

HOUSE BILL No. 5611

December 1, 2009, Introduced by Rep. Segal 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 24c (MCL 388.1611 and 388.1624c), as amended by 2009 PA 121.

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 ~~\$10,793,954,100.00~~ **\$10,742,247,700.00** from the state school aid
5 fund established by section 11 of article IX of the state
6 constitution of 1963 and the sum of \$31,800,000.00 from the general
7 fund. For the fiscal year ending September 30, 2010, there is also

1 appropriated the sum of \$450,000,000.00 from the federal funding
2 awarded to this state under title XIV of the American recovery and
3 reinvestment act of 2009, Public Law 111-5, to be used solely for
4 the purpose of funding the primary funding formula calculated under
5 section 20, in accordance with federal law. In addition, other
6 available federal funds are appropriated for the fiscal year ending
7 September 30,2010.

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

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

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

1 economic stabilization fund, state school aid fund balance, or
2 another source to fund the amount of the projected shortfall.

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

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

10 (i) Districts.

11 (ii) Intermediate districts.

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

13 (b) The department shall recover a percentage of the proration
14 amount required under subsection (3) that is equal to the
15 percentage calculated under subdivision (a) (i) for districts by
16 reducing payments to districts. This reduction shall be made by
17 calculating an equal dollar amount per pupil as necessary to
18 recover this percentage of the proration amount and reducing each
19 district's total state school aid from state sources, other than
20 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
21 51a(2), 51a(12), 51c, and 53a, by that amount.

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

1 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
2 basis.

3 (d) The department shall recover a percentage of the proration
4 amount required under subsection (3) that is equal to the
5 percentage calculated under subdivision (a) (iii) for entities other
6 than districts and intermediate districts by reducing payments to
7 these entities. This reduction shall be made by reducing the
8 payments to each of these entities, other than payments under
9 sections 11j, 26a, and 26b, on an equal percentage basis.

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

14 Sec. 24c. From the appropriation in section 11, there is
15 allocated an amount not to exceed ~~\$642,300.00~~ **\$1,284,600.00**
16 for 2009-2010 for payments to districts for pupils who are enrolled
17 in a nationally administered community-based education and youth
18 mentoring program, known as the youth challenge program, that is
19 located within the district and is administered by the department
20 of military and veterans affairs. A district receiving payments
21 under this section shall contract with the department of military
22 and veterans affairs to ensure that all funding allocated under
23 this section is utilized by the district and the department of
24 military and veterans affairs for the youth challenge program.

25 Enacting section 1. In accordance with section 30 of article
26 IX of the state constitution of 1963, total state spending in this
27 amendatory act and in 2009 PA 121 from state sources for fiscal

1 year 2009-2010 is estimated at \$10,588,322,900.00 and state
2 appropriations to be paid to local units of government for fiscal
3 year 2009-2010 are estimated at \$10,480,964,300.00.