

**SUBSTITUTE FOR
HOUSE BILL NO. 5872**

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending section 11 (MCL 388.1611), as amended by 2010 PA 110,
and by adding section 11p.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For the fiscal year ending September 30, 2010,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 \$10,614,891,500.00 from the state school aid fund and the sum of
5 \$30,206,200.00 from the general fund. For the fiscal year ending
6 September 30, 2010, there is also appropriated the sum of
7 \$450,000,000.00 from the federal funding awarded to this state
8 under title XIV of the American recovery and reinvestment act of

1 2009, Public Law 111-5, to be used solely for the purpose of
2 funding the primary funding formula calculated under section 20, in
3 accordance with federal law. Subject to subsection (5), for the
4 fiscal year ending September 30, 2011, there is appropriated for
5 the public schools of this state and certain other state purposes
6 relating to education the sum of \$10,949,559,200.00 from the state
7 school aid fund and the sum of \$30,206,200.00 from the general
8 fund. For the fiscal year ending September 30, 2011, there is also
9 appropriated the ~~sum of \$184,256,600.00 from~~ **REMAINING BALANCE OF**
10 the federal funding awarded to this state under title XIV of the
11 American recovery and reinvestment act of 2009, Public Law 111-5,
12 **ESTIMATED AT \$184,256,600.00**, to be used solely for the purpose of
13 funding the primary funding formula calculated under section 20, in
14 accordance with federal law. **FOR THE FISCAL YEAR ENDING SEPTEMBER**
15 **30, 2011, THERE IS ALSO APPROPRIATED THE AMOUNT OF THE FEDERAL**
16 **FUNDING AWARDED TO THIS STATE UNDER SECTION 101 OF TITLE I OF**
17 **PUBLIC LAW 111-226, ESTIMATED AT \$312,000,000.00, TO BE USED SOLELY**
18 **FOR THE PURPOSE OF FUNDING THOSE PORTIONS OF THE PRIMARY FUNDING**
19 **FORMULAE CALCULATED AND ALLOCATED UNDER SECTION 11P, IN ACCORDANCE**
20 **WITH FEDERAL LAW.** In addition, all other available federal funds
21 are appropriated each fiscal year for the fiscal year ending
22 September 30, 2010 and for the fiscal year ending September 30,
23 2011.

24 (2) The appropriations under this section shall be allocated
25 as provided in this act. Money appropriated under this section from
26 the general fund shall be expended to fund the purposes of this act
27 before the expenditure of money appropriated under this section

1 from the state school aid fund. If the maximum amount appropriated
2 under this section from the state school aid fund for a fiscal year
3 exceeds the amount necessary to fully fund allocations under this
4 act from the state school aid fund, that excess amount shall not be
5 expended in that state fiscal year and shall not lapse to the
6 general fund, but instead shall be deposited into the school aid
7 stabilization fund created in section 11a.

8 (3) If the maximum amount appropriated under this section from
9 the state school aid fund and the school aid stabilization fund for
10 a fiscal year exceeds the amount available for expenditure from the
11 state school aid fund for that fiscal year, payments under sections
12 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
13 and 56 shall be made in full. In addition, for districts beginning
14 operations after 1994-95 that qualify for payments under section
15 22b, payments under section 22b shall be made so that the
16 qualifying districts receive the lesser of an amount equal to the
17 1994-95 foundation allowance of the district in which the district
18 beginning operations after 1994-95 is located or \$5,500.00. The
19 amount of the payment to be made under section 22b for these
20 qualifying districts shall be as calculated under section 22a, with
21 the balance of the payment under section 22b being subject to the
22 proration otherwise provided under this subsection and subsection
23 (4). If proration is necessary, state payments under each of the
24 other sections of this act from all state funding sources shall be
25 prorated in the manner prescribed in subsection (4) as necessary to
26 reflect the amount available for expenditure from the state school
27 aid fund for the affected fiscal year. However, if the department

1 of treasury determines that proration will be required under this
2 subsection, or if the department of treasury determines that
3 further proration is required under this subsection after an
4 initial proration has already been made for a fiscal year, the
5 department of treasury shall notify the state budget director, and
6 the state budget director shall notify the legislature at least 30
7 calendar days or 6 legislative session days, whichever is more,
8 before the department reduces any payments under this act because
9 of the proration. During the 30 calendar day or 6 legislative
10 session day period after that notification by the state budget
11 director, the department shall not reduce any payments under this
12 act because of proration under this subsection. The legislature may
13 prevent proration from occurring by, within the 30 calendar day or
14 6 legislative session day period after that notification by the
15 state budget director, enacting legislation appropriating
16 additional funds from the general fund, countercyclical budget and
17 economic stabilization fund, state school aid fund balance, or
18 another source to fund the amount of the projected shortfall.

19 (4) If proration is necessary under subsection (3), the
20 department shall calculate the proration in district and
21 intermediate district payments that is required under subsection
22 (3) as follows:

23 (a) The department shall calculate the percentage of total
24 state school aid allocated under this act for the affected fiscal
25 year for each of the following:

26 (i) Districts.

27 (ii) Intermediate districts.

1 (iii) Entities other than districts or intermediate districts.

2 (b) The department shall recover a percentage of the proration
3 amount required under subsection (3) that is equal to the
4 percentage calculated under subdivision (a) (i) for districts by
5 reducing payments to districts. This reduction shall be made by
6 calculating an equal dollar amount per pupil as necessary to
7 recover this percentage of the proration amount and reducing each
8 district's total state school aid from state sources, other than
9 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
10 51a(2), 51a(12), 51c, and 53a, by that amount.

11 (c) The department shall recover a percentage of the proration
12 amount required under subsection (3) that is equal to the
13 percentage calculated under subdivision (a) (ii) for intermediate
14 districts by reducing payments to intermediate districts. This
15 reduction shall be made by reducing the payments to each
16 intermediate district, other than payments under sections 11f, 11g,
17 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
18 basis.

19 (d) The department shall recover a percentage of the proration
20 amount required under subsection (3) that is equal to the
21 percentage calculated under subdivision (a) (iii) for entities other
22 than districts and intermediate districts by reducing payments to
23 these entities. This reduction shall be made by reducing the
24 payments to each of these entities, other than payments under
25 sections 11j, 26a, and 26b, on an equal percentage basis.

26 (5) If the department reports to the chairpersons of the house
27 and senate appropriations subcommittees responsible for this act,

1 to the house and senate fiscal agencies, and to the state budget
2 director that the department has been notified that this state has
3 not been awarded a competitive grant from the federal incentive
4 grant program created under sections 14005 and 14006 of title XIV
5 of the American recovery and reinvestment act of 2009, Public Law
6 111-5, known as the "race to the top" grant program, then in
7 addition to the appropriation in subsection (1) there is also
8 appropriated from the state school aid fund for 2010-2011 an
9 additional amount not to exceed \$26,167,500.00 and the general fund
10 appropriation in subsection (1) for 2010-2011 is reduced by
11 \$2,363,800.00.

12 (6) Except for the allocation under section 26a, any general
13 fund allocations under this act that are not expended by the end of
14 the state fiscal year are transferred to the school aid
15 stabilization fund created under section 11a.

16 **SEC. 11P. (1) FOR 2010-2011 ONLY, THERE IS ALLOCATED THE**
17 **AMOUNT OF THE FEDERAL FUNDING AWARDED TO THIS STATE UNDER SECTION**
18 **101 OF TITLE I OF PUBLIC LAW 111-226, ESTIMATED AT \$312,000,000.00,**
19 **FOR THE PURPOSE OF FUNDING THOSE PORTIONS OF THE PRIMARY FUNDING**
20 **FORMULAE THAT ARE CALCULATED AND ALLOCATED UNDER THIS SECTION.**

21 **(2) FROM THE FEDERAL FUNDING ALLOCATED UNDER SUBSECTION (1),**
22 **THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$246,000,000.00 TO**
23 **PROVIDE A 1-TIME ALLOCATION FOR 2010-2011 ONLY TO DISTRICTS AND**
24 **PUBLIC SCHOOL ACADEMIES IN AN AMOUNT EQUAL TO \$154.00 PER**
25 **MEMBERSHIP PUPIL FOR THE PURPOSES OF FUNDING THE SHORTFALL IN THE**
26 **PRIMARY FUNDING FORMULA ACHIEVED THROUGH THE REDUCTIONS IN SECTION**
27 **11D. THE DEPARTMENT SHALL CALCULATE AND ALLOCATE TO EACH DISTRICT**

1 OR PUBLIC SCHOOL ACADEMY AN AMOUNT EQUAL TO \$154.00 PER MEMBERSHIP
2 PUPIL BASED ON THE 2010-2011 MEMBERSHIP USED FOR THE OCTOBER 2010
3 PAYMENT UNDER THIS ACT.

4 (3) FOR 2010-2011 ONLY, FROM THE FEDERAL FUNDING ALLOCATED
5 UNDER SUBSECTION (1), THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED
6 \$16,000,000.00 TO PROVIDE A 1-TIME ALLOCATION OF PRIMARY FUNDING TO
7 EACH INTERMEDIATE DISTRICT IN AN AMOUNT EQUAL TO THE PRODUCT OF
8 24.5% MULTIPLIED BY THE AMOUNT OF FUNDING ALLOCATED TO THAT
9 INTERMEDIATE DISTRICT UNDER SECTION 81 FOR 2010-2011.

10 (4) FROM THE FEDERAL FUNDING ALLOCATED UNDER SUBSECTION (1),
11 THERE IS ALLOCATED AN AMOUNT NOT TO EXCEED \$50,000,000.00 TO
12 PROVIDE TO EACH DISTRICT OR PUBLIC SCHOOL ACADEMY FOR 2010-2011
13 ONLY A 1-TIME PORTION OF PER-PUPIL FUNDING TO BE ALLOCATED UNDER
14 THIS SUBSECTION. THE DEPARTMENT SHALL CALCULATE AND ALLOCATE THE 1-
15 TIME PORTION OF PER-PUPIL FUNDING ALLOCATED TO EACH DISTRICT OR
16 PUBLIC SCHOOL ACADEMY UNDER THIS SUBSECTION AS FOLLOWS:

17 (A) FIRST, FOR EACH DISTRICT OR PUBLIC SCHOOL ACADEMY,
18 CALCULATE THE AMOUNT THAT THE DISTRICT'S FOUNDATION ALLOWANCE OR
19 PUBLIC SCHOOL ACADEMY'S PER PUPIL ALLOCATION CALCULATED UNDER
20 SECTION 20 WOULD BE IF THE BASIC FOUNDATION ALLOWANCE FOR 2010-2011
21 WERE \$8,506.00, IF THE MAXIMUM PUBLIC SCHOOL ACADEMY ALLOCATION FOR
22 2010-2011 WERE \$7,613.00, AND IF THE \$20.00 AMOUNT IN SECTION
23 20(3)(A) AND 20(26)(H) WERE INSTEAD \$10.00.

24 (B) SECOND, CALCULATE THE DIFFERENCE BETWEEN THE AMOUNT
25 CALCULATED FOR THE DISTRICT OR PUBLIC SCHOOL ACADEMY UNDER
26 SUBDIVISION (A) AND THE AMOUNT OF THE DISTRICT'S FOUNDATION
27 ALLOWANCE OR PUBLIC SCHOOL ACADEMY'S PER PUPIL ALLOCATION AS

1 ACTUALLY CALCULATED UNDER SECTION 20 FOR 2010-2011.

2 (C) THIRD, MULTIPLY THE AMOUNT CALCULATED UNDER SUBDIVISION
3 (B) TIMES THE DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S 2010-2011
4 MEMBERSHIP USED FOR THE OCTOBER 2010 PAYMENT UNDER THIS ACT.

5 (5) IF THERE IS MONEY REMAINING UNDER THIS SECTION AFTER THE
6 ALLOCATIONS UNDER SUBSECTIONS (2), (3), AND (4) AND AFTER ANY
7 AMOUNT THAT IS UNUSED UNDER THOSE SUBSECTIONS BECAUSE A DISTRICT OR
8 PUBLIC SCHOOL ACADEMY IS UNABLE TO USE ITS FULL ALLOCATION UNDER
9 SUBSECTION (2) OR (4), THEN IN ADDITION TO THE AMOUNTS ALLOCATED
10 UNDER SUBSECTIONS (2) AND (4) THERE IS ALSO ALLOCATED TO EACH
11 DISTRICT AND PUBLIC SCHOOL ACADEMY THAT RECEIVED MONEY UNDER
12 SUBSECTION (4) AN EQUAL PER PUPIL AMOUNT OF THAT REMAINING MONEY,
13 USING THE DISTRICT'S OR PUBLIC SCHOOL ACADEMY'S 2010-2011
14 MEMBERSHIP USED FOR THE OCTOBER 2010 PAYMENT UNDER THIS ACT.