

HOUSE BILL No. 5872

February 23, 2010, Introduced by Rep. Terry Brown 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 203 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, ~~2010,~~
2 **2011**, there is appropriated for the public schools of this state
3 and certain other state purposes relating to education the sum of
4 ~~\$10,793,954,100.00~~ \$_____ 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~~ \$_____
7 from the general fund. For the fiscal year ending September 30,

1 ~~2010, 2011~~, there is also appropriated the sum of ~~\$450,000,000.00~~
2 \$ _____ from the federal funding awarded to this state
3 under title XIV of the American recovery and reinvestment act of
4 2009, Public Law 111-5, to be used solely for the purpose of
5 funding the primary funding formula calculated under section 20, in
6 accordance with federal law. In addition, any money received by
7 this state from the federal incentive grant program created under
8 sections 14005 and 14006 of title XIV of the American recovery and
9 reinvestment act of 2009, Public Law 111-5, known as the "race to
10 the top" grant program, and all other available federal funds are
11 appropriated for the fiscal year ending September 30, ~~2010-2011~~.

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

23 (3) If the maximum amount appropriated under this section from
24 the state school aid fund and the school aid stabilization fund for
25 a fiscal year exceeds the amount available for expenditure from the
26 state school aid fund for that fiscal year, payments under sections
27 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,

1 and 56 shall be made in full. In addition, for districts beginning
2 operations after 1994-95 that qualify for payments under section
3 22b, payments under section 22b shall be made so that the
4 qualifying districts receive the lesser of an amount equal to the
5 1994-95 foundation allowance of the district in which the district
6 beginning operations after 1994-95 is located or \$5,500.00. The
7 amount of the payment to be made under section 22b for these
8 qualifying districts shall be as calculated under section 22a, with
9 the balance of the payment under section 22b being subject to the
10 proration otherwise provided under this subsection and subsection
11 (4). If proration is necessary, state payments under each of the
12 other sections of this act from all state funding sources shall be
13 prorated in the manner prescribed in subsection (4) as necessary to
14 reflect the amount available for expenditure from the state school
15 aid fund for the affected fiscal year. However, if the department
16 of treasury determines that proration will be required under this
17 subsection, or if the department of treasury determines that
18 further proration is required under this subsection after an
19 initial proration has already been made for a fiscal year, the
20 department of treasury shall notify the state budget director, and
21 the state budget director shall notify the legislature at least 30
22 calendar days or 6 legislative session days, whichever is more,
23 before the department reduces any payments under this act because
24 of the proration. During the 30 calendar day or 6 legislative
25 session day period after that notification by the state budget
26 director, the department shall not reduce any payments under this
27 act because of proration under this subsection. The legislature may

1 prevent proration from occurring by, within the 30 calendar day or
2 6 legislative session day period after that notification by the
3 state budget director, enacting legislation appropriating
4 additional funds from the general fund, countercyclical budget and
5 economic stabilization fund, state school aid fund balance, or
6 another source to fund the amount of the projected shortfall.

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

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

14 (i) Districts.

15 (ii) Intermediate districts.

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

17 (b) The department shall recover a percentage of the proration
18 amount required under subsection (3) that is equal to the
19 percentage calculated under subdivision (a) (i) for districts by
20 reducing payments to districts. This reduction shall be made by
21 calculating an equal dollar amount per pupil as necessary to
22 recover this percentage of the proration amount and reducing each
23 district's total state school aid from state sources, other than
24 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
25 51a(2), 51a(12), 51c, and 53a, by that amount.

26 (c) The department shall recover a percentage of the proration
27 amount required under subsection (3) that is equal to the

1 percentage calculated under subdivision (a) (ii) for intermediate
2 districts by reducing payments to intermediate districts. This
3 reduction shall be made by reducing the payments to each
4 intermediate district, other than payments under sections 11f, 11g,
5 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
6 basis.

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

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

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

1 entitlement to be included in each installment shall be 1/11. A
2 district or intermediate district shall accrue the payments
3 received in July and August to the school fiscal year ending the
4 immediately preceding June 30.

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

19 (3) Except as otherwise provided in this act, grant payments
20 to districts and intermediate districts under this act shall be
21 paid according to the installment schedule **PROVIDED** under
22 subsection (1).

23 (4) Upon the written request of a district or intermediate
24 district and the submission of proof satisfactory to the department
25 of a need of a temporary and nonrecurring nature, the
26 superintendent, with the written concurrence of the state treasurer
27 and the state budget director, may authorize an advance release of

1 funds due a district or intermediate district under this act. An
2 advance authorized under this subsection shall not cause funds to
3 be paid to a district or intermediate district more than 30 days
4 earlier than the established payment date for those funds.