

SENATE BILL No. 192

February 18, 2003, Introduced by Senators JELINEK, CROPSEY, HARDIMAN, BROWN, BISHOP, McMANUS, GOSCHKA and STAMAS 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:

SENATE BILL No. 192

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

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 the maximum amount appropriated under this section and
2 section 11f from the state school aid fund for a fiscal year
3 exceeds the amount available for expenditure from the state
4 school aid fund for that fiscal year, payments under sections
5 11f, 11g, 22a, 31d, 51a(2), and 51c shall be made in full. In
6 addition, for districts beginning operations after 1994-95 that
7 qualify for payments under section 22b, payments under
8 section 22b shall be made so that the qualifying districts
9 receive an amount equal to the 1994-95 foundation allowance of
10 the district in which the district beginning operations after
11 1994-95 is located. The amount of the payment to be made under
12 section 22b for these qualifying districts shall be as calculated
13 under section 22a, with the balance of the payment under
14 section 22b being subject to the proration otherwise provided
15 under this subsection. ~~State~~ **Beginning with any proration**
16 **necessary for 2002-2003, state** payments under each of the other
17 sections of this act from all state funding sources shall be
18 prorated ~~on an equal percentage basis~~ **in the manner prescribed**
19 **in subsection (4)** as necessary to reflect the amount available
20 for expenditure from the state school aid fund for that fiscal
21 year. However, if the department of treasury determines that
22 proration will be required under this subsection, the department
23 of 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

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) The department shall calculate the proration in district
11 and intermediate district payments that is required under
12 subsection (3) as follows:

13 (a) The department shall recover 93.1% of the proration
14 amount required under subsection (3) by reducing payments to
15 districts. This reduction shall be made by calculating an equal
16 dollar amount per pupil as necessary to recover this percentage
17 of the proration amount and reducing each district's total state
18 school aid from state sources by that amount as follows:

19 (i) First, by proportionally reducing payments to a district
20 under each section other than sections 11f, 11g, 22a, 22b, 31d,
21 51a(2), and 51c.

22 (ii) Second, if the reductions under subparagraph (i) are not
23 sufficient to yield the required amount per pupil for a district,
24 by reducing payments to the district under section 22b as
25 necessary.

26 (b) The department shall recover the remaining 6.9% of the
27 proration amount required under subsection (3) by reducing

1 payments to intermediate districts. This reduction shall be made
2 by reducing the payments to intermediate districts on an equal
3 percentage basis.

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