

# HOUSE BILL No. 6029

April 13, 2010, Introduced by Rep. Bledsoe 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 11a (MCL 388.1611 and 388.1611a),  
section 11 as amended by 2009 PA 203 and section 11a as amended by  
2009 PA 121.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 11. (1) For the fiscal year ending September 30, 2010,  
2       there is appropriated for the public schools of this state and  
3       certain other state purposes relating to education the sum of  
4       \$10,793,954,100.00 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 \$31,800,000.00 from the general fund. For the fiscal year  
7       ending September 30, 2010, there is also appropriated the sum of

1 \$450,000,000.00 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. In addition, any money received by  
6 this state from the federal incentive grant program created under  
7 sections 14005 and 14006 of title XIV of the American recovery and  
8 reinvestment act of 2009, Public Law 111-5, known as the "race to  
9 the top" grant program, and all other available federal funds are  
10 appropriated for the fiscal year ending September 30, 2010.

11 (2) BEGINNING WITH THE APPROPRIATIONS PROCESS FOR THE 2010-  
12 2011 FISCAL YEAR, ALL OF THE FOLLOWING APPLY TO APPROPRIATIONS  
13 UNDER THIS ACT:

14 (A) IN ADDITION TO THE ECONOMIC FORECASTS REQUIRED UNDER  
15 SECTION 367B OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL  
16 18.1367B, EACH CONSENSUS REVENUE ESTIMATING CONFERENCE SHALL  
17 FORECAST REVENUES AVAILABLE TO THE STATE SCHOOL AID FUND FOR THE  
18 NEXT 2 FISCAL YEARS AFTER THE DATE OF THE CONFERENCE.

19 (B) BASED ON THE REVENUE FORECASTS UNDER SUBDIVISION (A), THE  
20 LEGISLATURE SHALL APPROPRIATE MONEY FROM THE STATE SCHOOL AID FUND  
21 FOR THE PURPOSES OF THIS ACT AS FOLLOWS:

22 (i) DURING THE APPROPRIATIONS PROCESS FOR THE 2010-2011 FISCAL  
23 YEAR, THE LEGISLATURE SHALL APPROPRIATE MONEY FROM THE STATE SCHOOL  
24 AID FUND FOR BOTH THE 2010-2011 FISCAL YEAR AND THE 2011-2012  
25 FISCAL YEAR.

26 (ii) DURING THE APPROPRIATIONS PROCESS FOR THE 2011-2012 FISCAL  
27 YEAR, THE LEGISLATURE SHALL APPROPRIATE MONEY FROM THE STATE SCHOOL

1 AID FUND FOR THE 2012-2013 FISCAL YEAR. DURING THE APPROPRIATIONS  
2 PROCESS FOR EACH SUBSEQUENT FISCAL YEAR, THE LEGISLATURE SHALL  
3 APPROPRIATE MONEY FROM THE STATE SCHOOL AID FUND FOR THE FISCAL  
4 YEAR THAT BEGINS ON THE OCTOBER 1 OF THE YEAR AFTER THAT  
5 APPROPRIATIONS PROCESS.

6 (C) IN EACH BILL MAKING APPROPRIATIONS FOR THIS ACT FOR A  
7 FISCAL YEAR, THE LEGISLATURE SHALL APPROPRIATE THE ENTIRE AMOUNT OF  
8 THE REVENUE THAT WAS FORECAST TO BE AVAILABLE TO THE STATE SCHOOL  
9 AID FUND FOR THAT FISCAL YEAR UNDER SUBDIVISION (A) AT THE MAY  
10 REVENUE ESTIMATING CONFERENCE THAT OCCURS DURING THAT YEAR'S  
11 APPROPRIATIONS PROCESS.

12 (D) IF THE AMOUNT APPROPRIATED UNDER THIS SECTION FROM THE  
13 STATE SCHOOL AID FUND AND THE SCHOOL AID STABILIZATION FUND CREATED  
14 IN SECTION 11A FOR A FISCAL YEAR EXCEEDS THE AMOUNT AVAILABLE FOR  
15 EXPENDITURE FROM THE STATE SCHOOL AID FUND FOR A FISCAL YEAR, THE  
16 AMOUNT OF THE DIFFERENCE BETWEEN THE AMOUNT APPROPRIATED FROM THOSE  
17 SOURCES AND THE AMOUNT AVAILABLE FOR EXPENDITURE FROM THE STATE  
18 SCHOOL AID FUND IS AUTOMATICALLY APPROPRIATED FROM THE GENERAL FUND  
19 FOR THE PURPOSES OF THIS ACT.

20 (E) IF THE AMOUNT APPROPRIATED UNDER THIS SECTION FROM THE  
21 STATE SCHOOL AID FUND FOR A FISCAL YEAR EXCEEDS THE AMOUNT  
22 NECESSARY TO FULLY FUND ALLOCATIONS UNDER THIS ACT FROM THE STATE  
23 SCHOOL AID FUND, THAT EXCESS AMOUNT SHALL NOT BE EXPENDED IN THAT  
24 STATE FISCAL YEAR AND SHALL NOT LAPSE TO THE GENERAL FUND, BUT  
25 INSTEAD SHALL BE DEPOSITED INTO THE SCHOOL AID STABILIZATION FUND  
26 CREATED IN SECTION 11A.

27 (3) ~~(2)~~—The appropriations under this section shall be

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

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

~~prorated in the manner prescribed in subsection (4) as necessary to reflect the amount available for expenditure from the state school aid fund for the affected fiscal year. However, if the department of treasury determines that proration will be required under this subsection, or if the department of treasury determines that further proration is required under this subsection after an initial proration has already been made for a fiscal year, the department of treasury shall notify the state budget director, and the state budget director shall notify the legislature at least 30 calendar days or 6 legislative session days, whichever is more, before the department reduces any payments under this act because of the proration. During the 30 calendar day or 6 legislative session day period after that notification by the state budget director, the department shall not reduce any payments under this act because of proration under this subsection. The legislature may prevent proration from occurring by, within the 30 calendar day or 6 legislative session day period after that notification by the state budget director, enacting legislation appropriating additional funds from the general fund, countercyclical budget and economic stabilization fund, state school aid fund balance, or another source to fund the amount of the projected shortfall.~~

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

~~—— (a) The department shall calculate the percentage of total state school aid allocated under this act for the affected fiscal~~

1 ~~year for each of the following.~~

2 ~~—— (i) Districts.~~

3 ~~—— (ii) Intermediate districts.~~

4 ~~—— (iii) Entities other than districts or intermediate districts.~~

5 ~~—— (b) 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) (i) for districts by~~

8 ~~reducing payments to districts. This reduction shall be made by~~

9 ~~calculating an equal dollar amount per pupil as necessary to~~

10 ~~recover this percentage of the proration amount and reducing each~~

11 ~~district's total state school aid from state sources, other than~~

12 ~~payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,~~

13 ~~51a(2), 51a(12), 51e, and 53a, by that amount.~~

14 ~~—— (c) The department shall recover a percentage of the proration~~

15 ~~amount required under subsection (3) that is equal to the~~

16 ~~percentage calculated under subdivision (a) (ii) for intermediate~~

17 ~~districts by reducing payments to intermediate districts. This~~

18 ~~reduction shall be made by reducing the payments to each~~

19 ~~intermediate district, other than payments under sections 11f, 11g,~~

20 ~~26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage~~

21 ~~basis.~~

22 ~~—— (d) The department shall recover a percentage of the proration~~

23 ~~amount required under subsection (3) that is equal to the~~

24 ~~percentage calculated under subdivision (a) (iii) for entities other~~

25 ~~than districts and intermediate districts by reducing payments to~~

26 ~~these entities. This reduction shall be made by reducing the~~

27 ~~payments to each of these entities, other than payments under~~

1 ~~sections 11j, 26a, and 26b, on an equal percentage basis.~~

2 (4) ~~(5)~~ Except for the allocation under section 26a, any  
3 general fund allocations under this act that are not expended by  
4 the end of the state fiscal year are transferred to the school aid  
5 stabilization fund created under section 11a.

6 Sec. 11a. (1) The school aid stabilization fund is created as  
7 a separate account within the state school aid fund established by  
8 section 11 of article IX of the state constitution of 1963.

9 (2) The state treasurer may receive money or other assets from  
10 any source for deposit into the school aid stabilization fund. The  
11 state treasurer shall deposit into the school aid stabilization  
12 fund all of the following:

13 (a) Unexpended and unencumbered state school aid fund revenue  
14 for a fiscal year that remains in the state school aid fund as of  
15 the bookclosing for that fiscal year.

16 (b) Money statutorily dedicated to the school aid  
17 stabilization fund.

18 (c) Money appropriated to the school aid stabilization fund.

19 (3) Money available in the school aid stabilization fund may  
20 not be expended without a specific appropriation from the school  
21 aid stabilization fund. Money in the school aid stabilization fund  
22 shall be expended only for purposes for which state school aid fund  
23 money may be expended.

24 (4) The state treasurer shall direct the investment of the  
25 school aid stabilization fund. The state treasurer shall credit to  
26 the school aid stabilization fund interest and earnings from fund  
27 investments.

1           (5) Money in the school aid stabilization fund at the close of  
2 a fiscal year shall remain in the school aid stabilization fund and  
3 shall not lapse to the unreserved school aid fund balance or the  
4 general fund.

5           (6) If the maximum amount appropriated under section 11 from  
6 the state school aid fund for a fiscal year exceeds the amount  
7 available for expenditure from the state school aid fund for that  
8 fiscal year, there is appropriated from the school aid  
9 stabilization fund to the state school aid fund an amount equal to  
10 the projected shortfall as determined by the department of  
11 treasury, but not to exceed available money in the school aid  
12 stabilization fund. ~~If the money in the school aid stabilization~~  
13 ~~fund is insufficient to fully fund an amount equal to the projected~~  
14 ~~shortfall, the state budget director shall notify the legislature~~  
15 ~~as required under section 11(3) and state payments in an amount~~  
16 ~~equal to the remainder of the projected shortfall shall be prorated~~  
17 ~~in the manner provided under section 11(4).~~

18           (7) For 2009-2010, there is appropriated from the school aid  
19 stabilization fund to the state school aid fund the amount  
20 necessary to fully fund the allocations under this act.