

HOUSE BILL No. 4401

March 18, 2003, Introduced by Rep. Shulman and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled "The state school aid act of 1979," by amending sections 11 and 17b (MCL 388.1611 and 388.1617b), section 11 as amended by 2002 PA 521 and section 17b as amended by 2000 PA 297.

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~~

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

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

1 fund.

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

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

10 (4) Except for the allocation under section 26a, any general
11 fund allocations under this act that are not expended by the end
12 of the state fiscal year are transferred to the state school aid
13 fund.

14 Sec. 17b. (1) Not later than October 20, November 20,
15 December 20, January 20, February 20, March 20, April 20, May 20,
16 June 20, July 20, and August 20, the department shall prepare a
17 statement of the amount to be distributed under this act in the
18 installment to the districts and intermediate districts and
19 deliver the statement to the state treasurer, and the state
20 treasurer shall pay the installments on each of those dates or,
21 if the date is not a business day, on the immediately preceding
22 business day before that date. Except as otherwise provided in
23 this act, the portion of the district's or intermediate
24 district's state fiscal year entitlement to be included in each
25 installment shall be 1/11. A district or intermediate district
26 shall accrue the payments received in July and August to the
27 school fiscal year ending the immediately preceding June 30.

1 (2) The state treasurer shall make payment under this section
2 by drawing a warrant in favor of the treasurer of each district
3 or intermediate district for the amount payable to the district
4 or intermediate district according to the statement and
5 delivering the warrant to the treasurer of each district or
6 intermediate district, or if the state treasurer receives a
7 written request by the treasurer of the district or intermediate
8 district specifying an account, by electronic funds transfer to
9 that account of the amount payable to the district or
10 intermediate district according to the statement. The department
11 may make adjustments in payments made under this section through
12 additional payments when changes in law or errors in computation
13 cause the regularly scheduled payment to be less than the amount
14 to which the district or intermediate district is entitled
15 pursuant to this act.

16 (3) Except as otherwise ~~specified~~ **provided** in this act,
17 grant payments under this act shall be paid according to
18 subsection (1).

19 (4) Upon the written request of a district or intermediate
20 district and the submission of proof satisfactory to the
21 department of a need of a temporary and nonrecurring nature, the
22 superintendent, with the written concurrence of the state
23 treasurer and the state budget director, may authorize an advance
24 release of funds due a district or intermediate district under
25 this act. ~~Such an~~ **An advance authorized under this subsection**
26 shall not cause funds to be paid to a district or intermediate
27 district more than 30 days earlier than the established payment

1 date for those funds.