

HOUSE BILL NO. 4802

August 26, 2025, Introduced by Reps. Bohnak, Fairbairn, Prestin, Markkanen and Cavitt and referred to Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11 and 22d (MCL 388.1611 and 388.1622d),
section 11 as amended by 2024 PA 148 and section 22d as amended by
2024 PA 120.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) For the fiscal year ending September 30, 2025,
2 there is appropriated for the public schools of this state and
3 certain other state purposes relating to education the sum of
4 \$17,769,551,300.00 from the state school aid fund, the sum of

1 \$78,830,600.00 from the general fund, an amount not to exceed
2 \$41,000,000.00 from the community district education trust fund
3 created under section 12 of the Michigan trust fund act, 2000 PA
4 489, MCL 12.262, an amount not to exceed \$125,000,000.00 from the
5 school transportation fund created under section 22k, an amount not
6 to exceed \$71,000,000.00 from the enrollment stabilization fund
7 created under section 29, an amount not to exceed \$30,000,000.00
8 from the school meals reserve fund created under section 30e, an
9 amount not to exceed \$18,000,000.00 from the great start readiness
10 program reserve fund created under section 32e, an amount not to
11 exceed \$334,100,000.00 from the MPERS retirement obligation reform
12 reserve fund created under section 147b, and an amount not to
13 exceed \$30,000,000.00 from the educator fellowship public provider
14 fund created in section 27d. **For the fiscal year ending September**
15 **30, 2026, there is appropriated for the public schools of this**
16 **state and certain other state purposes relating to education the**
17 **sum of \$12,823,800.00 from the state school aid fund, the sum of**
18 **\$100.00 from the general fund, an amount not to exceed \$100.00 from**
19 **the community district education trust fund created under section**
20 **12 of the Michigan trust fund act, 2000 PA 489, MCL 12.262, an**
21 **amount not to exceed \$100.00 from the school transportation fund**
22 **created under section 22k, an amount not to exceed \$100.00 from the**
23 **enrollment stabilization fund created under section 29, an amount**
24 **not to exceed \$100.00 from the school meals reserve fund created**
25 **under section 30e, an amount not to exceed \$100.00 from the great**
26 **start readiness program reserve fund created under section 32e, an**
27 **amount not to exceed \$100.00 from the MPERS retirement obligation**
28 **reform reserve fund created under section 147b, and an amount not**
29 **to exceed \$100.00 from the educator fellowship public provider fund**

created in section 27d. In addition, all available federal funds are only appropriated as allocated in this article for the fiscal ~~year~~**years** ending September 30, 2025 **and September 30, 2026.**

(2) The appropriations under this section are allocated as provided in this article. Money appropriated under this section from the general fund must be expended to fund the purposes of this article before the expenditure of money appropriated under this section from the state school aid fund.

(3) Any general fund allocations under this article that are not expended by the end of the fiscal year are transferred to the school aid stabilization fund created under section 11a.

Sec. 22d. (1) From the state school aid fund money appropriated under section 11, an amount not to exceed ~~\$12,306,900.00~~**\$12,823,800.00** is allocated for ~~2024-2025~~**2025-2026** for supplemental payments to rural districts under this section.

(2) From the allocation under subsection (1), there is allocated for ~~2024-2025~~**2025-2026** an amount not to exceed ~~\$3,734,400.00~~**\$3,891,200.00** for payments under this subsection to eligible districts. A district that meets all of the following is an eligible district under this subsection:

(a) Operates grades K to 12.

(b) Has fewer than 250 pupils in membership.

(c) Each school building operated by the district meets at least 1 of the following:

(i) Is located in the Upper Peninsula at least 30 miles from any other public school building.

(ii) Is located on an island that is not accessible by bridge.

(3) The amount of the additional funding to each eligible district under subsection (2) is determined under a spending plan

developed as provided in this subsection and approved by the superintendent of public instruction. The spending plan must be developed cooperatively by the intermediate superintendents of each intermediate district in which an eligible district is located. The intermediate superintendents shall review the financial situation of each eligible district, determine the minimum essential financial needs of each eligible district, and develop and agree on a spending plan that distributes the available funding under subsection (2) to the eligible districts based on those financial needs. The intermediate superintendents shall submit the spending plan to the superintendent of public instruction for approval. Upon approval by the superintendent of public instruction, the amounts specified for each eligible district under the spending plan are allocated under subsection (2) and must be paid to the eligible districts in the same manner as payments under section 22b.

(4) Subject to subsection (7), from the allocation in subsection (1), there is allocated for ~~2024-2025~~ **2025-2026** an amount not to exceed ~~\$8,042,100.00~~ **\$8,379,900.00** for payments under this subsection to districts that have fewer than 10.0 pupils per square mile, as determined by the department, or that have greater than 250 square miles.

(5) The funds allocated under subsection (4) are allocated as follows:

(a) An amount equal to ~~\$6,093,400.00~~ **\$6,349,300.00** is allocated to districts with fewer than 8.0 pupils per square mile, as determined by the department, on an equal per-pupil basis.

(b) The balance of the funding under subsection (4) is allocated as follows:

(i) For districts with at least 8.0 but fewer than 9.0 pupils

per square mile, as determined by the department, the allocation is an amount per pupil equal to 75% of the per-pupil amount allocated to districts under subdivision (a).

(ii) For districts with at least 9.0 but fewer than 10.0 pupils per square mile, as determined by the department, the allocation is an amount per pupil equal to 50% of the per-pupil amount allocated to districts under subdivision (a).

(iii) For districts that have greater than 250 square miles, have at least 10.0 pupils per square mile, and do not receive funding under subsection (2), as determined by the department, the allocation is an amount per pupil equal to 100% of the per-pupil amount allocated to districts under subdivision (a).

(c) If the total funding allocated under subdivision (b) is insufficient to fully fund payments as calculated under that subdivision, the department shall prorate payments to districts under subdivision (b) on an equal per-pupil basis. If funding allocated under subdivision (b) remains unallocated after making calculations under that subdivision, the department may provide the remaining unallocated funding on an equal per-pupil basis to districts receiving funding under subdivision (b) (i) and (ii).

(6) Subject to subsection (7), from the allocation under subsection (1), there is allocated for ~~2024-2025~~**2025-2026** an amount not to exceed ~~\$530,400.00~~**\$552,700.00** for payments under this subsection to districts where each school building operated by the district is located on an island that is accessible by bridge.

(7) A district receiving funds allocated under subsection (2) is not eligible for funding allocated under subsection (4) or (6). A district receiving funds allocated under subsection (6) is not eligible for funding under subsection (2) or (4).