

**SUBSTITUTE FOR
SENATE BILL NO. 183**

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 2002
PA 521.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30,~~
2 ~~2002, there is appropriated for the public schools of this state~~
3 ~~and certain other state purposes relating to education the sum of~~
4 ~~\$10,990,148,200.00 from the state school aid fund established by~~
5 ~~section 11 of article IX of the state constitution of 1963 and~~
6 ~~the sum of \$198,413,500.00 from the general fund.—~~ For the fiscal
7 year ending September 30, 2003, there is appropriated for the
8 public schools of this state and certain other state purposes
9 relating to education the sum of \$11,259,441,400.00 from the
10 state school aid fund established by section 11 of article IX of

1 the state constitution of 1963, the sum of \$198,413,500.00 from
2 the general fund, and the sum of \$700,000.00 from local
3 revenues. ~~However, if legislation authorizing the transfer of~~
4 ~~\$79,500,000.00 from the Michigan employment security act~~
5 ~~contingent fund, penalties and interest subaccount, is not~~
6 ~~enacted and in effect on or before October 1, 2002, there is~~
7 ~~instead appropriated from the general fund for 2002-2003 the sum~~
8 ~~of \$122,656,500.00.~~ For the fiscal year ending September 30,
9 2004, there is appropriated for the public schools of this state
10 and certain other state purposes relating to education the sum of
11 \$11,246,667,400.00 from the state school aid fund established by
12 section 11 of article IX of the state constitution of 1963 and
13 the sum of \$198,413,500.00 from the general fund. In addition,
14 available federal funds are appropriated for each of those fiscal
15 years.

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

1 **(3) This subsection applies for 2002-2003 only and is**
2 **subject to subsection (4).** If the maximum amount appropriated
3 under this section and section 11f from the state school aid fund
4 for a fiscal year exceeds the amount available for expenditure
5 from the state school aid fund for ~~that fiscal year~~ **2002-2003**,
6 payments under sections 11f, 11g, 22a, 31d, 51a(2), and 51c shall
7 be made in full. In addition, for districts beginning operations
8 after 1994-95 that qualify for payments under section 22b,
9 payments under section 22b shall be made so that the qualifying
10 districts receive an amount equal to the 1994-95 foundation
11 allowance of the district in which the district beginning
12 operations after 1994-95 is located. The amount of the payment
13 to be made under section 22b for these qualifying districts shall
14 be as calculated under section 22a, with the balance of the
15 payment under section 22b being subject to the proration
16 otherwise provided under this subsection. State payments under
17 each of the other sections of this act from all state funding
18 sources shall be prorated on an equal percentage basis as
19 necessary to reflect the amount available for expenditure from
20 the state school aid fund for ~~that fiscal year~~ **2002-2003**.
21 However, if the department of treasury determines that proration
22 will be required under this subsection, the department of
23 treasury shall notify the state budget director, and the state
24 budget director shall notify the legislature at least 30 calendar
25 days or 6 legislative session days, whichever is more, before the
26 department reduces any payments under this act because of the
27 proration. During the 30 calendar day or 6 legislative session

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

10 (4) Subsection (3) does not apply to any incremental increase
11 or decrease in proration determined to be necessary by the
12 department of treasury after April 28, 2003, as compared to the
13 proration that has already occurred for 2002-2003 under
14 subsection (3) pursuant to the January 15, 2003 notification from
15 the state budget director under subsection (3).

<<(5) For the fiscal year ending September 30, 2003 only, in addition
to the appropriations under subsection (1), the amount of \$61,000,000.00
is transferred and appropriated from the general fund to the state school
aid fund. This transfer reflects the estimated net shortfall in state
school aid fund revenue as determined at the May 2003 consensus revenue
estimating conference and is appropriated to avoid any further proration
under subsection (3) due to that estimated shortfall.>>

16 (6) ~~-(4)-~~ Except for the allocation under section 26a, any
17 general fund allocations under this act that are not expended by
18 the end of the state fiscal year are transferred to the state
19 school aid fund.