

HOUSE BILL No. 5322

September 9, 2009, Introduced by Reps. Moore, Scripps, Lindberg, Opsommer, Haveman,
Wayne Schmidt, Neumann and Booher and referred to the Committee on Education.

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 73.

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
7 ending September 30, 2009, there is also appropriated the sum of
8 \$600,000,000.00 from the federal funding awarded to this state
9 under title XIV of the American recovery and reinvestment act of
10 2009, Public Law 111-5, to be used solely for the purpose of

1 funding the primary funding formula calculated under section 20, in
2 accordance with federal law. In addition, other available federal
3 funds are appropriated for the fiscal year ending September 30,
4 2009.

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

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

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

27 (4) If proration is necessary under subsection (3), the

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

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

7 (i) Districts.

8 (ii) Intermediate districts.

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

10 (b) The department shall recover a percentage of the proration
11 amount required under subsection (3) that is equal to the
12 percentage calculated under subdivision (a)(i) for districts by
13 reducing payments to districts. This reduction shall be made by
14 calculating ~~an equal dollar amount per pupil as necessary~~ **THE TOTAL**
15 **AMOUNT OF MONEY THAT NEEDS TO BE RECOVERED IN ORDER** to recover this
16 percentage of the proration amount, **THEN CALCULATING AN EQUAL**
17 **PERCENTAGE REDUCTION IN EACH DISTRICT'S FOUNDATION ALLOWANCE OR PER**
18 **PUPIL PAYMENT CALCULATED UNDER SECTION 20 THAT WILL RESULT IN THIS**
19 **TOTAL AMOUNT OF MONEY BEING RECOVERED,** and **THEN** reducing each
20 district's total state school aid from state sources, other than
21 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
22 51a(2), 51a(12), 51c, and 53a, by ~~that~~ **THE DOLLAR** amount **OF THAT**
23 **EQUAL PERCENTAGE REDUCTION.**

24 (c) The department shall recover a percentage of the proration
25 amount required under subsection (3) that is equal to the
26 percentage calculated under subdivision (a)(ii) for intermediate
27 districts by reducing payments to intermediate districts. This

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

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

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