of special
30 education programs and services for a pupil described in this subsection are the
31 responsibility of the district and intermediate district in which the pupil resides.

32 (15) For the purpose of receiving its federal allocation under part B of the

1 individuals with disabilities education act, Public Law 108-446, a public school academy
2 that is a cyber school, as defined in section 551 of the revised school code, MCL 380.551,
3 and is in compliance with section 553a of the revised school code, MCL 380.553a, directly
4 receives the federal allocation under part B of the individuals with disabilities education
5 act, Public Law 108-446, from the intermediate district in which the cyber school is
6 located, as the subrecipient. If the intermediate district does not distribute the funds
7 described in this subsection to the cyber school by the part B application due date of July
8 1, the department may distribute the funds described in this subsection directly to the
9 cyber school according to the formula prescribed in 34 CFR 300.705 and 34 CFR 300.816.

10 (16) For a public school academy that is a cyber school, as defined in section 551 of
11 the revised school code, MCL 380.551, and is in compliance with section 553a of the revised
12 school code, MCL 380.553a, that enrolls a pupil under this section, the intermediate
13 district in which the cyber school is located shall ensure that the cyber school complies
14 with sections 1701a, 1703, 1704, 1751, 1752, 1756, and 1757 of the revised school code, MCL
15 380.1701a, 380.1703, 380.1704, 380.1751, 380.1752, 380.1756, and 380.1757; applicable
16 rules; and the individuals with disabilities education act, Public Law 108-446. ~~From the~~
17 ~~general fund appropriation under subsection (1), for 2018-2019 only the department shall~~
18 ~~provide appropriate administrative funding to the intermediate district in which that cyber~~
19 ~~school is located for the purpose of ensuring that compliance.~~

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

23 Sec. 51c. As required by the court in the consolidated cases known as Durant v State
24 of Michigan, 456 Mich 175 (1997), from the allocation under section 51a(1), there is
25 allocated ~~each for~~ fiscal year ~~for 2018-2019 and for 2019-2020~~ the amount necessary,
26 estimated at ~~\$663,500,000.00 for 2018-2019 and \$689,100,000.00 for 2019-2020,~~
27 **\$691,600,000.00**, for payments to reimburse districts for 28.6138% of total approved costs
28 of special education excluding costs reimbursed under section 53a, and 70.4165% of total
29 approved costs of special education transportation. **Funds allocated under this section that**
30 **are not expended in the state fiscal year for which they were allocated, as determined by**
31 **the department, may be used to supplement the allocations under sections 22a and 22b in**
32 **order to fully fund those calculated allocations for the same fiscal year.**

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

2 (a) "Membership" means for a particular fiscal year the total membership for the
3 immediately preceding fiscal year of the intermediate district and the districts
4 constituent to the intermediate district.

5 (b) "Millage levied" means the millage levied for special education pursuant to part
6 30 of the revised school code, MCL 380.1711 to 380.1741, including a levy for debt service
7 obligations.

8 (c) "Taxable value" means the total taxable value of the districts constituent to an
9 intermediate district, except that if a district has elected not to come under part 30 of
10 the revised school code, MCL 380.1711 to 380.1741, membership and taxable value of the
11 district are not included in the membership and taxable value of the intermediate district.

12 (2) From the allocation under section 51a(1), there is allocated ~~\$40,008,100.00 for~~
13 ~~2018-2019 and~~ an amount not to exceed \$40,008,100.00 for 2019-2020 to reimburse
14 intermediate districts levying millages for special education pursuant to part 30 of the
15 revised school code, MCL 380.1711 to 380.1741. The purpose, use, and expenditure of the
16 reimbursement are limited as if the funds were generated by these millages and governed by
17 the intermediate district plan adopted pursuant to article 3 of the revised school code,
18 MCL 380.1701 to 380.1761. As a condition of receiving funds under this section, an
19 intermediate district distributing any portion of special education millage funds to its
20 constituent districts shall submit for departmental approval and implement a distribution
21 plan.

22 ~~(3) Except as otherwise provided in this subsection, reimbursement for those millages~~
23 ~~levied in 2017-2018 is made in 2018-2019 at an amount per 2017-2018 membership pupil~~
24 ~~computed by subtracting from \$193,900.00 the 2017-2018 taxable value behind each membership~~
25 ~~pupil and multiplying the resulting difference by the 2017-2018 millage levied, and then~~
26 ~~subtracting from that amount the 2017-2018 local community stabilization share revenue for~~
27 ~~special education purposes behind each membership pupil for reimbursement of personal~~
28 ~~property exemption loss under the local community stabilization authority act, 2014 PA 86,~~
29 ~~MCL 123.1341 to 123.1362. Reimbursement in 2018-2019 for an intermediate district whose~~
30 ~~2017-2018 allocation was affected by the operation of subsection (5) is an amount equal to~~
31 ~~102.5% of the 2017-2018 allocation to that intermediate district.~~

32 **(3)** ~~(4)~~ Except as otherwise provided in this subsection, reimbursement for those

1 millages levied in 2018-2019 is made in 2019-2020 at an amount per 2018-2019 membership
2 pupil computed by subtracting from ~~\$201,800.00~~ **\$201,700.00** the 2018-2019 taxable value
3 behind each membership pupil and multiplying the resulting difference by the 2018-2019
4 millage levied, and then subtracting from that amount the 2018-2019 local community
5 stabilization share revenue for special education purposes behind each membership pupil for
6 reimbursement of personal property exemption loss under the local community stabilization
7 authority act, 2014 PA 86, MCL 123.1341 to 123.1362. Reimbursement in 2019-2020 for an
8 intermediate district whose 2017-2018 allocation was affected by the operation of
9 subsection ~~(5)~~ **(4)** is an amount equal to 102.5% of the 2017-2018 allocation to that
10 intermediate district.

11 **(4)** ~~(5)~~—The department shall ensure that the amount paid to a single intermediate
12 district under this section does not exceed 62.9% of the total amount allocated under
13 subsection (2).

14 **(5)** ~~(6)~~—The department shall ensure that the amount paid to a single intermediate
15 district under this section is not less than 75% of the amount allocated to the
16 intermediate district under this section for the immediately preceding fiscal year.

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

18 (a) "Membership" means for a particular fiscal year the total membership for the
19 immediately preceding fiscal year of the intermediate district and the districts
20 constituent to the intermediate district or the total membership for the immediately
21 preceding fiscal year of the area vocational-technical program.

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

27 (c) "Taxable value" means the total taxable value of the districts constituent to an
28 intermediate district or area vocational-technical education program, except that if a
29 district has elected not to come under sections 681 to 690 of the revised school code, MCL
30 380.681 to 380.690, the membership and taxable value of that district are not included in
31 the membership and taxable value of the intermediate district. However, the membership and
32 taxable value of a district that has elected not to come under sections 681 to 690 of the

1 revised school code, MCL 380.681 to 380.690, are included in the membership and taxable
2 value of the intermediate district if the district meets both of the following:

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

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

9 (2) From the appropriation in section 11, there is allocated an amount not to exceed
10 \$9,190,000.00 ~~each fiscal year for 2018-2019 and for 2019-2020~~ to reimburse intermediate
11 districts and area vocational-technical education programs established under section 690(3)
12 of the revised school code, MCL 380.690, levying millages for area vocational-technical
13 education pursuant to sections 681 to 690 of the revised school code, MCL 380.681 to
14 380.690. The purpose, use, and expenditure of the reimbursement are limited as if the funds
15 were generated by those millages.

16 ~~(3) Reimbursement for those millages levied in 2017-2018 is made in 2018-2019 at an~~
17 ~~amount per 2017-2018 membership pupil computed by subtracting from \$205,700.00 the 2017-~~
18 ~~2018 taxable value behind each membership pupil and multiplying the resulting difference by~~
19 ~~the 2017-2018 millage levied, and then subtracting from that amount the 2017-2018 local~~
20 ~~community stabilization share revenue for area vocational technical education behind each~~
21 ~~membership pupil for reimbursement of personal property exemption loss under the local~~
22 ~~community stabilization authority act, 2014 PA 86, MCL 123.1341 to 123.1362.~~

23 (3) ~~(4)~~ Reimbursement for those millages levied in 2018-2019 is made in 2019-2020 at
24 an amount per 2018-2019 membership pupil computed by subtracting from ~~\$211,000.00~~
25 **\$210,800.00** the 2018-2019 taxable value behind each membership pupil and multiplying the
26 resulting difference by the 2018-2019 millage levied, and then subtracting from that amount
27 the 2018-2019 local community stabilization share revenue for area vocational technical
28 education behind each membership pupil for reimbursement of personal property exemption
29 loss under the local community stabilization authority act, 2014 PA 86, MCL 123.1341 to
30 123.1362.

31 (4) ~~(5)~~ The department shall ensure that the amount paid to a single intermediate
32 district under this section does not exceed 38.4% of the total amount allocated under

1 subsection (2).

2 (5) ~~(6)~~ The department shall ensure that the amount paid to a single intermediate
3 district under this section is not less than 75% of the amount allocated to the
4 intermediate district under this section for the immediately preceding fiscal year.

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6

ARTICLE III

7

STATE AID FOR UNIVERSITIES AND STUDENT FINANCIAL AID

8

9

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Sec. 236. (1) Subject to the conditions set forth in this article, the amounts listed
in this section are appropriated for higher education for the fiscal year ending September
30, 2020, from the funds indicated in this section. The following is a summary of the
appropriations in this section:

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(a) The gross appropriation is ~~\$1,691,395,000.00~~ **\$1,726,395,000.00**. After deducting
total interdepartmental grants and intradepartmental transfers in the amount of \$0.00, the
adjusted gross appropriation is ~~\$1,691,395,000.00~~ **\$1,726,395,000.00**.

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

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- (i) Total federal revenues, \$134,026,400.00.
 - (ii) Total local revenues, \$0.00.
 - (iii) Total private revenues, \$0.00.
 - (iv) Total other state restricted revenues, ~~\$349,419,300.00~~ **\$384,419,300.00**.
 - (v) State general fund/general purpose money, \$1,207,949,300.00.
- (2) Amounts appropriated for public universities are as follows:
- (a) The appropriation for Central Michigan University is \$89,227,800.00,
\$87,096,900.00 for operations, \$532,800.00 for performance funding, and \$1,598,100.00 for
costs incurred under the North American Indian tuition waiver.
 - (b) The appropriation for Eastern Michigan University is \$77,556,000.00,
\$76,816,500.00 for operations, \$437,200.00 for performance funding, and \$302,300.00 for
costs incurred under the North American Indian tuition waiver.
 - (c) The appropriation for Ferris State University is \$56,032,800.00, \$54,732,400.00
for operations, \$293,100.00 for performance funding, and \$1,007,300.00 for costs incurred
under the North American Indian tuition waiver.
 - (d) The appropriation for Grand Valley State University is \$73,388,500.00,

1 \$71,780,400.00 for operations, \$533,100.00 for performance funding, and \$1,075,000.00 for
2 costs incurred under the North American Indian tuition waiver.

3 (e) The appropriation for Lake Superior State University is \$14,361,000.00,
4 \$13,349,300.00 for operations, \$57,700.00 for performance funding, and \$954,000.00 for
5 costs incurred under the North American Indian tuition waiver.

6 (f) The appropriation for Michigan State University is \$353,872,800.00,
7 \$285,805,100.00 for operations, \$1,526,600.00 for performance funding, \$1,467,700.00 for
8 costs incurred under the North American Indian tuition waiver, \$34,937,300.00 for MSU
9 AgBioResearch, and \$30,136,100.00 for MSU Extension.

10 (g) The appropriation for Michigan Technological University is \$50,568,100.00,
11 \$49,835,300.00 for operations, \$266,300.00 for performance funding, and \$466,500.00 for
12 costs incurred under the North American Indian tuition waiver.

13 (h) The appropriation for Northern Michigan University is \$48,909,100.00,
14 \$47,576,200.00 for operations, \$232,900.00 for performance funding, and \$1,100,000.00 for
15 costs incurred under the North American Indian tuition waiver.

16 (i) The appropriation for Oakland University is \$53,432,500, \$52,719,900.00 for
17 operations, \$427,500.00 for performance funding, and \$285,100.00 for costs incurred under
18 the North American Indian tuition waiver.

19 (j) The appropriation for Saginaw Valley State University is \$30,807,700.00,
20 \$30,456,500.00 for operations, \$127,300.00 for performance funding, and \$223,900.00 for
21 costs incurred under the North American Indian tuition waiver.

22 (k) The appropriation for University of Michigan - Ann Arbor is \$322,773,600.00,
23 \$320,255,800.00 for operations, \$1,714,300.00 for performance funding, and \$803,500.00 for
24 costs incurred under the North American Indian tuition waiver.

25 (l) The appropriation for University of Michigan - Dearborn is \$26,327,200.00,
26 \$25,986,400.00 for operations, \$180,600.00 for performance funding, and \$160,200.00 for
27 costs incurred under the North American Indian tuition waiver.

28 (m) The appropriation for University of Michigan - Flint is \$23,893,200.00,
29 \$23,493,800.00 for operations, \$122,400.00 for performance funding, and \$277,000.00 for
30 costs incurred under the North American Indian tuition waiver.

31 (n) The appropriation for Wayne State University is \$203,413,900.00, \$202,112,700.00
32 for operations, \$884,000.00 for performance funding, and \$417,200.00 for costs incurred

1 under the North American Indian tuition waiver.

2 (o) The appropriation for Western Michigan University is \$112,290,100.00,
3 \$110,976,000.00 for operations, \$546,200.00 for performance funding, and \$767,900.00 for
4 costs incurred under the North American Indian tuition waiver.

5 (3) The amount appropriated in subsection (2) for public universities is
6 \$1,536,854,300.00, appropriated from the following:

7 (a) State school aid fund, \$343,168,300.00.

8 (b) State general fund/general purpose money, \$1,193,686,000.00.

9 (4) The amount appropriated for Michigan public school employees' retirement system
10 reimbursement is \$5,017,000.00, appropriated from the state school aid fund.

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

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

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

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

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

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

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

21 (7) Subject to subsection (8), the amount appropriated for grants and financial aid
22 is ~~\$145,283,200.00~~, **\$180,283,200.00**, allocated as follows:

23 (a) State competitive scholarships, \$38,361,700.00.

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

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

26 (d) Children of veterans and officer's survivor tuition grant programs,
27 \$1,400,000.00.

28 (d) Project GEAR-UP, \$3,200,000.00.

29 **(e) Michigan reconnect grant program, \$35,000,000.00.**

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

32 (a) Federal revenues under the United States Department of Education, Office of

1 Elementary and Secondary Education, GEAR-UP program, \$3,200,000.00.

2 (b) Federal revenues under the social security act, temporary assistance for needy
3 families, \$130,826,400.00.

4 (c) **State restricted funds from the talent investment fund, \$35,000,000.00.**

5 (d) ~~(e)~~ State general fund/general purpose money, \$7,330,900.00.

6 (9) For fiscal year 2019-2020 only, in addition to the allocation under subsection
7 (4), from the appropriations described in subsection (1), there is allocated an amount not
8 to exceed \$1,234,000.00 for payments to participating public universities, appropriated
9 from the state school aid fund. A university that receives money under this subsection
10 shall use that money solely for the purpose of offsetting the normal cost contribution
11 rate. As used in this subsection, "participating public universities" means public
12 universities that are a reporting unit of the Michigan public school employees' retirement
13 system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
14 to 38.1437, and that pay contributions to the Michigan public school employees' retirement
15 system for the state fiscal year.

16 **Sec. 260. (1) The funds appropriated in section 236 from the talent investment fund**
17 **created under section 8a of the higher education loan authority act, 2018 PA 228, MCL**
18 **390.1158a for the Michigan reconnect grant program shall be distributed pursuant to this**
19 **section.**

20 (2) Michigan reconnect grant payments shall be made on behalf of all eligible
21 Michigan residents who are at least 25 years of age, do not possess a college degree, and
22 enrolled in an eligible institution at least half-time.

23 (3) The department of treasury shall work with the department of labor and economic
24 opportunity in administering the Michigan reconnect grant program pursuant to this section.
25 The departments shall develop a standard Michigan reconnect grant application and
26 eligibility process that will provide the highest level of participation and ensures that
27 all requirements of the program are met.

28 (4) The amount of a Michigan reconnect grant award is equal to the cost of tuition
29 and mandatory fees at the eligible institution attended less all other gift aid.

30 (5) Each institution shall ensure that all known available federal and state grants
31 for tuition and fees are used prior to billing the Michigan reconnect grant program for any
32 portion of a student's tuition and fees.

1 (6) An institution must comply with tuition restraint provisions under article II of
2 this act to be considered an eligible institution for purposes of the program under this
3 section.

4 (7) Any unexpended and unencumbered funds remaining on September 30, 2020 from the
5 amounts appropriated in section 236 for the Michigan reconnect grant program for fiscal
6 year 2019-2020 do not lapse on September 30, 2020, but continue to be available for
7 expenditure for the Michigan reconnect grant program in the 2020-2021 fiscal year under a
8 work project account.

9 Enacting section 1. (1) In accordance with section 30 of article IX of the state
10 constitution of 1963, total state spending on school aid under article I as amended by this
11 amendatory act from state sources for fiscal year 2019-2020 is estimated at
12 \$13,424,285,100.00 and state appropriations for school aid to be paid to local units of
13 government for fiscal year 2019-2020 are estimated at \$13,218,215,300.00

14 (2) In accordance with section 30 of article IX of the state constitution of 1963,
15 total state spending from state sources for higher education for fiscal year 2019-2020
16 under article III as amended by this amendatory act is estimated at \$1,592,368,600.00 and
17 the amount of that state spending from state sources to be paid to local units of
18 government for fiscal year 2019-2020 is estimated at \$0.00.

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