

# HOUSE BILL No. 4570

April 21, 2011, Introduced by Rep. Moss 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 2010 PA 217 and section 17b as amended by  
2007 PA 137.

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

1           Sec. 11. (1) Subject to subsection (5), for the fiscal year  
2 ending September 30, 2011, there is appropriated for the public  
3 schools of this state and certain other state purposes relating to  
4 education the sum of \$10,937,260,500.00 from the state school aid  
5 fund and the sum of \$18,642,400.00 from the general fund. ~~For the~~  
6 ~~fiscal year ending September 30, 2011, there is also appropriated~~  
7 ~~the remaining balance of 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, estimated at \$184,256,600.00, to be used~~  
 3 ~~solely for the purpose of funding the primary funding formula~~  
 4 ~~calculated under section 20, in accordance with federal law.~~

5 **SUBJECT TO SUBSECTION (5), FOR THE FISCAL YEAR ENDING SEPTEMBER 30,**  
 6 **2012, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE**  
 7 **AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF**  
 8 **\$ \_\_\_\_\_ FROM THE STATE SCHOOL AID FUND AND THE SUM OF**  
 9 **\$ \_\_\_\_\_ FROM THE GENERAL FUND.** In addition, all other  
 10 available federal funds, except those otherwise appropriated under  
 11 section 11p, are appropriated for the fiscal year ending September  
 12 30, 2011 **AND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2012.**

13 (2) The appropriations under this section shall be allocated  
 14 as provided in this act. Money appropriated under this section from  
 15 the general fund shall be expended to fund the purposes of this act  
 16 before the expenditure of money appropriated under this section  
 17 from the state school aid fund. If the maximum amount appropriated  
 18 under this section from the state school aid fund for a fiscal year  
 19 exceeds the amount necessary to fully fund allocations under this  
 20 act from the state school aid fund, that excess amount shall not be  
 21 expended in that state fiscal year and shall not lapse to the  
 22 general fund, but instead shall be deposited into the school aid  
 23 stabilization fund created in section 11a. ~~For 2009-2010 only, if~~  
 24 ~~the department determines before bookclosing for the 2009-2010~~  
 25 ~~state fiscal year that the maximum amount appropriated under this~~  
 26 ~~section from the state school aid fund for 2009-2010 exceeds the~~  
 27 ~~amount necessary to fully fund allocations under this act from the~~

~~1 state school aid fund for 2009-2010 and that state support for  
2 elementary and secondary education for 2009-2010 will fall below  
3 the level of support needed to comply with the maintenance of  
4 effort provisions under title XIV of the American recovery and  
5 reinvestment act of 2009, Public Law 111-5, then there is  
6 appropriated for 2009-2010 from the school aid stabilization fund  
7 an amount equal to \$30,000,000.00 or the amount that the department  
8 determines is necessary for the state support for elementary and  
9 secondary education to meet the level of support needed to comply  
10 with the maintenance of effort provisions under title XIV of the  
11 American recovery and reinvestment act of 2009, Public Law 111-5,  
12 whichever is greater. The department shall use any funds  
13 appropriated under this subsection as follows:~~

~~14 — (a) First, to allocate \$10,000,000.00 to provide funding to  
15 each intermediate district in an amount equal to the product of  
16 14.75% multiplied by the amount of funding allocated to that  
17 intermediate district under section 81 for 2009-2010 under 2010 PA  
18 110.~~

~~19 — (b) Second, to allocate the amount necessary, estimated at  
20 \$10,000,000.00, to provide funding under this subdivision to  
21 districts for which the amount of per pupil funding calculated and  
22 allocated under section 11p(2) is less than \$154.00. The payment to  
23 a district under this subdivision is an amount equal to the  
24 difference between \$154.00 and the per pupil funding amount  
25 calculated and allocated under section 11p(2) for the district,  
26 multiplied by the district's 2010-2011 membership used for the  
27 October 2010 payment.~~

1 ~~—— (c) Third, to allocate any remaining funds to reduce the~~  
2 ~~amount of the per pupil reduction under section 11d(1) for 2009-~~  
3 ~~2010.~~

4 (3) If the maximum amount appropriated under this section from  
5 the state school aid fund and the school aid stabilization fund for  
6 a fiscal year exceeds the amount available for expenditure from the  
7 state school aid fund for that fiscal year, payments under sections  
8 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,  
9 56, and 152a shall be made in full. In addition, for districts  
10 beginning operations after 1994-95 that qualify for payments under  
11 section 22b, payments under section 22b shall be made so that the  
12 qualifying districts receive the lesser of an amount equal to the  
13 1994-95 foundation allowance of the district in which the district  
14 beginning operations after 1994-95 is located or \$5,500.00. The  
15 amount of the payment to be made under section 22b for these  
16 qualifying districts shall be as calculated under section 22a, with  
17 the balance of the payment under section 22b being subject to the  
18 proration otherwise provided under this subsection and subsection  
19 (4). If proration is necessary, state payments under each of the  
20 other sections of this act from all state funding sources shall be  
21 prorated in the manner prescribed in subsection (4) as necessary to  
22 reflect the amount available for expenditure from the state school  
23 aid fund for the affected fiscal year. However, if the department  
24 of treasury determines that proration will be required under this  
25 subsection, or if the department of treasury determines that  
26 further proration is required under this subsection after an  
27 initial proration has already been made for a fiscal year, the

1 department of treasury shall notify the state budget director, and  
2 the state budget director shall notify the legislature at least 30  
3 calendar days or 6 legislative session days, whichever is more,  
4 before the department reduces any payments under this act because  
5 of the proration. During the 30 calendar day or 6 legislative  
6 session day period after that notification by the state budget  
7 director, the department shall not reduce any payments under this  
8 act because of proration under this subsection. The legislature may  
9 prevent proration from occurring by, within the 30 calendar day or  
10 6 legislative session day period after that notification by the  
11 state budget director, enacting legislation appropriating  
12 additional funds from the general fund, countercyclical budget and  
13 economic stabilization fund, state school aid fund balance, or  
14 another source to fund the amount of the projected shortfall.

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

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

22 (i) Districts.

23 (ii) Intermediate districts.

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

25 (b) The department shall recover a percentage of the proration  
26 amount required under subsection (3) that is equal to the  
27 percentage calculated under subdivision (a) (i) for districts by

1 reducing payments to districts. This reduction shall be made by  
2 calculating an equal dollar amount per pupil as necessary to  
3 recover this percentage of the proration amount and reducing each  
4 district's total state school aid from state sources, other than  
5 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
6 51a(2), 51a(12), 51c, 53a, and 152a, by that amount.

7 (c) 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)(ii) for intermediate  
10 districts by reducing payments to intermediate districts. This  
11 reduction shall be made by reducing the payments to each  
12 intermediate district, other than payments under sections 11f, 11g,  
13 26a, 26b, 51a(2), 51a(12), 53a, 56, and 152a, on an equal  
14 percentage basis.

15 (d) The department shall recover a percentage of the proration  
16 amount required under subsection (3) that is equal to the  
17 percentage calculated under subdivision (a)(iii) for entities other  
18 than districts and intermediate districts by reducing payments to  
19 these entities. This reduction shall be made by reducing the  
20 payments to each of these entities, other than payments under  
21 sections 11j, 26a, and 26b, on an equal percentage basis.

22 (5) Any general fund allocations under this act that are not  
23 expended by the end of the state fiscal year are transferred to the  
24 school aid stabilization fund created under section 11a.

25 Sec. 17b. (1) Not later than October 20, November 20, December  
26 20, January 20, February 20, March 20, April 20, May 20, June 20,  
27 July 20, and August 20, the department shall prepare electronic

1 files of the amount to be distributed under this act in the  
2 installment to the districts and intermediate districts and deliver  
3 the electronic files to the state treasurer, and the state  
4 treasurer shall pay the installments on each of those dates or, if  
5 the date is not a business day, on the next business day following  
6 that date. Except as otherwise provided in this act, the portion of  
7 the district's or intermediate district's state fiscal year  
8 entitlement to be included in each installment shall be 1/11. A  
9 district or intermediate district shall accrue the payments  
10 received in July and August to the school fiscal year ending the  
11 immediately preceding June 30.

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

26 (3) Except as otherwise provided in this act, grant payments  
27 to districts and intermediate districts under this act shall be

1 paid according to the installment **PAYMENT** schedule under subsection  
2 (1).

3 (4) Upon the written request of a district or intermediate  
4 district and the submission of proof satisfactory to the department  
5 of a need of a temporary and nonrecurring nature, the  
6 superintendent, with the written concurrence of the state treasurer  
7 and the state budget director, may authorize an advance release of  
8 funds due a district or intermediate district under this act. An  
9 advance authorized under this subsection shall not cause funds to  
10 be paid to a district or intermediate district more than 30 days  
11 earlier than the established payment date for those funds.