

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 252

(As amended, October 1, 2009)

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 11, 11j, 17b, and 147 (MCL 388.1611,  
388.1611j, 388.1617b, and 388.1747), sections 11 and 11j as amended  
by 2009 PA 73, section 17b as amended by 2007 PA 137, and section  
147 as amended by 2008 PA 268.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 11. (1) ~~For the fiscal year ending September 30, 2009,~~  
2 ~~there is appropriated for the public schools of this state and~~  
3 ~~certain other state purposes relating to education the sum of~~  
4 ~~\$11,019,798,200.00 from the state school aid fund established by~~  
5 ~~section 11 of article IX of the state constitution of 1963 and the~~  
6 ~~sum of \$78,000,000.00 from the general fund. For the fiscal year~~

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as amended October 1, 2009

1 ~~ending September 30, 2009, there is also appropriated the sum of~~  
2 ~~\$600,000,000.00 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. FOR THE FISCAL PERIOD BEGINNING~~  
7 ~~OCTOBER 1, 2009 AND ENDING OCTOBER 31, 2009, THERE IS APPROPRIATED~~  
8 ~~FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE~~  
9 ~~PURPOSES RELATING TO EDUCATION THE SUM OF <<[\$1,087,000,100.00]>> FROM~~  
10 ~~THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX~~  
11 ~~OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$2,900,000.00 FROM~~  
12 ~~THE GENERAL FUND. In addition, other available federal funds are~~  
13 ~~appropriated for the fiscal year ending September 30, 2009-2010.~~  
14 ~~FUNDS APPROPRIATED UNDER THIS SECTION ARE ALLOCATED AS FOLLOWS:~~

15 <<(A) EXCEPT FOR FUNDS ALLOCATED UNDER SECTION 11J, ALL STATE  
16 FUNDS ARE ALLOCATED FOR THE SAME PURPOSES, FROM THE SAME FUNDING  
17 SOURCES, AND UNDER THE SAME CONDITIONS AS STATE FUNDS WERE ALLOCATED  
18 UNDER THIS ACT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, AND  
19 ARE ALLOCATED IN AN AMOUNT EQUAL TO 9.09% OF THE AMOUNT ALLOCATED  
20 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009 FOR EACH OF THE  
21 PURPOSES PROVIDED UNDER EACH FUNDING SECTION OF THIS ACT. HOWEVER,  
THE DEPARTMENT SHALL DEDUCT THE FOLLOWING AMOUNTS FROM THE TOTAL  
STATE SCHOOL AID OTHERWISE ALLOCATED TO DISTRICTS AND INTERMEDIATE  
DISTRICTS RECEIVING FUNDING UNDER THIS SUBDIVISION:

(i) FOR DISTRICTS, THE DEPARTMENT SHALL DEDUCT FROM THE TOTAL  
STATE SCHOOL AID OTHERWISE ALLOCATED UNDER THIS SUBDIVISION TO EACH  
DISTRICT AN AMOUNT EQUAL TO [\$0.00] PER MEMBERSHIP PUPIL.

(ii) FOR INTERMEDIATE DISTRICTS, THE DEPARTMENT SHALL DEDUCT  
FROM THE TOTAL STATE SCHOOL AID OTHERWISE ALLOCATED UNDER THIS  
SUBDIVISION TO EACH INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO [0.0%]  
OF THE AMOUNT OTHERWISE ALLOCATED TO THE INTERMEDIATE DISTRICT UNDER  
THIS SUBDIVISION.>>

22 (B) EXCEPT FOR FEDERAL FUNDING AWARDED UNDER TITLE XIV OF THE  
23 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5,  
24 ALL FEDERAL FUNDS ARE ALLOCATED FOR THE SAME PURPOSES, FROM THE  
25 SAME FUNDING SOURCES, UNDER THE SAME CONDITIONS, AND IN THE SAME  
26 AMOUNTS AS THOSE FEDERAL FUNDS WERE ALLOCATED UNDER THIS ACT FOR  
27 THE FISCAL YEAR ENDING SEPTEMBER 30, 2009.

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

12           (3) If the maximum amount appropriated under this section from  
13 the state school aid fund and the school aid stabilization fund for  
14 a fiscal year exceeds the amount available for expenditure from the  
15 state school aid fund for that fiscal year, payments under sections  
16 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,  
17 and 56 shall be made in full. In addition, for districts beginning  
18 operations after 1994-95 that qualify for payments under section  
19 22b, payments under section 22b shall be made so that the  
20 qualifying districts receive the lesser of an amount equal to the  
21 1994-95 foundation allowance of the district in which the district  
22 beginning operations after 1994-95 is located or \$5,500.00. The  
23 amount of the payment to be made under section 22b for these  
24 qualifying districts shall be as calculated under section 22a, with  
25 the balance of the payment under section 22b being subject to the  
26 proration otherwise provided under this subsection and subsection  
27 (4). If proration is necessary, state payments under each of the

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

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

27 (a) The department shall calculate the percentage of total

1 state school aid allocated under this act for the affected fiscal  
2 year for each of the following:

3 (i) Districts.

4 (ii) Intermediate districts.

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

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

15 (c) 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)(ii) for intermediate  
18 districts by reducing payments to intermediate districts. This  
19 reduction shall be made by reducing the payments to each  
20 intermediate district, other than payments under sections 11f, 11g,  
21 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
22 basis.

23 (d) The department shall recover a percentage of the proration  
24 amount required under subsection (3) that is equal to the  
25 percentage calculated under subdivision (a)(iii) for entities other  
26 than districts and intermediate districts by reducing payments to  
27 these entities. This reduction shall be made by reducing the

1 payments to each of these entities, other than payments under  
2 sections 11j, 26a, and 26b, on an equal percentage basis.

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

7 Sec. 11j. ~~From the appropriation in section 11, there is~~  
8 ~~allocated~~ **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010, THERE IS**  
9 **APPROPRIATED FROM THE STATE SCHOOL AID FUND** an amount not to exceed  
10 \$40,000,000.00 for ~~2008-2009-2009-2010~~ for payments to the school  
11 loan bond redemption fund in the department of treasury on behalf  
12 of districts and intermediate districts. Notwithstanding section 11  
13 or any other provision of this act, funds allocated under this  
14 section are not subject to proration and shall be paid in full.

15 Sec. 17b. (1) Not later than October 20, November 20, December  
16 20, January 20, February 20, March 20, April 20, May 20, June 20,  
17 July 20, and August 20, the department shall prepare electronic  
18 files of the amount to be distributed under this act in the  
19 installment to the districts and intermediate districts and deliver  
20 the electronic files to the state treasurer, and the state  
21 treasurer shall pay the installments on each of those dates or, if  
22 the date is not a business day, on the next business day following  
23 that date. Except as otherwise provided in this act, the portion of  
24 the district's or intermediate district's state fiscal year  
25 entitlement to be included in each installment shall be 1/11. **FOR**  
26 **THE FISCAL PERIOD BEGINNING OCTOBER 1, 2009 AND ENDING OCTOBER 31,**  
27 **2009 ONLY, THE PORTION OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S**

1 ENTITLEMENT FOR THAT FISCAL PERIOD TO BE INCLUDED IN EACH  
2 INSTALLMENT SHALL BE THE ENTIRE PORTION. A district or intermediate  
3 district shall accrue the payments received in July and August to  
4 the school fiscal year ending the 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 under subsection (1).

22 FOR THE FISCAL PERIOD BEGINNING OCTOBER 1, 2009 AND ENDING OCTOBER  
23 31, 2009 ONLY, FOR ALL GRANT PAYMENTS THAT ARE TO BE MADE PURSUANT  
24 TO AN AGREEMENT WITH THE DEPARTMENT, THE DEPARTMENT SHALL ENSURE  
25 THAT THE GRANT PAYMENTS MADE DURING THIS FISCAL PERIOD REFLECT THE  
26 REDUCED APPROPRIATION AMOUNT FOR THIS FISCAL PERIOD IN A WAY THAT  
27 IS APPROPRIATE FOR THE PROGRAM FUNDED BY THE GRANT.

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

10           Sec. 147. The allocation for ~~2008-2009~~**2009-2010** for the  
11 public school employees' retirement system pursuant to the public  
12 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301  
13 to 38.1408, shall be made using the entry age normal cost actuarial  
14 method and risk assumptions adopted by the public school employees  
15 retirement board and the department of management and budget. The  
16 annual level percentage of payroll contribution rate is estimated  
17 at ~~16.54%~~**16.94%** for the ~~2008-2009~~**2009-2010** state fiscal year. The  
18 portion of the contribution rate assigned to districts and  
19 intermediate districts for each fiscal year is all of the total  
20 percentage points. This contribution rate reflects an amortization  
21 period of ~~29~~**28** years for ~~2008-2009~~**2009-2010**. The public school  
22 employees' retirement system board shall notify each district and  
23 intermediate district by February 28 of each fiscal year of the  
24 estimated contribution rate for the next fiscal year.

25           Enacting section 1. In accordance with section 30 of article I  
26 of the state constitution of 1963, total state spending in this  
27 amendatory act from state sources for the fiscal period beginning



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as amended October 1, 2009

1 October 1, 2009 and ending October 31, 2009 is estimated at  
2 <<[\$1,089,900,100.00]>> and state appropriations to be paid to local  
3 units of government for the fiscal period beginning October 1, 2009  
4 and ending October 31, 2009 are estimated at <<[\$1,047,000,100.00]>>.

5 Enacting section 2. This amendatory act takes effect October  
6 9, 2009.

7 Enacting section 3. This amendatory act does not take effect  
8 if House Bill No. 4447 of the 95th Legislature is enacted into law  
9 not later than October 8, 2009.