



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE BUDGET
LANSING

ROBERT L. EMERSON
DIRECTOR

October 22, 2009

Michigan House of Representatives
State Capitol
Lansing, Michigan 48909-7536

Michigan Senate
State Capitol
Lansing, Michigan 48909-7536

Dear Legislators:

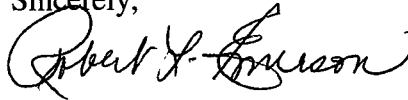
On October 22, 2009, I received an official notice from the State Treasurer that the Department of Treasury has determined that the amount appropriated from the State School Aid Fund under 2009 PA 121 exceeds the amount available for expenditure from the State School Aid Fund for the fiscal year that ends on September 30, 2010. As provided for by the Legislature in section 11(3) of The State School Aid Act of 1979 ("Section 11(3)"), proration is therefore required and I am notifying you that in 30 calendar days state school aid payments will be prorated in the manner prescribed by the Legislature to reflect the amount actually available for expenditure from the State School Aid Fund in fiscal year 2009-2010.

Under Section 11(3), the Legislature may prevent proration from occurring, by, within 30 calendar days, enacting legislation appropriating additional funds from the general fund, the Countercyclical Budget and Economic Stabilization Fund, any State School Aid Fund balance, or another source to fund the projected shortfall. As you are well aware, additional revenue will be required to fund the shortfall.

According to the State Treasurer, it is currently estimated that State School Aid Fund revenues are insufficient by \$212.0 million. Consistent with the requirements of section 11(4) of The State School Aid Act of 1979, it is estimated that annualized state aid payments to school districts and public school academies will be reduced by approximately \$127 per pupil, payments to intermediate school districts will be reduced by approximately \$8.8 million, and payments to non-school entities in the school aid appropriations act will be reduced by approximately \$1.3 million. These estimates may be modified by revenues and pupil counts agreed to at the consensus revenue estimating conference in January of 2010, and other cost data updated by the Department of Education as it becomes available. Pursuant to Section 11(3), payments for the Proposal A guarantee, Headlee-mandated special education and school lunch payments, Durant settlement payments, other specified payments, and federal grants are not affected by proration.

The Governor and I stand ready to work in a bi-partisan manner with the Legislature to find solutions that will provide critical funding to our schools.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Emerson". The signature is fluid and cursive, with the first name "Robert" being more prominent.

Robert L. Emerson
State Budget Director

Attachment

c: The Honorable Jennifer M. Granholm, Governor
The Honorable George Cushingberry, Chair, House Appropriations Committee
The Honorable Ron Jelinek, Chair, Senate Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency