

# SENATE BILL No. 1163

February 24, 2010, Introduced by Senator JELINEK 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 17b (MCL 388.1611 and 388.1617b), section 11 as amended by 2009 PA 203 and section 17b 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, ~~2010,~~  
2   2011, there is appropriated for the public schools of this state  
3   and certain other state purposes relating to education the sum of  
4   ~~\$10,793,954,100.00~~ \$ \_\_\_\_\_ 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 ~~\$31,800,000.00~~ \$ \_\_\_\_\_  
7   from the general fund. For the fiscal year ending September 30,

1 ~~2010, 2011~~, there is also appropriated the sum of ~~\$450,000,000.00~~  
2 \$ \_\_\_\_\_ from the federal funding awarded to this state  
3 under title XIV of the American recovery and reinvestment act of  
4 2009, Public Law 111-5, 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, any money received by  
7 this state from the federal incentive grant program created under  
8 sections 14005 and 14006 of title XIV of the American recovery and  
9 reinvestment act of 2009, Public Law 111-5, known as the "race to  
10 the top" grant program, and all other available federal funds are  
11 appropriated for the fiscal year ending September 30, ~~2010-2011~~.

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

23 (3) If the maximum amount appropriated under this section from  
24 the state school aid fund and the school aid stabilization fund for  
25 a fiscal year exceeds the amount available for expenditure from the  
26 state school aid fund for that fiscal year, payments under sections  
27 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,

1 and 56 shall be made in full. In addition, for districts beginning  
2 operations after 1994-95 that qualify for payments under section  
3 22b, payments under section 22b shall be made so that the  
4 qualifying districts receive the lesser of an amount equal to the  
5 1994-95 foundation allowance of the district in which the district  
6 beginning operations after 1994-95 is located or \$5,500.00. The  
7 amount of the payment to be made under section 22b for these  
8 qualifying districts shall be as calculated under section 22a, with  
9 the balance of the payment under section 22b being subject to the  
10 proration otherwise provided under this subsection and subsection  
11 (4). If proration is necessary, state payments under each of the  
12 other sections of this act from all state funding sources shall be  
13 prorated in the manner prescribed in subsection (4) as necessary to  
14 reflect the amount available for expenditure from the state school  
15 aid fund for the affected fiscal year. However, if the department  
16 of treasury determines that proration will be required under this  
17 subsection, or if the department of treasury determines that  
18 further proration is required under this subsection after an  
19 initial proration has already been made for a fiscal year, the  
20 department of treasury shall notify the state budget director, and  
21 the state budget director shall notify the legislature at least 30  
22 calendar days or 6 legislative session days, whichever is more,  
23 before the department reduces any payments under this act because  
24 of the proration. During the 30 calendar day or 6 legislative  
25 session day period after that notification by the state budget  
26 director, the department shall not reduce any payments under this  
27 act because of proration under this subsection. The legislature may

1 prevent proration from occurring by, within the 30 calendar day or  
2 6 legislative session day period after that notification by the  
3 state budget director, enacting legislation appropriating  
4 additional funds from the general fund, countercyclical budget and  
5 economic stabilization fund, state school aid fund balance, or  
6 another source to fund the amount of the projected shortfall.

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

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

14 (i) Districts.

15 (ii) Intermediate districts.

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

17 (b) The department shall recover a percentage of the proration  
18 amount required under subsection (3) that is equal to the  
19 percentage calculated under subdivision (a) (i) for districts by  
20 reducing payments to districts. This reduction shall be made by  
21 calculating an equal dollar amount per pupil as necessary to  
22 recover this percentage of the proration amount and reducing each  
23 district's total state school aid from state sources, other than  
24 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
25 51a(2), 51a(12), 51c, and 53a, by that amount.

26 (c) The department shall recover a percentage of the proration  
27 amount required under subsection (3) that is equal to the

1 percentage calculated under subdivision (a) (ii) for intermediate  
2 districts by reducing payments to intermediate districts. This  
3 reduction shall be made by reducing the payments to each  
4 intermediate district, other than payments under sections 11f, 11g,  
5 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
6 basis.

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

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

18 Sec. 17b. (1) Not later than October 20, November 20, December  
19 20, January 20, February 20, March 20, April 20, May 20, June 20,  
20 July 20, and August 20, the department shall prepare electronic  
21 files of the amount to be distributed under this act in the  
22 installment to the districts and intermediate districts and deliver  
23 the electronic files to the state treasurer, and the state  
24 treasurer shall pay the installments on each of those dates or, if  
25 the date is not a business day, on the next business day following  
26 that date. Except as otherwise provided in this act, the portion of  
27 the district's or intermediate district's state fiscal year

1 entitlement to be included in each installment shall be 1/11. A  
2 district or intermediate district shall accrue the payments  
3 received in July and August to the school fiscal year ending the  
4 immediately preceding June 30.

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

19 (3) Except as otherwise provided in this act, grant payments  
20 to districts and intermediate districts under this act shall be  
21 paid according to the installment schedule **PROVIDED** under  
22 subsection (1).

23 (4) Upon the written request of a district or intermediate  
24 district and the submission of proof satisfactory to the department  
25 of a need of a temporary and nonrecurring nature, the  
26 superintendent, with the written concurrence of the state treasurer  
27 and the state budget director, may authorize an advance release of

1 funds due a district or intermediate district under this act. An  
2 advance authorized under this subsection shall not cause funds to  
3 be paid to a district or intermediate district more than 30 days  
4 earlier than the established payment date for those funds.