

HOUSE BILL No. 5141

November 1, 2011, Introduced by Reps. Tlaib, Liss, Bauer, Rutledge, Ananich, Haugh and Constan 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 22b (MCL 388.1622b), as amended by 2010 PA 110.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 22b. (1) From the state funds appropriated in section 11,
2 ~~there is allocated for 2009-2010 an amount not to exceed~~
3 ~~\$3,289,000,000.00 and there is allocated for 2010-2011 an amount~~
4 not to exceed \$3,573,500,000.00 for discretionary nonmandated
5 payments to districts under this section. Funds allocated under
6 this section that are not expended in the state fiscal year for
7 which they were allocated, as determined by the department, may be
8 used to supplement the allocations under sections 22a and 51c in
9 order to fully fund those calculated allocations for the same
10 fiscal year.

11 (2) In addition to the funds allocated in subsection (1),

1 ~~there is allocated an amount estimated at \$450,000,000.00 for 2009-~~
2 ~~2010 and~~ there is allocated an amount estimated at \$184,256,600.00
3 for 2010-2011 from the federal funds awarded to this state under
4 title XIV of the American recovery and reinvestment act of 2009,
5 Public Law 111-5. These funds shall be distributed in a form and
6 manner determined by the department based on an equal dollar amount
7 per the number of membership pupils used to calculate the final
8 state aid payment of the immediately preceding fiscal year and
9 shall be expended in a manner prescribed by federal law.

10 (3) Subject to subsection (4) and section 11, the allocation
11 to a district under this section shall be an amount equal to the
12 sum of the amounts calculated under sections 20, 20j, 51a(2),
13 51a(3), and 51a(12), minus the sum of the allocations to the
14 district under sections 22a and 51c.

15 (4) In order to receive an allocation under subsection (1),
16 each district shall do all of the following:

17 (a) Administer in each grade level that it operates in grades
18 1 to 5 a standardized assessment approved by the department of
19 grade-appropriate basic educational skills. A district may use the
20 Michigan literacy progress profile to satisfy this requirement for
21 grades 1 to 3. Also, if the revised school code is amended to
22 require annual assessments at additional grade levels, in order to
23 receive an allocation under this section each district shall comply
24 with that requirement.

25 (b) Comply with sections 1278a and 1278b of the revised school
26 code, MCL 380.1278a and 380.1278b.

27 (c) Furnish data and other information required by state and

1 federal law to the center and the department in the form and manner
2 specified by the center or the department, as applicable.

3 (d) Comply with section 1230g of the revised school code, MCL
4 380.1230g.

5 **(E) COMPLY WITH SECTIONS 1502 AND 1502A OF THE REVISED SCHOOL**
6 **CODE, MCL 380.1502 AND 380.1502A.**

7 (5) Districts are encouraged to use funds allocated under this
8 section for the purchase and support of payroll, human resources,
9 and other business function software that is compatible with that
10 of the intermediate district in which the district is located and
11 with other districts located within that intermediate district.

12 (6) From the allocation in subsection (1), the department
13 shall pay up to \$1,000,000.00 in litigation costs incurred by this
14 state related to commercial or industrial property tax appeals,
15 including, but not limited to, appeals of classification, that
16 impact revenues dedicated to the state school aid fund.

17 (7) From the allocation in subsection (1), the department
18 shall pay up to \$1,000,000.00 in litigation costs incurred by this
19 state associated with lawsuits filed by 1 or more districts or
20 intermediate districts against this state. If the allocation under
21 this section is insufficient to fully fund all payments required
22 under this section, the payments under this subsection shall be
23 made in full before any proration of remaining payments under this
24 section.

25 (8) It is the intent of the legislature that all
26 constitutional obligations of this state have been fully funded
27 under sections 22a, 31d, 51a, and 51c. If a claim is made by an

1 entity receiving funds under this act that challenges the
2 legislative determination of the adequacy of this funding or
3 alleges that there exists an unfunded constitutional requirement,
4 the state budget director may escrow or allocate from the
5 discretionary funds for nonmandated payments under this section the
6 amount as may be necessary to satisfy the claim before making any
7 payments to districts under subsection (3). If funds are escrowed,
8 the escrowed funds are a work project appropriation and the funds
9 are carried forward into the following fiscal year. The purpose of
10 the work project is to provide for any payments that may be awarded
11 to districts as a result of litigation. The work project shall be
12 completed upon resolution of the litigation.

13 (9) If the local claims review board or a court of competent
14 jurisdiction makes a final determination that this state is in
15 violation of section 29 of article IX of the state constitution of
16 1963 regarding state payments to districts, the state budget
17 director shall use work project funds under subsection (8) or
18 allocate from the discretionary funds for nonmandated payments
19 under this section the amount as may be necessary to satisfy the
20 amount owed to districts before making any payments to districts
21 under subsection (3).

22 (10) If a claim is made in court that challenges the
23 legislative determination of the adequacy of funding for this
24 state's constitutional obligations or alleges that there exists an
25 unfunded constitutional requirement, any interested party may seek
26 an expedited review of the claim by the local claims review board.
27 If the claim exceeds \$10,000,000.00, this state may remove the

1 action to the court of appeals, and the court of appeals shall have
2 and shall exercise jurisdiction over the claim.

3 (11) If payments resulting from a final determination by the
4 local claims review board or a court of competent jurisdiction that
5 there has been a violation of section 29 of article IX of the state
6 constitution of 1963 exceed the amount allocated for discretionary
7 nonmandated payments under this section, the legislature shall
8 provide for adequate funding for this state's constitutional
9 obligations at its next legislative session.

10 (12) If a lawsuit challenging payments made to districts
11 related to costs reimbursed by federal title XIX medicaid funds is
12 filed against this state, then, for the purpose of addressing
13 potential liability under such a lawsuit, the state budget director
14 may place funds allocated under this section in escrow or allocate
15 money from the funds otherwise allocated under this section, up to
16 a maximum of 50% of the amount allocated in subsection (1). If
17 funds are placed in escrow under this subsection, those funds are a
18 work project appropriation and the funds are carried forward into
19 the following fiscal year. The purpose of the work project is to
20 provide for any payments that may be awarded to districts as a
21 result of the litigation. The work project shall be completed upon
22 resolution of the litigation. In addition, this state reserves the
23 right to terminate future federal title XIX medicaid reimbursement
24 payments to districts if the amount or allocation of reimbursed
25 funds is challenged in the lawsuit. As used in this subsection,
26 "title XIX" means title XIX of the social security act, 42 USC 1396
27 to 1396v.

1 Enacting section 1. This amendatory act does not take effect
2 unless all of the following bills of the 96th Legislature are
3 enacted into law:

4 (a) Senate Bill No. _____ or House Bill No. 5140 (request no.
5 00888'11).

6 (b) Senate Bill No. _____ or House Bill No. 5139 (request no.
7 00889'11).