

# HOUSE BILL No. 5531

December 6, 2007, Introduced by Reps. Gillard, Hopgood, Johnson, Clemente and Melton  
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 32d (MCL 388.1611 and 388.1632d), as  
amended by 2007 PA 137.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 11. (1) For the fiscal year ending September 30, 2008,  
2       there is appropriated for the public schools of this state and  
3       certain other state purposes relating to education the sum of  
4       ~~\$11,493,064,200.00~~ **\$11,510,489,200.00** from the state school aid  
5       fund established by section 11 of article IX of the state  
6       constitution of 1963 and the sum of \$34,909,600.00 from the general  
7       fund. In addition, available federal funds are appropriated for the  
8       fiscal year ending September 30, 2008.

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. 32d. (1) From the state school aid fund money  
8 appropriated under section 11, there is allocated an amount not to  
9 exceed ~~\$80,900,000.00~~ **\$99,600,000.00** for 2007-2008 for school  
10 readiness or preschool and parenting program grants to enable  
11 eligible districts, as determined under section 37, to develop or  
12 expand, in conjunction with whatever federal funds may be  
13 available, including, but not limited to, federal funds under title  
14 I of the elementary and secondary education act of 1965, 20 USC  
15 6301 to 6578, chapter 1 of title I of the Hawkins-Stafford  
16 elementary and secondary school improvement amendments of 1988,  
17 Public Law 100-297, and the head start act, 42 USC 9831 to 9852,  
18 comprehensive compensatory programs designed to do 1 or both of the  
19 following:

20 (a) Improve the readiness and subsequent achievement of  
21 educationally disadvantaged children as defined by the department  
22 who will be at least 4, but less than 5 years of age, as of  
23 December 1 of the school year in which the programs are offered,  
24 and who show evidence of 2 or more risk factors as defined in the  
25 state board report entitled "children at risk" that was adopted by  
26 the state board on April 5, 1988.

27 (b) Provide preschool and parenting education programs similar

1 to those under former section 32b as in effect for 2001-2002.  
2 Beginning in 2007-2008, funds spent by a district for programs  
3 described in this subdivision shall not exceed the lesser of the  
4 amount spent by the district under this subdivision for 2006-2007  
5 or the amount spent under this subdivision in any subsequent fiscal  
6 year.

7 (2) A comprehensive free compensatory program funded under  
8 this section shall include an age-appropriate educational  
9 curriculum, as described in the early childhood standards of  
10 quality for prekindergarten children adopted by the state board,  
11 that prepares children for success in school, including language,  
12 early literacy, and early mathematics. In addition, the  
13 comprehensive program shall include nutritional services, health  
14 screening for participating children, a plan for parent and legal  
15 guardian involvement, and provision of referral services for  
16 families eligible for community social services.

17 (3) In addition to the allocation under subsection (1), from  
18 the general fund money appropriated under section 11, there is  
19 allocated an amount not to exceed \$279,100.00 for 2007-2008 for a  
20 competitive grant to continue a longitudinal evaluation of children  
21 who have participated in the Michigan school readiness program.

22 (4) A district receiving a grant under this section may  
23 contract with for-profit or nonprofit preschool center providers  
24 that meet all provisions of the early childhood standards of  
25 quality for prekindergarten children adopted by the state board for  
26 the provision of the comprehensive compensatory program and retain  
27 for administrative services an amount equal to not more than 5% of

1 the grant amount. A district may expend not more than 10% of the  
2 total grant amount for administration of the program.

3 (5) A grant recipient receiving funds under this section shall  
4 report to the department on the midyear report the number of  
5 children participating in the program who meet the income or other  
6 eligibility criteria specified under section 37(3)(g) and the total  
7 number of children participating in the program. For children  
8 participating in the program who meet the income or other  
9 eligibility criteria specified under section 37(3)(g), grant  
10 recipients shall also report whether or not a parent is available  
11 to provide care based on employment status. For the purposes of  
12 this subsection, "employment status" shall be defined by the  
13 department of human services in a manner consistent with maximizing  
14 the amount of spending that may be claimed for temporary assistance  
15 for needy families maintenance of effort purposes.

16 Enacting section 1. In accordance with section 30 of article  
17 IX of the state constitution of 1963, total state spending in this  
18 amendatory act and in 2007 PA 137 from state sources for fiscal  
19 year 2007-2008 is estimated at \$11,545,398,800.00 and state  
20 appropriations to be paid to local units of government for fiscal  
21 year 2007-2008 are estimated at \$11,475,918,300.00.