

HOUSE BILL No. 6573

November 17, 2010, Introduced by Reps. Lahti and Lindberg and referred to the Committee on Appropriations.

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 2010 PA 204.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) Subject to subsection (5), for the fiscal year
2 ending September 30, 2011, there is appropriated for the public
3 schools of this state and certain other state purposes relating to
4 education the sum of \$10,937,260,500.00 from the state school aid
5 fund and the sum of \$18,642,400.00 from the general fund. **HOWEVER,**
6 **IF THERE IS A BALANCE IN THE GENERAL FUND AT BOOKCLOSING FOR 2009-**
7 **2010, THEN THE STATE SCHOOL AID FUND APPROPRIATION IS DECREASED,**
8 **AND THE GENERAL FUND APPROPRIATION IS INCREASED, BY THE AMOUNT OF**
9 **THAT BALANCE UP TO \$100,000,000.00.** For the fiscal year ending

1 September 30, 2011, there is also appropriated the remaining
2 balance of the federal funding awarded to this state under title
3 XIV of the American recovery and reinvestment act of 2009, Public
4 Law 111-5, estimated at \$184,256,600.00, to be used solely for the
5 purpose of funding the primary funding formula calculated under
6 section 20, in accordance with federal law. In addition, all other
7 available federal funds, except those otherwise appropriated under
8 section 11p, are appropriated for the fiscal year ending September
9 30, 2011.

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

21 (3) If the maximum amount appropriated under this section from
22 the state school aid fund and the school aid stabilization fund for
23 a fiscal year exceeds the amount available for expenditure from the
24 state school aid fund for that fiscal year, payments under sections
25 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
26 and 56 shall be made in full. In addition, for districts beginning
27 operations after 1994-95 that qualify for payments under section

1 22b, payments under section 22b shall be made so that the
2 qualifying districts receive the lesser of an amount equal to the
3 1994-95 foundation allowance of the district in which the district
4 beginning operations after 1994-95 is located or \$5,500.00. The
5 amount of the payment to be made under section 22b for these
6 qualifying districts shall be as calculated under section 22a, with
7 the balance of the payment under section 22b being subject to the
8 proration otherwise provided under this subsection and subsection
9 (4). If proration is necessary, state payments under each of the
10 other sections of this act from all state funding sources shall be
11 prorated in the manner prescribed in subsection (4) as necessary to
12 reflect the amount available for expenditure from the state school
13 aid fund for the affected fiscal year. However, if the department
14 of treasury determines that proration will be required under this
15 subsection, or if the department of treasury determines that
16 further proration is required under this subsection after an
17 initial proration has already been made for a fiscal year, the
18 department of treasury shall notify the state budget director, and
19 the state budget director shall notify the legislature at least 30
20 calendar days or 6 legislative session days, whichever is more,
21 before the department reduces any payments under this act because
22 of the proration. During the 30 calendar day or 6 legislative
23 session day period after that notification by the state budget
24 director, the department shall not reduce any payments under this
25 act because of proration under this subsection. The legislature may
26 prevent proration from occurring by, within the 30 calendar day or
27 6 legislative session day period after that notification by the

1 state budget director, enacting legislation appropriating
2 additional funds from the general fund, countercyclical budget and
3 economic stabilization fund, state school aid fund balance, or
4 another source to fund the amount of the projected shortfall.

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

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

12 (i) Districts.

13 (ii) Intermediate districts.

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

15 (b) 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) (i) for districts by
18 reducing payments to districts. This reduction shall be made by
19 calculating an equal dollar amount per pupil as necessary to
20 recover this percentage of the proration amount and reducing each
21 district's total state school aid from state sources, other than
22 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
23 51a(2), 51a(12), 51c, and 53a, by that amount.

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) Any general fund allocations under this act that are not
13 expended by the end of the state fiscal year are transferred to the
14 school aid stabilization fund created under section 11a.