

# HOUSE BILL No. 5400

September 17, 2009, Introduced by Rep. Cushingberry and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 11 and 17b (MCL 388.1611 and 388.1617b), section 11 as amended by 2009 PA 73 and section 17b as amended by 2007 PA 137.

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

1           Sec. 11. (1) For the fiscal year ending September 30, ~~2009~~  
2    2010, there is appropriated for the public schools of this state  
3    and certain other state purposes relating to education the sum of  
4    ~~\$11,019,798,200.00~~ \_\_\_\_\_ from the state school aid fund  
5    established by section 11 of article IX of the state constitution  
6    of 1963 and the sum of ~~\$78,000,000.00~~ \_\_\_\_\_ from the  
7    general fund. For the fiscal year ending September 30, ~~2009~~2010,  
8    there is also appropriated the sum of ~~\$600,000,000.00~~  
9    \$ \_\_\_\_\_ from the federal funding awarded to this state

1 under title XIV of the American recovery and reinvestment act of  
2 2009, Public Law 111-5, to be used solely for the purpose of  
3 funding the primary funding formula calculated under section 20, in  
4 accordance with federal law. In addition, other available federal  
5 funds are appropriated for the fiscal year ending September 30,  
6 ~~2009-2010~~.

7 (2) The appropriations under this section shall be allocated  
8 as provided in this act. Money appropriated under this section from  
9 the general fund shall be expended to fund the purposes of this act  
10 before the expenditure of money appropriated under this section  
11 from the state school aid fund. If the maximum amount appropriated  
12 under this section from the state school aid fund for a fiscal year  
13 exceeds the amount necessary to fully fund allocations under this  
14 act from the state school aid fund, that excess amount shall not be  
15 expended in that state fiscal year and shall not lapse to the  
16 general fund, but instead shall be deposited into the school aid  
17 stabilization fund created in section 11a.

18 (3) If the maximum amount appropriated under this section from  
19 the state school aid fund and the school aid stabilization fund for  
20 a fiscal year exceeds the amount available for expenditure from the  
21 state school aid fund for that fiscal year, payments under sections  
22 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,  
23 and 56 shall be made in full. In addition, for districts beginning  
24 operations after 1994-95 that qualify for payments under section  
25 22b, payments under section 22b shall be made so that the  
26 qualifying districts receive the lesser of an amount equal to the  
27 1994-95 foundation allowance of the district in which the district

1 beginning operations after 1994-95 is located or \$5,500.00. The  
2 amount of the payment to be made under section 22b for these  
3 qualifying districts shall be as calculated under section 22a, with  
4 the balance of the payment under section 22b being subject to the  
5 proration otherwise provided under this subsection and subsection  
6 (4). If proration is necessary, state payments under each of the  
7 other sections of this act from all state funding sources shall be  
8 prorated in the manner prescribed in subsection (4) as necessary to  
9 reflect the amount available for expenditure from the state school  
10 aid fund for the affected fiscal year. However, if the department  
11 of treasury determines that proration will be required under this  
12 subsection, or if the department of treasury determines that  
13 further proration is required under this subsection after an  
14 initial proration has already been made for a fiscal year, the  
15 department of treasury shall notify the state budget director, and  
16 the state budget director shall notify the legislature at least 30  
17 calendar days or 6 legislative session days, whichever is more,  
18 before the department reduces any payments under this act because  
19 of the proration. During the 30 calendar day or 6 legislative  
20 session day period after that notification by the state budget  
21 director, the department shall not reduce any payments under this  
22 act because of proration under this subsection. The legislature may  
23 prevent proration from occurring by, within the 30 calendar day or  
24 6 legislative session day period after that notification by the  
25 state budget director, enacting legislation appropriating  
26 additional funds from the general fund, countercyclical budget and  
27 economic stabilization fund, state school aid fund balance, or

1 another source to fund the amount of the projected shortfall.

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

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

9 (i) Districts.

10 (ii) Intermediate districts.

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

12 (b) The department shall recover a percentage of the proration  
13 amount required under subsection (3) that is equal to the  
14 percentage calculated under subdivision (a) (i) for districts by  
15 reducing payments to districts. This reduction shall be made by  
16 calculating an equal dollar amount per pupil as necessary to  
17 recover this percentage of the proration amount and reducing each  
18 district's total state school aid from state sources, other than  
19 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
20 51a(2), 51a(12), 51c, and 53a, by that amount.

21 (c) The department shall recover a percentage of the proration  
22 amount required under subsection (3) that is equal to the  
23 percentage calculated under subdivision (a) (ii) for intermediate  
24 districts by reducing payments to intermediate districts. This  
25 reduction shall be made by reducing the payments to each  
26 intermediate district, other than payments under sections 11f, 11g,  
27 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage

1 basis.

2 (d) 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) (iii) for entities other  
5 than districts and intermediate districts by reducing payments to  
6 these entities. This reduction shall be made by reducing the  
7 payments to each of these entities, other than payments under  
8 sections 11j, 26a, and 26b, on an equal percentage basis.

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

13 Sec. 17b. (1) Not later than October 20, November 20, December  
14 20, January 20, February 20, March 20, April 20, May 20, June 20,  
15 July 20, and August 20, the department shall prepare electronic  
16 files of the amount to be distributed under this act in the  
17 installment to the districts and intermediate districts and deliver  
18 the electronic files to the state treasurer, and the state  
19 treasurer shall pay the installments on each of those dates or, if  
20 the date is not a business day, on the next business day following  
21 that date. Except as otherwise provided in this act, the portion of  
22 the district's or intermediate district's state fiscal year  
23 entitlement to be included in each installment shall be 1/11. A  
24 district or intermediate district shall accrue the payments  
25 received in July and August to the school fiscal year ending the  
26 immediately preceding June 30.

27 (2) The state treasurer shall make payment under this section

1 by drawing a warrant in favor of the treasurer of each district or  
2 intermediate district for the amount payable to the district or  
3 intermediate district according to the electronic files and  
4 delivering the warrant to the treasurer of each district or  
5 intermediate district, or if the state treasurer receives a written  
6 request by the treasurer of the district or intermediate district  
7 specifying an account, by electronic funds transfer to that account  
8 of the amount payable to the district or intermediate district  
9 according to the electronic files. The department may make  
10 adjustments in payments made under this section through additional  
11 payments when changes in law or errors in computation cause the  
12 regularly scheduled payment to be less than the amount to which the  
13 district or intermediate district is entitled pursuant to this act.

14 (3) Except as otherwise provided in this act, grant payments  
15 to districts and intermediate districts under this act shall be  
16 paid according to the installment **PAYMENT** schedule under subsection  
17 (1).

18 (4) Upon the written request of a district or intermediate  
19 district and the submission of proof satisfactory to the department  
20 of a need of a temporary and nonrecurring nature, the  
21 superintendent, with the written concurrence of the state treasurer  
22 and the state budget director, may authorize an advance release of  
23 funds due a district or intermediate district under this act. An  
24 advance authorized under this subsection shall not cause funds to  
25 be paid to a district or intermediate district more than 30 days  
26 earlier than the established payment date for those funds.