



STATE OF MICHIGAN  
OFFICE OF THE GOVERNOR  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

JOHN D. CHERRY, JR.  
LT. GOVERNOR

October 19, 2009

Michigan House of Representatives  
State Capitol  
Lansing, Michigan 48909-7514

Ladies and Gentlemen:

Today I have signed Enrolled House Bill 4447, the state school aid budget for the fiscal year that began nearly three weeks ago on October 1, 2009. However, I have disapproved several appropriations in the bill, as authorized by Section 19 of Article V of the Michigan Constitution. The specific item vetoes are detailed in the attached copy of the bill, which has been filed with the Secretary of State. While my approval of this bill will enable the continued operation of public schools and allow school districts to make scheduled bond payments, the Legislature has much more work to do to complete a balanced funding plan for our schools.

As presented, Enrolled House Bill 4447 is fiscally flawed. In simple terms, if this School Aid bill were a check written on a bank, it would be returned for insufficient funds. By some estimates there may be as much as a \$264 million gap between the expenditures called for in this bill and the School Aid Fund revenues needed to pay for them. Failure to address this revenue shortfall quickly will only make future education funding cuts deeper and more destructive to our schools.

As a first step in addressing this shortfall, I have exercised my constitutional line item veto authority. Specifically, I have disapproved of the following appropriations, totaling \$54.0 million:

- Section 20j of the bill, a provision that would authorize special supplemental foundation allowance payments totaling \$51.5 million for certain districts with the highest foundation allowances.
- Section 32c, which would provide specialized funding of nearly \$1.6 million for secondary prevention services programs.
- Section 57, earmarking \$285,000 for advanced and accelerated programs.
- Section 99p, dedicating \$100,000 to assist some districts in providing cultural experiences to students.

- Section 39a(1)(m), a provision that would allow for up to \$50,000 in 21st Century Community Learning Center funds to be used to support the Michigan After-School Partnership.
- Section 61a(3) , a provision that guarantees vocational education funding to a specific intermediate district up to the amount it received in fiscal year 1997, or \$388,700.
- Section 65(3), that provides funding of \$75,000 for a pre-college engineering program in the Kalamazoo area.

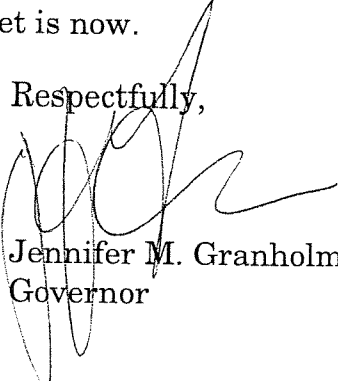
Because these reductions will not fully resolve the shortfall in the State School Aid Fund, other actions will be necessary. If the Legislature fails to secure the revenues needed to fully fund the budget it has passed, state law requires a proration in payments to school districts beyond the mid-year \$165 per pupil reduction already assumed in Enrolled House Bill 4447.

Our schools deserve sufficient funding to fulfill the critical mission we have given them and they deserve an honest budget that allows them to make necessary adjustments in their own spending. Enrolled House Bill 4447, as presented to me, gives them neither. It demands urgent additional action by the Legislature.

To provide direction regarding the implementation of this appropriations act, I note that Sections 20(15) and 104(2) of the bill include statements of legislative intent. While the Legislature has the right to state its advice, preferences, or wishes through a statement of intent, such statements do not impose conditions upon appropriations and are non-binding.

By presenting me a school aid budget for fiscal year 2010, you prevented an immediate fiscal crisis in our public schools. However, unless you act to fully fund this budget, it is only a matter of weeks before that crisis confronts our schools with additional destructive mid-year cuts. There is no time to waste. The time to complete work on this school aid budget is now.

Respectfully,



Jennifer M. Granholm  
Governor

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Attachment

cc: Michigan State Senate  
The Honorable Terri Lynn Land, Secretary of State