



STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

GRETCHEN WHITMER
GOVERNOR

DAVID P. MASSARON
DIRECTOR

January 20, 2021

The Honorable Jim Stamas, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Thomas Albert, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Supplemental Request 2021-4

Attached please find supplemental recommendations for fiscal year 2021 for the School Aid budget. This recommendation appropriates Michigan's allocation of federal Elementary and Secondary School Emergency Relief Fund dollars along with additional School Aid Fund to support districts and intermediate districts in their efforts to mitigate the impacts of COVID-19 on student achievement.

If you have any questions regarding this request, please contact Bethany Wicksall at (517) 335-3420.

Sincerely,

David P. Massaron
State Budget Director

Attachment

cc: Mike Shirkey, Senate Majority Leader
Jason Wentworth, Speaker of the House
Jim Ananich, Senate Minority Leader
Donna Lasinski, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
JoAnne Huls, Chief of Staff
Tricia Foster, Chief Operating Officer
Jen Flood, Deputy Chief of Staff
George Cook, Director of Legislative Affairs
Bethany Wicksall, Acting Deputy State Budget
Director
Heather Boyd, Office of Financial Management
Internal State Budget Office

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Fiscal Year 2021
Supplemental Recommendation

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 2020 PA 165, and by adding section 39b;
and to repeal acts and parts of acts.

The People of the State of Michigan Enact:

Article I

Sec. 11. (1) ~~For the fiscal year ending September 30, 2020, there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of \$12,829,470,800.00 from the state school aid fund, the sum of \$104,660,000.00 from the general fund, an amount not to exceed \$75,900,000.00 from the community district education trust fund created under section 12 of the Michigan trust fund act, 2000 PA 489, MCL 12.262, an amount not to exceed \$9,717,800.00 from the talent investment fund created under section 8a of the higher education loan authority act, 1975 PA 222, MCL 390.1158a, an~~

1 ~~amount not to exceed \$31,900,000.00 from the MPERS retirement obligation reform reserve~~
2 ~~fund, and an amount not to exceed \$100.00 from the water emergency reserve fund.~~ For the
3 fiscal year ending September 30, 2021, there is appropriated for the public schools of this
4 state and certain other state purposes relating to education the sum of ~~\$13,589,621,600.00~~
5 **\$13,889,621,600.00** from the state school aid fund, the sum of \$50,964,700.00 from the
6 general fund, an amount not to exceed \$77,700,000.00 from the community district education
7 trust fund created under section 12 of the Michigan trust fund act, 2000 PA 489, MCL
8 12.262, and an amount not to exceed \$100.00 from the water emergency reserve fund. In
9 addition, all available federal funds are appropriated for the fiscal ~~years~~**year** ending
10 ~~September 30, 2020 and September 30, 2021.~~

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

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

18 **Sec. 39b (1) From the federal funds appropriated in section 11, there is allocated an**
19 **amount estimated at \$1,656,400,000.00 for 2020-2021 for the purposes of addressing the**
20 **impact that COVID-19 has had on the state's K-12 education system, funded from DED-OESE,**
21 **elementary and secondary school emergency relief fund.**

22 (2) From the allocation in subsection (1) there is allocated for 2020-2021 an amount
23 not to exceed \$157,350,000.00 and from the school aid fund appropriation in section 11,
24 there is allocated for 2020-2021 an amount not to exceed \$300,000,000.00 for payments to
25 districts and intermediate districts to mitigate the impacts of COVID-19 on student
26 achievement. Payments to districts and intermediate districts shall be calculated as
27 follows:

28 (a) Half of the sum of [the entire federal allocation described in subsection (2) and
29 \$290,000,000.00 from the school aid fund allocation described in subsection (2)] shall be
30 distributed to districts proportionate to the district's share of statewide full-time
31 equated memberships for special education pupils enrolled in the district for the current
32 school year.

1 (b) Half of the sum of [the entire federal allocation described in subsection (2) and
2 \$290,000,000.00 from the school aid fund allocation described in subsection (2)] shall be
3 distributed on an equal per pupil basis utilizing for this calculation the number of full-
4 time equated pupils in grades K to 12 actually enrolled and in regular daily attendance in
5 the district on pupil membership count day for the current school year. This per pupil
6 payment must be adjusted by the department such that the total allocation to any district,
7 when combined with other payments included in this subsection to districts, is not less
8 than \$25,000.00.

9 (c) \$5,000,000.00 from the school aid fund allocation described in subsection (2)
10 shall be distributed to intermediate districts proportionate to the full-time equated
11 number of special education pupils educated by the intermediate district and counted in
12 membership in the intermediate district in the current school year compared to the
13 statewide sum of full-time equated special education students counted in membership in
14 intermediate districts in the current school year.

15 (d) \$5,000,000.00 from the school aid fund allocation described in subsection (2)
16 shall be distributed to intermediate districts on an equal per pupil basis utilizing for
17 this calculation the total number of full-time equated pupils in grades K to 12 actually
18 enrolled and in regular daily attendance in constituent districts of the intermediate
19 district on pupil membership count day for the current school year. This per pupil payment
20 must be adjusted by the department such that the total allocation to any intermediate
21 district, when combined with other payments included in this subsection to intermediate
22 districts, is not less than \$25,000.00.

23 (3) The federal funds allocated in this section are subject to the requirements
24 provided in Public Law 116-260 and related federal guidance regarding elementary and
25 secondary school emergency relief fund dollars. The allowable uses for school aid fund
26 allocations under this section shall be the same allowable uses as provided in Public Law
27 116-260 and related federal guidance regarding elementary and secondary school emergency
28 relief fund dollars.

29 (4) Notwithstanding section 17b, the department shall make payments under this
30 section on a schedule determined by the department.

31 (5) The funds allocated under this section for 2020-2021 are a work project
32 appropriation, and any unexpended funds for 2020-2021 are carried forward into 2021-2022.

1 The purpose of the work project is to continue addressing the impact that COVID-19 has had
2 on the state's K-12 education system. The estimated completion date of the work project is
3 September 30, 2024.

4 (6) As used in this section, "DED-OESE" means the United States Department of
5 Education Office of Elementary and Secondary Education.

6 Enacting section 1. In accordance with section 30 of article IX of the state
7 constitution of 1963, total state spending on school aid under article I of the state
8 school aid act of 1979, 1979 PA 94, MCL 388.1601 to 388.1772, as amended by 2020 PA 165 and
9 this amendatory act, from state sources for fiscal year 2020-2021 is estimated at
10 \$14,018,286,400.00 and state appropriations for school aid to be paid to local units of
11 government for fiscal year 2020-2021 are estimated at \$13,846,289,200.00.