

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4325

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11 and 17b (MCL 388.1611 and 388.1617b),
section 11 as amended by 2010 PA 217 and section 17b as amended by
2007 PA 137, and by adding articles II and III.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) Subject to subsection (5), for the fiscal year
2 ending September 30, ~~2011-2012~~ **AND FOR THE FISCAL YEAR ENDING**
3 **SEPTEMBER 30, 2013**, there is appropriated **EACH FISCAL YEAR** for the
4 public schools of this state and certain other state purposes
5 relating to education the sum of ~~\$10,937,260,500.00~~ **\$100.00** from
6 the state school aid fund and the sum of ~~\$18,642,400.00~~ **\$0.00**
7 from the general fund. ~~For the fiscal year ending September 30,~~

1 ~~2011, there is also appropriated the remaining balance of the~~
2 ~~federal funding awarded to this state under title XIV of the~~
3 ~~American recovery and reinvestment act of 2009, Public Law 111-5,~~
4 ~~estimated at \$184,256,600.00, to be used solely for the purpose of~~
5 ~~funding the primary funding formula calculated under section 20, in~~
6 ~~accordance with federal law. In addition, all other available~~
7 federal funds, except those otherwise appropriated under section
8 11p, are appropriated **EACH FISCAL YEAR** for the fiscal year ending
9 September 30, ~~2011-2012~~ **AND FOR THE FISCAL YEAR ENDING SEPTEMBER**
10 **30, 2013.**

11 (2) The appropriations under this section shall be allocated
12 as provided in this act. Money appropriated under this section from
13 the general fund shall be expended to fund the purposes of this act
14 before the expenditure of money appropriated under this section
15 from the state school aid fund. If the maximum amount appropriated
16 under this section from the state school aid fund for a fiscal year
17 exceeds the amount necessary to fully fund allocations under this
18 act from the state school aid fund, that excess amount shall not be
19 expended in that state fiscal year and shall not lapse to the
20 general fund, but instead shall be deposited into the school aid
21 stabilization fund created in section 11a. ~~For 2009-2010 only, if~~
22 ~~the department determines before bookclosing for the 2009-2010~~
23 ~~state fiscal year that the maximum amount appropriated under this~~
24 ~~section from the state school aid fund for 2009-2010 exceeds the~~
25 ~~amount necessary to fully fund allocations under this act from the~~
26 ~~state school aid fund for 2009-2010 and that state support for~~
27 ~~elementary and secondary education for 2009-2010 will fall below~~

~~1 the level of support needed to comply with the maintenance of
2 effort provisions under title XIV of the American recovery and
3 reinvestment act of 2009, Public Law 111-5, then there is
4 appropriated for 2009-2010 from the school aid stabilization fund
5 an amount equal to \$30,000,000.00 or the amount that the department
6 determines is necessary for the state support for elementary and
7 secondary education to meet the level of support needed to comply
8 with the maintenance of effort provisions under title XIV of the
9 American recovery and reinvestment act of 2009, Public Law 111-5,
10 whichever is greater. The department shall use any funds
11 appropriated under this subsection as follows:~~

~~12 — (a) First, to allocate \$10,000,000.00 to provide funding to
13 each intermediate district in an amount equal to the product of
14 14.75% multiplied by the amount of funding allocated to that
15 intermediate district under section 81 for 2009-2010 under 2010 PA
16 110.~~

~~17 — (b) Second, to allocate the amount necessary, estimated at
18 \$10,000,000.00, to provide funding under this subdivision to
19 districts for which the amount of per pupil funding calculated and
20 allocated under section 11p(2) is less than \$154.00. The payment to
21 a district under this subdivision is an amount equal to the
22 difference between \$154.00 and the per pupil funding amount
23 calculated and allocated under section 11p(2) for the district,
24 multiplied by the district's 2010-2011 membership used for the
25 October 2010 payment.~~

~~26 — (c) Third, to allocate any remaining funds to reduce the
27 amount of the per pupil reduction under section 11d(1) for 2009-~~

1 ~~2010-~~

2 (3) If the maximum amount appropriated under this section from
3 the state school aid fund and the school aid stabilization fund for
4 a fiscal year exceeds the amount available for expenditure from the
5 state school aid fund for that fiscal year, payments under sections
6 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,
7 56, and 152a shall be made in full. In addition, for districts
8 beginning operations after 1994-95 that qualify for payments under
9 section 22b, payments under section 22b shall be made so that the
10 qualifying districts receive the lesser of an amount equal to the
11 1994-95 foundation allowance of the district in which the district
12 beginning operations after 1994-95 is located or \$5,500.00. The
13 amount of the payment to be made under section 22b for these
14 qualifying districts shall be as calculated under section 22a, with
15 the balance of the payment under section 22b being subject to the
16 proration otherwise provided under this subsection and subsection
17 (4). If proration is necessary, state payments under each of the
18 other sections of this act from all state funding sources shall be
19 prorated in the manner prescribed in subsection (4) as necessary to
20 reflect the amount available for expenditure from the state school
21 aid fund for the affected fiscal year. However, if the department
22 of treasury determines that proration will be required under this
23 subsection, or if the department of treasury determines that
24 further proration is required under this subsection after an
25 initial proration has already been made for a fiscal year, the
26 department of treasury shall notify the state budget director, and
27 the state budget director shall notify the legislature at least 30

1 calendar days or 6 legislative session days, whichever is more,
2 before the department reduces any payments under this act because
3 of the proration. During the 30 calendar day or 6 legislative
4 session day period after that notification by the state budget
5 director, the department shall not reduce any payments under this
6 act because of proration under this subsection. The legislature may
7 prevent proration from occurring by, within the 30 calendar day or
8 6 legislative session day period after that notification by the
9 state budget director, enacting legislation appropriating
10 additional funds from the general fund, countercyclical budget and
11 economic stabilization fund, state school aid fund balance, or
12 another source to fund the amount of the projected shortfall.

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

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

20 (i) Districts.

21 (ii) Intermediate districts.

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

23 (b) 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) (i) for districts by
26 reducing payments to districts. This reduction shall be made by
27 calculating an equal dollar amount per pupil as necessary to

1 recover this percentage of the proration amount and reducing each
2 district's total state school aid from state sources, other than
3 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,
4 51a(2), 51a(12), 51c, 53a, and 152a, by that amount.

5 (c) 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) (ii) for intermediate
8 districts by reducing payments to intermediate districts. This
9 reduction shall be made by reducing the payments to each
10 intermediate district, other than payments under sections 11f, 11g,
11 26a, 26b, 51a(2), 51a(12), 53a, 56, and 152a, on an equal
12 percentage basis.

13 (d) The department shall recover a percentage of the proration
14 amount required under subsection (3) that is equal to the
15 percentage calculated under subdivision (a) (iii) for entities other
16 than districts and intermediate districts by reducing payments to
17 these entities. This reduction shall be made by reducing the
18 payments to each of these entities, other than payments under
19 sections 11j, 26a, and 26b, on an equal percentage basis.

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

23 Sec. 17b. (1) Not later than October 20, November 20, December
24 20, January 20, February 20, March 20, April 20, May 20, June 20,
25 July 20, and August 20, the department shall prepare electronic
26 files of the amount to be distributed under this act in the
27 installment to the districts and intermediate districts and deliver

1 the electronic files to the state treasurer, and the state
2 treasurer shall pay the installments on each of those dates or, if
3 the date is not a business day, on the next business day following
4 that date. Except as otherwise provided in this act, the portion of
5 the district's or intermediate district's state fiscal year
6 entitlement to be included in each installment shall be 1/11. A
7 district or intermediate district shall accrue the payments
8 received in July and August to the school fiscal year ending the
9 immediately preceding June 30.

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

24 (3) Except as otherwise provided in this act, grant payments
25 to districts and intermediate districts under this act shall be
26 paid according to the installment **PAYMENT** schedule under subsection
27 (1).

1 (4) Upon the written request of a district or intermediate
2 district and the submission of proof satisfactory to the department
3 of a need of a temporary and nonrecurring nature, the
4 superintendent, with the written concurrence of the state treasurer
5 and the state budget director, may authorize an advance release of
6 funds due a district or intermediate district under this act. An
7 advance authorized under this subsection shall not cause funds to
8 be paid to a district or intermediate district more than 30 days
9 earlier than the established payment date for those funds.

10 **ARTICLE II**

11 **STATE AID TO COMMUNITY COLLEGES**

12 **SEC. 201. SUBJECT TO THE CONDITIONS SET FORTH IN THIS ARTICLE,**
13 **\$100.00 IS APPROPRIATED FOR COMMUNITY COLLEGES FOR THE FISCAL YEAR**
14 **ENDING SEPTEMBER 30, 2012.**

15 **SEC. 201A. SUBJECT TO THE CONDITIONS SET FORTH IN THIS**
16 **ARTICLE, \$100.00 IS ANTICIPATED TO BE APPROPRIATED FOR COMMUNITY**
17 **COLLEGES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013.**

18 **ARTICLE III**

19 **STATE AID FOR UNIVERSITIES AND STUDENT FINANCIAL AID**

20 **SEC. 236. SUBJECT TO THE CONDITIONS SET FORTH IN THIS ARTICLE,**
21 **\$100.00 IS APPROPRIATED FOR HIGHER EDUCATION FOR THE FISCAL YEAR**
22 **ENDING SEPTEMBER 30, 2012.**

23 **SEC. 236A. SUBJECT TO THE CONDITIONS SET FORTH IN THIS**
24 **ARTICLE, \$100.00 IS ANTICIPATED TO BE APPROPRIATED FOR HIGHER**
25 **EDUCATION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2013.**

26 Enacting section 1. (1) In accordance with section 30 of
27 article IX of the state constitution of 1963, total state spending

1 on school aid under article I as amended by this amendatory act
2 from state sources for fiscal year 2011-2012 is estimated at
3 \$100.00 and the amount of those state appropriations for school aid
4 to be paid to local units of government for fiscal year 2011-2012
5 are estimated at \$100.00.

6 (2) In accordance with section 30 of article IX of the state
7 constitution of 1963, total state spending from state resources for
8 community colleges for fiscal year 2011-2012 under article II as
9 added by this amendatory act is estimated at \$100.00 and the amount
10 of that state spending from state resources to be paid to local
11 units of government for fiscal year 2011-2012 is estimated at
12 \$100.00.

13 (3) In accordance with section 30 of article IX of the state
14 constitution of 1963, total state spending from state resources for
15 higher education for fiscal year 2011-2012 under article III as
16 added by this amendatory act is estimated at \$100.00 and the amount
17 of that state spending from state resources to be paid to local
18 units of government for fiscal year 2011-2012 is estimated at \$0.