

SENATE BILL No. 963

October 29, 2009, Introduced by Senator JELINEK and referred to the Committee on Appropriations.

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 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~~ \$ _____ 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,
8 2010, there is also appropriated the sum of \$450,000,000.00 from
9 the federal funding awarded to this state under title XIV of the

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

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

17 (3) If the maximum amount appropriated under this section from
18 the state school aid fund and the school aid stabilization fund for
19 a fiscal year exceeds the amount available for expenditure from the
20 state school aid fund for that fiscal year, payments under sections
21 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
22 and 56 shall be made in full. In addition, for districts beginning
23 operations after 1994-95 that qualify for payments under section
24 22b, payments under section 22b shall be made so that the
25 qualifying districts receive the lesser of an amount equal to the
26 1994-95 foundation allowance of the district in which the district
27 beginning operations after 1994-95 is located or \$5,500.00. The

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

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

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

8 (i) Districts.

9 (ii) Intermediate districts.

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

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

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

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

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