

HOUSE BILL No. 5462

September 23, 2009, Introduced by Reps. Haines, Elsenheimer, Marleau, Agema, Amash, Opsommer, Hansen, Moss, Walsh, Denby, Meltzer, Bolger, DeShazor, Kurtz, Pavlov, Proos, Horn, Crawford, Wayne Schmidt, McMillin, Calley, Lori, Kowall, Meekhof, Haveman, Rick Jones, Knollenberg, Lund, Moore, Daley, Booher, Tyler, Ball, Paul Scott, Rogers, Genetski, Hildenbrand and Green 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, 11j, 17b, 39a, and 147 (MCL 388.1611, 388.1611j, 388.1617b, 388.1639a, and 388.1747), sections 11 and 11j as amended by 2009 PA 73, section 17b as amended by 2007 PA 137, and sections 39a and 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~~
 7 ~~ending September 30, 2009, there is also appropriated the sum of~~

1 ~~\$600,000,000.00 from the federal funding awarded to this state~~
2 ~~under title XIV of the American recovery and reinvestment act of~~
3 ~~2009, Public Law 111-5, to be used solely for the purpose of~~
4 ~~funding the primary funding formula calculated under section 20, in~~
5 ~~accordance with federal law.~~ FOR THE FISCAL PERIOD BEGINNING
6 OCTOBER 1, 2009 AND ENDING OCTOBER 31, 2009, THERE IS APPROPRIATED
7 FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE
8 PURPOSES RELATING TO EDUCATION THE SUM OF \$998,693,900.00 FROM THE
9 STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF
10 THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$2,120,000.00 FROM
11 THE GENERAL FUND. In addition, ~~other~~ available federal funds are
12 appropriated for the fiscal year ending September 30, ~~2009-2010~~.
13 FUNDS APPROPRIATED UNDER THIS SECTION ARE ALLOCATED AS FOLLOWS:

14 (A) EXCEPT FOR FUNDS ALLOCATED UNDER SECTION 11J, AND EXCEPT
15 AS OTHERWISE PROVIDED IN THIS SUBDIVISION, ALL STATE FUNDS ARE
16 ALLOCATED FOR THE SAME PURPOSES, FROM THE SAME FUNDING SOURCES, AND
17 UNDER THE SAME CONDITIONS AS STATE FUNDS WERE ALLOCATED UNDER
18 SECTIONS 22A, 22B, 51A, 51C, 53A, AND 54 FOR THE FISCAL YEAR ENDING
19 SEPTEMBER 30, 2009, AND ARE ALLOCATED IN AN AMOUNT EQUAL TO 9.09%
20 OF THE AMOUNT ALLOCATED FOR THE FISCAL YEAR ENDING SEPTEMBER 30,
21 2009 FOR EACH OF THE PURPOSES PROVIDED UNDER EACH OF THOSE
22 SECTIONS. HOWEVER, STATE FUNDS ALLOCATED FOR THIS FISCAL PERIOD FOR
23 THE PURPOSES OF SECTION 22B SHALL BE CALCULATED AS IF THE AMOUNT
24 CALCULATED FOR A DISTRICT UNDER SECTION 20 WERE REDUCED BY \$110.00
25 PER PUPIL.

26 (B) EXCEPT FOR FUNDS ALLOCATED UNDER SECTION 39A, ALL FEDERAL
27 FUNDS ARE ALLOCATED FOR THE SAME PURPOSES, FROM THE SAME FUNDING

1 SOURCES, UNDER THE SAME CONDITIONS, AND IN THE SAME AMOUNTS AS
2 THOSE FEDERAL FUNDS WERE ALLOCATED UNDER THIS ACT FOR THE FISCAL
3 YEAR ENDING SEPTEMBER 30, 2009.

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

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

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

26 (4) If proration is necessary under subsection (3), the
27 department shall calculate the proration in district and

1 intermediate district payments that is required under subsection
2 (3) as follows:

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

6 (i) Districts.

7 (ii) Intermediate districts.

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

9 (b) The department shall recover a percentage of the proration
10 amount required under subsection (3) that is equal to the
11 percentage calculated under subdivision (a) (i) for districts by
12 reducing payments to districts. This reduction shall be made by
13 calculating an equal dollar amount per pupil as necessary to
14 recover this percentage of the proration amount and reducing each
15 district's total state school aid from state sources, other than
16 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
17 51a(2), 51a(12), 51c, and 53a, by that amount.

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

26 (d) The department shall recover a percentage of the proration
27 amount required under subsection (3) that is equal to the

1 percentage calculated under subdivision (a) (iii) for entities other
2 than districts and intermediate districts by reducing payments to
3 these entities. This reduction shall be made by reducing the
4 payments to each of these entities, other than payments under
5 sections 11j, 26a, and 26b, on an equal percentage basis.

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

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

18 Sec. 17b. (1) Not later than October 20, November 20, December
19 20, January 20, February 20, March 20, April 20, May 20, June 20,
20 July 20, and August 20, the department shall prepare electronic
21 files of the amount to be distributed under this act in the
22 installment to the districts and intermediate districts and deliver
23 the electronic files to the state treasurer, and the state
24 treasurer shall pay the installments on each of those dates or, if
25 the date is not a business day, on the next business day following
26 that date. Except as otherwise provided in this act, the portion of
27 the district's or intermediate district's state fiscal year

1 entitlement to be included in each installment shall be 1/11. **FOR**
2 **THE FISCAL PERIOD BEGINNING OCTOBER 1, 2009 AND ENDING OCTOBER 31,**
3 **2009 ONLY, THE PORTION OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S**
4 **ENTITLEMENT FOR THAT FISCAL PERIOD TO BE INCLUDED IN EACH**
5 **INSTALLMENT SHALL BE THE ENTIRE PORTION.** A district or intermediate
6 district shall accrue the payments received in July and August to
7 the school fiscal year ending the immediately preceding June 30.

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

22 (3) Except as otherwise provided in this act, grant payments
23 to districts and intermediate districts under this act shall be
24 paid according to the installment schedule under subsection (1).

25 (4) Upon the written request of a district or intermediate
26 district and the submission of proof satisfactory to the department
27 of a need of a temporary and nonrecurring nature, the

1 superintendent, with the written concurrence of the state treasurer
2 and the state budget director, may authorize an advance release of
3 funds due a district or intermediate district under this act. An
4 advance authorized under this subsection shall not cause funds to
5 be paid to a district or intermediate district more than 30 days
6 earlier than the established payment date for those funds.

7 Sec. 39a. (1) From the federal funds appropriated in section
8 11, there is allocated for ~~2008-2009~~**2009-2010** to districts,
9 intermediate districts, and other eligible entities all available
10 federal funding, estimated at \$752,987,500.00, for the federal
11 programs under the no child left behind act of 2001, Public Law
12 107-110. These funds are allocated as follows:

13 (a) An amount estimated at \$8,033,600.00 to provide students
14 with drug- and violence-prevention programs and to implement
15 strategies to improve school safety, funded from DED-OESE, drug-
16 free schools and communities funds.

17 (b) An amount estimated at \$7,461,800.00 for the purpose of
18 improving teaching and learning through a more effective use of
19 technology, funded from DED-OESE, educational technology state
20 grant funds.

21 (c) An amount estimated at \$109,411,900.00 for the purpose of
22 preparing, training, and recruiting high-quality teachers and class
23 size reduction, funded from DED-OESE, improving teacher quality
24 funds.

25 (d) An amount estimated at \$10,322,300.00 for programs to
26 teach English to limited English proficient (LEP) children, funded
27 from DED-OESE, language acquisition state grant funds.

1 (e) An amount estimated at \$8,550,000.00 for the Michigan
2 charter school subgrant program, funded from DED-OESE, charter
3 school funds.

4 (f) An amount estimated at \$898,300.00 for rural and low
5 income schools, funded from DED-OESE, rural and low income school
6 funds.

7 (g) An amount estimated at \$1,000.00 to help schools develop
8 and implement comprehensive school reform programs, funded from
9 DED-OESE, title I and title X, comprehensive school reform funds.

10 (h) An amount estimated at \$517,479,800.00 to provide
11 supplemental programs to enable educationally disadvantaged
12 children to meet challenging academic standards, funded from DED-
13 OESE, title I, disadvantaged children funds.

14 (i) An amount estimated at \$2,152,700.00 for the purpose of
15 providing unified family literacy programs, funded from DED-OESE,
16 title I, even start funds.

17 (j) An amount estimated at \$7,797,700.00 for the purpose of
18 identifying and serving migrant children, funded from DED-OESE,
19 title I, migrant education funds.

20 (k) An amount estimated at \$24,733,200.00 to promote high-
21 quality school reading instruction for grades K-3, funded from DED-
22 OESE, title I, reading first state grant funds.

23 (l) An amount estimated at \$2,849,000.00 for the purpose of
24 implementing innovative strategies for improving student
25 achievement, funded from DED-OESE, title VI, innovative strategies
26 funds.

27 (m) An amount estimated at \$35,710,100.00 for the purpose of

1 providing high-quality extended learning opportunities, after
2 school and during the summer, for children in low-performing
3 schools, funded from DED-OESE, twenty-first century community
4 learning center funds. Of these funds, \$50,000.00 may be used to
5 support the Michigan after-school partnership. All of the following
6 apply to the Michigan after-school partnership:

7 (i) The department shall collaborate with the department of
8 human services to extend the duration of the Michigan after-school
9 initiative, to be renamed the Michigan after-school partnership and
10 oversee its efforts to implement the policy recommendations and
11 strategic next steps identified in the Michigan after-school
12 initiative's report of December 15, 2003.

13 (ii) Funds shall be used to leverage other private and public
14 funding to engage the public and private sectors in building and
15 sustaining high-quality out-of-school-time programs and resources.
16 The co-chairs, representing the department and the department of
17 human services, shall name a fiduciary agent and may authorize the
18 fiduciary to expend funds and hire people to accomplish the work of
19 the Michigan after-school partnership.

20 (iii) Participation in the Michigan after-school partnership
21 shall be expanded beyond the membership of the initial Michigan
22 after-school initiative to increase the representation of parents,
23 youth, foundations, employers, and others with experience in
24 education, child care, after-school and youth development services,
25 and crime and violence prevention, and to include representation
26 from the department of community health. Each year, on or before
27 December 31, the Michigan after-school partnership shall report its

1 progress in reaching the recommendations set forth in the Michigan
2 after-school initiative's report to the legislature and the
3 governor.

4 (n) An amount estimated at \$17,586,100.00 to help support
5 local school improvement efforts, funded from DED-OESE, title I,
6 local school improvement grants.

7 (2) From the federal funds appropriated in section 11, there
8 is allocated for ~~2008-2009-2009-2010~~ to districts, intermediate
9 districts, and other eligible entities all available federal
10 funding, estimated at \$32,559,700.00, for the following programs
11 that are funded by federal grants:

12 (a) An amount estimated at \$600,000.00 for acquired
13 immunodeficiency syndrome education grants, funded from HHS-center
14 for disease control, AIDS funding.

15 (b) An amount estimated at \$1,814,100.00 to provide services
16 to homeless children and youth, funded from DED-OVAE, homeless
17 children and youth funds.

18 (c) An amount estimated at \$200,000.00 for refugee children
19 school impact grants, funded from HHS-ACF, refugee children school
20 impact funds.

21 (d) An amount estimated at \$1,445,600.00 for serve America
22 grants, funded from the corporation for national and community
23 service funds.

24 (e) An amount estimated at \$28,500,000.00 for providing career
25 and technical education services to pupils, funded from DED-OVAE,
26 basic grants to states.

27 (3) To the extent allowed under federal law, the funds

1 allocated under subsection (1)(h), (i), (k), and (n) may be used
2 for 1 or more reading improvement programs that meet at least 1 of
3 the following:

4 (a) A research-based, validated, structured reading program
5 that aligns learning resources to state standards and includes
6 continuous assessment of pupils and individualized education plans
7 for pupils.

8 (b) A mentoring program that is a research-based, validated
9 program or a statewide 1-to-1 mentoring program and is designed to
10 enhance the independence and life quality of pupils who are
11 mentally impaired by providing opportunities for mentoring and
12 integrated employment.

13 (c) A cognitive development program that is a research-based,
14 validated educational service program focused on assessing and
15 building essential cognitive and perceptual learning abilities to
16 strengthen pupil concentration and learning.

17 (d) A structured mentoring-tutorial reading program for pupils
18 in preschool to grade 4 that is a research-based, validated program
19 that develops individualized educational plans based on each
20 pupil's age, assessed needs, reading level, interests, and learning
21 style.

22 (4) All federal funds allocated under this section shall be
23 distributed in accordance with federal law and with flexibility
24 provisions outlined in Public Law 107-116, and in the education
25 flexibility partnership act of 1999, Public Law 106-25.
26 Notwithstanding section 17b, payments of federal funds to
27 districts, intermediate districts, and other eligible entities

1 under this section shall be paid on a schedule determined by the
2 department.

3 (5) As used in this section:

4 (a) "DED" means the United States department of education.

5 (b) "DED-OESE" means the DED office of elementary and
6 secondary education.

7 (c) "DED-OVAE" means the DED office of vocational and adult
8 education.

9 (d) "HHS" means the United States department of health and
10 human services.

11 (e) "HHS-ACF" means the HHS administration for children and
12 families.

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

1 Enacting section 1. In accordance with section 30 of article I
2 of the state constitution of 1963, total state spending in this
3 amendatory act from state sources for the fiscal period beginning
4 October 1, 2009 and ending October 31, 2009 is estimated at
5 \$1,000,813,900.00 and state appropriations to be paid to local
6 units of government for the fiscal period beginning October 1, 2009
7 and ending October 31, 2009 are estimated at \$1,000,813,900.00.

8 Enacting section 2. This amendatory act takes effect October
9 1, 2009.