

SUBSTITUTE FOR
SENATE BILL NO. 252

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11, 11j, 17b, 39a, and 147 (MCL 388.1611,
388.1611j, 388.1617b, 388.1639a, and 388.1747), sections 11 and 11j
as amended by 2009 PA 73, section 17b as amended by 2007 PA 137,
and sections 39a and 147 as amended by 2008 PA 268; and to repeal
acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30, 2009,~~
2 ~~there is appropriated for the public schools of this state and~~
3 ~~certain other state purposes relating to education the sum of~~
4 ~~\$11,019,798,200.00 from the state school aid fund established by~~

~~section 11 of article IX of the state constitution of 1963 and the sum of \$78,000,000.00 from the general fund. For the fiscal year ending September 30, 2009, there is also appropriated the sum of \$600,000,000.00 from the federal funding awarded to this state under title XIV of the American recovery and reinvestment act of 2009, Public Law 111-5, to be used solely for the purpose of funding the primary funding formula calculated under section 20, in accordance with federal law.~~

FOR THE FISCAL PERIOD BEGINNING OCTOBER 1, 2009 AND ENDING OCTOBER 31, 2009, THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF \$1,050,000,000.00 FROM THE STATE SCHOOL AID FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND THE SUM OF \$2,900,000.00 FROM THE GENERAL FUND. In addition, ~~other~~ available federal funds are appropriated for the fiscal year ending September 30, ~~2009-2010~~. FUNDS APPROPRIATED UNDER THIS SECTION ARE ALLOCATED AS FOLLOWS:

(A) EXCEPT FOR FUNDS ALLOCATED UNDER SECTION 11J, ALL STATE FUNDS ARE ALLOCATED FOR THE SAME PURPOSES, FROM THE SAME FUNDING SOURCES, AND UNDER THE SAME CONDITIONS AS STATE FUNDS WERE ALLOCATED UNDER THIS ACT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009, AND ARE ALLOCATED IN AN AMOUNT EQUAL TO 9.09% OF THE AMOUNT ALLOCATED FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009 FOR EACH OF THE PURPOSES PROVIDED UNDER EACH FUNDING SECTION OF THIS ACT. HOWEVER, THE DEPARTMENT SHALL DEDUCT THE FOLLOWING AMOUNTS FROM THE TOTAL STATE SCHOOL AID OTHERWISE ALLOCATED TO DISTRICTS AND INTERMEDIATE DISTRICTS RECEIVING FUNDING UNDER THIS SUBDIVISION:

(i) FOR DISTRICTS, THE DEPARTMENT SHALL DEDUCT FROM THE TOTAL

1 STATE SCHOOL AID OTHERWISE ALLOCATED UNDER THIS SUBDIVISION TO EACH
2 DISTRICT AN AMOUNT EQUAL TO \$20.00 PER MEMBERSHIP PUPIL.

3 (ii) FOR INTERMEDIATE DISTRICTS, THE DEPARTMENT SHALL DEDUCT
4 FROM THE TOTAL STATE SCHOOL AID OTHERWISE ALLOCATED UNDER THIS
5 SUBDIVISION TO EACH INTERMEDIATE DISTRICT AN AMOUNT EQUAL TO 4% OF
6 THE AMOUNT OTHERWISE ALLOCATED TO THE INTERMEDIATE DISTRICT UNDER
7 THIS SUBDIVISION.

8 (B) EXCEPT FOR FUNDS ALLOCATED UNDER SECTION 39A AND FEDERAL
9 FUNDING AWARDED UNDER TITLE XIV OF THE AMERICAN RECOVERY AND
10 REINVESTMENT ACT OF 2009, PUBLIC LAW 111-5, ALL FEDERAL FUNDS ARE
11 ALLOCATED FOR THE SAME PURPOSES, FROM THE SAME FUNDING SOURCES,
12 UNDER THE SAME CONDITIONS, AND IN THE SAME AMOUNTS AS THOSE FEDERAL
13 FUNDS WERE ALLOCATED UNDER THIS ACT FOR THE FISCAL YEAR ENDING
14 SEPTEMBER 30, 2009.

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

26 (3) If the maximum amount appropriated under this section from
27 the state school aid fund and the school aid stabilization fund for

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

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

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

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

17 (i) Districts.

18 (ii) Intermediate districts.

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

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

1 51a(2), 51a(12), 51c, and 53a, by that amount.

2 (c) The department shall recover a percentage of the proration
3 amount required under subsection (3) that is equal to the
4 percentage calculated under subdivision (a)(ii) for intermediate
5 districts by reducing payments to intermediate districts. This
6 reduction shall be made by reducing the payments to each
7 intermediate district, other than payments under sections 11f, 11g,
8 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
9 basis.

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

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

21 Sec. 11j. ~~From the appropriation in section 11, there is~~
22 ~~allocated~~ **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010, THERE IS**
23 **APPROPRIATED FROM THE STATE SCHOOL AID FUND** an amount not to exceed
24 \$40,000,000.00 for ~~2008-2009-2009-2010~~ for payments to the school
25 loan bond redemption fund in the department of treasury on behalf
26 of districts and intermediate districts. Notwithstanding section 11
27 or any other provision of this act, funds allocated under this

1 section are not subject to proration and shall be paid in full.

2 Sec. 17b. (1) Not later than October 20, November 20, December
3 20, January 20, February 20, March 20, April 20, May 20, June 20,
4 July 20, and August 20, the department shall prepare electronic
5 files of the amount to be distributed under this act in the
6 installment to the districts and intermediate districts and deliver
7 the electronic files to the state treasurer, and the state
8 treasurer shall pay the installments on each of those dates or, if
9 the date is not a business day, on the next business day following
10 that date. Except as otherwise provided in this act, the portion of
11 the district's or intermediate district's state fiscal year
12 entitlement to be included in each installment shall be 1/11. **FOR**
13 **THE FISCAL PERIOD BEGINNING OCTOBER 1, 2009 AND ENDING OCTOBER 31,**
14 **2009 ONLY, THE PORTION OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S**
15 **ENTITLEMENT FOR THAT FISCAL PERIOD TO BE INCLUDED IN EACH**
16 **INSTALLMENT SHALL BE THE ENTIRE PORTION.** A district or intermediate
17 district shall accrue the payments received in July and August to
18 the school fiscal year ending the immediately preceding June 30.

19 (2) The state treasurer shall make payment under this section
20 by drawing a warrant in favor of the treasurer of each district or
21 intermediate district for the amount payable to the district or
22 intermediate district according to the electronic files and
23 delivering the warrant to the treasurer of each district or
24 intermediate district, or if the state treasurer receives a written
25 request by the treasurer of the district or intermediate district
26 specifying an account, by electronic funds transfer to that account
27 of the amount payable to the district or intermediate district

1 according to the electronic files. The department may make
2 adjustments in payments made under this section through additional
3 payments when changes in law or errors in computation cause the
4 regularly scheduled payment to be less than the amount to which the
5 district or intermediate district is entitled pursuant to this act.

6 (3) Except as otherwise provided in this act, grant payments
7 to districts and intermediate districts under this act shall be
8 paid according to the installment schedule under subsection (1).

9 **FOR THE FISCAL PERIOD BEGINNING OCTOBER 1, 2009 AND ENDING OCTOBER**
10 **31, 2009 ONLY, FOR ALL GRANT PAYMENTS THAT ARE TO BE MADE PURSUANT**
11 **TO AN AGREEMENT WITH THE DEPARTMENT, THE DEPARTMENT SHALL ENSURE**
12 **THAT THE GRANT PAYMENTS MADE DURING THIS FISCAL PERIOD REFLECT THE**
13 **REDUCED APPROPRIATION AMOUNT FOR THIS FISCAL PERIOD IN A WAY THAT**
14 **IS APPROPRIATE FOR THE PROGRAM FUNDED BY THE GRANT.**

15 (4) Upon the written request of a district or intermediate
16 district and the submission of proof satisfactory to the department
17 of a need of a temporary and nonrecurring nature, the
18 superintendent, with the written concurrence of the state treasurer
19 and the state budget director, may authorize an advance release of
20 funds due a district or intermediate district under this act. An
21 advance authorized under this subsection shall not cause funds to
22 be paid to a district or intermediate district more than 30 days
23 earlier than the established payment date for those funds.

24 Sec. 39a. (1) From the federal funds appropriated in section
25 11, there is allocated for ~~2008-2009-2009-2010~~ to districts,
26 intermediate districts, and other eligible entities all available
27 federal funding, estimated at \$752,987,500.00, for the federal

1 programs under the no child left behind act of 2001, Public Law
2 107-110. These funds are allocated as follows:

3 (a) An amount estimated at \$8,033,600.00 to provide students
4 with drug- and violence-prevention programs and to implement
5 strategies to improve school safety, funded from DED-OESE, drug-
6 free schools and communities funds.

7 (b) An amount estimated at \$7,461,800.00 for the purpose of
8 improving teaching and learning through a more effective use of
9 technology, funded from DED-OESE, educational technology state
10 grant funds.

11 (c) An amount estimated at \$109,411,900.00 for the purpose of
12 preparing, training, and recruiting high-quality teachers and class
13 size reduction, funded from DED-OESE, improving teacher quality
14 funds.

15 (d) An amount estimated at \$10,322,300.00 for programs to
16 teach English to limited English proficient (LEP) children, funded
17 from DED-OESE, language acquisition state grant funds.

18 (e) An amount estimated at \$8,550,000.00 for the Michigan
19 charter school subgrant program, funded from DED-OESE, charter
20 school funds.

21 (f) An amount estimated at \$898,300.00 for rural and low
22 income schools, funded from DED-OESE, rural and low income school
23 funds.

24 (g) An amount estimated at \$1,000.00 to help schools develop
25 and implement comprehensive school reform programs, funded from
26 DED-OESE, title I and title X, comprehensive school reform funds.

27 (h) An amount estimated at \$517,479,800.00 to provide

1 supplemental programs to enable educationally disadvantaged
2 children to meet challenging academic standards, funded from DED-
3 OESE, title I, disadvantaged children funds.

4 (i) An amount estimated at \$2,152,700.00 for the purpose of
5 providing unified family literacy programs, funded from DED-OESE,
6 title I, even start funds.

7 (j) An amount estimated at \$7,797,700.00 for the purpose of
8 identifying and serving migrant children, funded from DED-OESE,
9 title I, migrant education funds.

10 (k) An amount estimated at \$24,733,200.00 to promote high-
11 quality school reading instruction for grades K-3, funded from DED-
12 OESE, title I, reading first state grant funds.

13 (l) An amount estimated at \$2,849,000.00 for the purpose of
14 implementing innovative strategies for improving student
15 achievement, funded from DED-OESE, title VI, innovative strategies
16 funds.

17 (m) An amount estimated at \$35,710,100.00 for the purpose of
18 providing high-quality extended learning opportunities, after
19 school and during the summer, for children in low-performing
20 schools, funded from DED-OESE, twenty-first century community
21 learning center funds. Of these funds, \$50,000.00 may be used to
22 support the Michigan after-school partnership. All of the following
23 apply to the Michigan after-school partnership:

24 (i) The department shall collaborate with the department of
25 human services to extend the duration of the Michigan after-school
26 initiative, to be renamed the Michigan after-school partnership and
27 oversee its efforts to implement the policy recommendations and

1 strategic next steps identified in the Michigan after-school
2 initiative's report of December 15, 2003.

3 (ii) Funds shall be used to leverage other private and public
4 funding to engage the public and private sectors in building and
5 sustaining high-quality out-of-school-time programs and resources.
6 The co-chairs, representing the department and the department of
7 human services, shall name a fiduciary agent and may authorize the
8 fiduciary to expend funds and hire people to accomplish the work of
9 the Michigan after-school partnership.

10 (iii) Participation in the Michigan after-school partnership
11 shall be expanded beyond the membership of the initial Michigan
12 after-school initiative to increase the representation of parents,
13 youth, foundations, employers, and others with experience in
14 education, child care, after-school and youth development services,
15 and crime and violence prevention, and to include representation
16 from the department of community health. Each year, on or before
17 December 31, the Michigan after-school partnership shall report its
18 progress in reaching the recommendations set forth in the Michigan
19 after-school initiative's report to the legislature and the
20 governor.

21 (n) An amount estimated at \$17,586,100.00 to help support
22 local school improvement efforts, funded from DED-OESE, title I,
23 local school improvement grants.

24 (2) From the federal funds appropriated in section 11, there
25 is allocated for ~~2008-2009~~**2009-2010** to districts, intermediate
26 districts, and other eligible entities all available federal
27 funding, estimated at \$32,559,700.00, for the following programs

1 that are funded by federal grants:

2 (a) An amount estimated at \$600,000.00 for acquired
3 immunodeficiency syndrome education grants, funded from HHS-center
4 for disease control, AIDS funding.

5 (b) An amount estimated at \$1,814,100.00 to provide services
6 to homeless children and youth, funded from DED-OVAE, homeless
7 children and youth funds.

8 (c) An amount estimated at \$200,000.00 for refugee children
9 school impact grants, funded from HHS-ACF, refugee children school
10 impact funds.

11 (d) An amount estimated at \$1,445,600.00 for serve America
12 grants, funded from the corporation for national and community
13 service funds.

14 (e) An amount estimated at \$28,500,000.00 for providing career
15 and technical education services to pupils, funded from DED-OVAE,
16 basic grants to states.

17 (3) To the extent allowed under federal law, the funds
18 allocated under subsection (1)(h), (i), (k), and (n) may be used
19 for 1 or more reading improvement programs that meet at least 1 of
20 the following:

21 (a) A research-based, validated, structured reading program
22 that aligns learning resources to state standards and includes
23 continuous assessment of pupils and individualized education plans
24 for pupils.

25 (b) A mentoring program that is a research-based, validated
26 program or a statewide 1-to-1 mentoring program and is designed to
27 enhance the independence and life quality of pupils who are

1 mentally impaired by providing opportunities for mentoring and
2 integrated employment.

3 (c) A cognitive development program that is a research-based,
4 validated educational service program focused on assessing and
5 building essential cognitive and perceptual learning abilities to
6 strengthen pupil concentration and learning.

7 (d) A structured mentoring-tutorial reading program for pupils
8 in preschool to grade 4 that is a research-based, validated program
9 that develops individualized educational plans based on each
10 pupil's age, assessed needs, reading level, interests, and learning
11 style.

12 (4) All federal funds allocated under this section shall be
13 distributed in accordance with federal law and with flexibility
14 provisions outlined in Public Law 107-116, and in the education
15 flexibility partnership act of 1999, Public Law 106-25.
16 Notwithstanding section 17b, payments of federal funds to
17 districts, intermediate districts, and other eligible entities
18 under this section shall be paid on a schedule determined by the
19 department.

20 (5) As used in this section:

21 (a) "DED" means the United States department of education.

22 (b) "DED-OESE" means the DED office of elementary and
23 secondary education.

24 (c) "DED-OVAE" means the DED office of vocational and adult
25 education.

26 (d) "HHS" means the United States department of health and
27 human services.

1 (e) "HHS-ACF" means the HHS administration for children and
2 families.

3 Sec. 147. The allocation for ~~2008-2009~~**2009-2010** for the
4 public school employees' retirement system pursuant to the public
5 school employees retirement act of 1979, 1980 PA 300, MCL 38.1301
6 to 38.1408, shall be made using the entry age normal cost actuarial
7 method and risk assumptions adopted by the public school employees
8 retirement board and the department of management and budget. The
9 annual level percentage of payroll contribution rate is estimated
10 at ~~16.54%~~**16.94%** for the ~~2008-2009~~**2009-2010** state fiscal year. The
11 portion of the contribution rate assigned to districts and
12 intermediate districts for each fiscal year is all of the total
13 percentage points. This contribution rate reflects an amortization
14 period of ~~29-28~~ years for ~~2008-2009~~**2009-2010**. The public school
15 employees' retirement system board shall notify each district and
16 intermediate district by February 28 of each fiscal year of the
17 estimated contribution rate for the next fiscal year.

18 Enacting section 1. In accordance with section 30 of article I
19 of the state constitution of 1963, total state spending in this
20 amendatory act from state sources for the fiscal period beginning
21 October 1, 2009 and ending October 31, 2009 is estimated at
22 \$1,052,900,000.00 and state appropriations to be paid to local
23 units of government for the fiscal period beginning October 1, 2009
24 and ending October 31, 2009 are estimated at \$1,052,900,000.00.

25 Enacting section 2. Section 99e of the state school aid act of
26 1979, 1979 PA 94, MCL 388.1699e, is repealed.

27 Enacting section 3. This amendatory act takes effect October

1 15, 2009.

2 Enacting section 4. This amendatory act does not take effect
3 if House Bill No. 4447 of the 95th Legislature is enacted into law
4 not later than October 14, 2009.