

# SENATE BILL No. 183

February 13, 2003, Introduced by Senators CROPSEY, BROWN, JELINEK, GARCIA, BIRKHOLZ, McMANUS, STAMAS, SIKKEMA, GOSCHKA and ALLEN and referred to the Committee on Appropriations.

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, 2002,  
2 there is appropriated for the public schools of this state and  
3 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

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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) ~~If~~ **Because** the maximum amount appropriated under this  
2 section and section 11f from the state school aid fund for ~~a~~  
3 ~~fiscal year~~ **2002-2003** exceeds the amount available for  
4 expenditure from the state school aid fund for that fiscal year,  
5 ~~payments~~ **all of the following apply to payments under this act**  
6 **for 2002-2003:**

7           **(a) Payments** under sections 11f, 11g, 22a, 31d, 51a(2), and  
8 51c shall be made in full. ~~In addition, for~~

9           **(b) For** districts beginning operations after 1994-95 that  
10 qualify for payments under section 22b, payments under  
11 section 22b shall be made so that the qualifying districts  
12 receive an amount equal to the 1994-95 foundation allowance of  
13 the district in which the district beginning operations after  
14 1994-95 is located. The amount of the payment to be made under  
15 section 22b for these qualifying districts shall be as calculated  
16 under section 22a, with the balance of the payment under  
17 section 22b being subject to the proration otherwise provided  
18 under this subsection.

19           **(c)** State payments under each of the other sections of this  
20 act from all state funding sources shall be prorated ~~on an equal~~  
21 ~~percentage basis~~ **in the manner prescribed in subsection (4)** as  
22 necessary to reflect the amount available for expenditure from  
23 the state school aid fund for ~~that fiscal year~~ **2002-2003**.  
24 ~~However, if the department of treasury determines that proration~~  
25 ~~will be required under this subsection, the department of~~  
26 ~~treasury shall notify the state budget director, and the state~~  
27 ~~budget director shall notify the legislature at least 30 calendar~~

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

13       **(4) The proration in district and intermediate district  
14 payments that is required for 2002-2003 under subsection (3)  
15 shall be made as follows:**

16       **(a) The reduction to be made from payments to districts shall  
17 be made by deducting from each district's total state school aid  
18 from state funding sources, except payments under sections 11f,  
19 11g, 22a, 31d, 51a(2), and 51c, an amount equal to a percentage  
20 of the district's combined state and local revenue. This  
21 percentage shall be an equal percentage for all districts in an  
22 amount determined by the department to be necessary to achieve  
23 the necessary proration of payments to districts for 2002-2003,  
24 estimated at .9443% of each district's combined state and local  
25 revenue. As used in this subdivision, "combined state and local  
26 revenue" means that term as defined in section 20.**

27       **(b) The reduction to be made from payments to intermediate**

1 districts shall be made by deducting from each intermediate  
2 district's total state school aid from state funding sources,  
3 except payments under sections 11f, 11g, 22a, 31d, 51a(2), and  
4 51c, an amount equal to a percentage of the intermediate  
5 district's total state school aid from state sources. This  
6 percentage shall be an equal percentage for all intermediate  
7 districts in an amount determined by the department to be  
8 necessary to achieve the necessary proration of payments to  
9 intermediate districts for 2002-2003, estimated at .9443% of each  
10 intermediate district's total state school aid from state funding  
11 sources.

12 (c) Not later than March 1, 2003, each district or  
13 intermediate district shall submit to the department a proration  
14 plan that specifies the sections of this act from which the  
15 district or intermediate district chooses to have payments  
16 reduced in order to achieve the payment reductions required under  
17 this subsection and the amounts that should be reduced from each  
18 section. The plan may not include reductions from payments under  
19 sections 11f, 11g, 22a, 31d, 51a(2), and 51c. If a district or  
20 intermediate district submits a timely proration plan, the  
21 department shall make the payment reductions for a district or  
22 intermediate district according to that proration plan. If a  
23 district or intermediate district does not submit a timely  
24 proration plan, the department shall make the payment reductions  
25 for a district or intermediate district by reducing the payments  
26 from each section except sections 11f, 11g, 22a, 31d, 51a(2), and  
27 51c on an equal percentage basis as necessary to achieve the

1 **payment reduction.**

2       (5) ~~—(4)—~~ Except for the allocation under section 26a, any  
3 general fund allocations under this act that are not expended by  
4 the end of the state fiscal year are transferred to the state  
5 school aid fund.