

HOUSE BILL No. 5577

February 18, 2004, 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 2003 PA 236 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, 2004,
 2 there is appropriated for the public schools of this state and
 3 certain other state purposes relating to education the sum of
 4 ~~\$10,962,387,100.00~~ \$_____ from the state school
 5 aid fund established by section 11 of article IX of the state
 6 constitution of 1963 and the sum of \$327,700,000.00 from the
 7 general fund. ~~For the fiscal year ending September 30, 2003,~~
 8 ~~from loan repayments deposited to the general fund pursuant to~~
 9 ~~section 4 of 1961 PA 112, MCL 388.984, on the settlement date, as~~

~~1 determined under section 9c of 1961 PA 108, MCL 388.959c, there~~
~~2 is appropriated from the general fund to the state school aid~~
~~3 fund the amount determined by the state treasurer to equal the~~
~~4 difference between the outstanding amount of general obligation~~
~~5 debt incurred pursuant to 1961 PA 112, MCL 388.981 to 388.985,~~
~~6 and the outstanding amount of loans under 1961 PA 108, MCL~~
~~7 388.951 to 388.963, as reduced in accordance with section 9c(1)~~
~~8 of 1961 PA 108, MCL 388.959c. In addition, for the fiscal year~~
~~9 ending September 30, 2003, there is appropriated from the general~~
~~10 fund to the state school aid fund an amount equal to the amount~~
~~11 of all school bond loan fund repayments received by the state~~
~~12 treasurer from June 1, 2003 through December 31, 2003, determined~~
~~13 by the state treasurer not to have been paid from proceeds of~~
~~14 bonds of the school district and representing the difference~~
~~15 between the outstanding amount of general obligation debt~~
~~16 incurred by this state under 1961 PA 112, MCL 388.981 to 388.985,~~
~~17 and the outstanding amount of loans under 1961 PA 108, MCL~~
~~18 388.951 to 388.963, at the time of repayment. Funds appropriated~~
~~19 to the state school aid fund from the general fund from loan~~
~~20 repayments received as described in this subsection shall be~~
~~21 expended within 90 days of deposit within the state school aid~~
~~22 fund. For the fiscal year ending September 30, 2005, there is~~
~~23 appropriated for the public schools of this state and certain~~
~~24 other state purposes relating to education the sum of~~
~~25 \$_____ from the state school aid fund established~~
~~26 by section 11 of article IX of the state constitution of 1963 and~~
~~27 the sum of \$327,700,000.00 from the general fund. In addition,~~

1 available federal funds are appropriated for each of those fiscal
2 years.

3 (2) The appropriations under this section shall be allocated
4 as provided in this act. Money appropriated under this section
5 from the general fund shall be expended to fund the purposes of
6 this act before the expenditure of money appropriated under this
7 section from the state school aid fund. If the maximum amount
8 appropriated under this section from the state school aid fund
9 for a fiscal year exceeds the amount necessary to fully fund
10 allocations under this act from the state school aid fund, that
11 excess amount shall not be expended in that state fiscal year and
12 shall not lapse to the general fund, but instead shall be
13 deposited into the school aid stabilization fund created in
14 section 11a.

15 (3) If the maximum amount appropriated under this section
16 from the state school aid fund and the school aid stabilization
17 fund for a fiscal year exceeds the amount available for
18 expenditure from the state school aid fund for that fiscal year,
19 payments under sections 11f, 11g, 22a, 31d, 51a(2), and 51c shall
20 be made in full. In addition, for districts beginning operations
21 after 1994-95 that qualify for payments under section 22b,
22 payments under section 22b shall be made so that the qualifying
23 districts receive the lesser of an amount equal to the 1994-95
24 foundation allowance of the district in which the district
25 beginning operations after 1994-95 is located or \$5,500.00. The
26 amount of the payment to be made under section 22b for these
27 qualifying districts shall be as calculated under section 22a,

1 with the balance of the payment under section 22b being subject
2 to the proration otherwise provided under this subsection and
3 subsection (4). For any proration necessary after 2002-2003,
4 state payments under each of the other sections of this act from
5 all state funding sources shall be prorated in the manner
6 prescribed in subsection (4) as necessary to reflect the amount
7 available for expenditure from the state school aid fund for the
8 affected fiscal year. However, if the department of treasury
9 determines that proration will be required under this subsection,
10 the department of treasury shall notify the state budget
11 director, and the state budget director shall notify the
12 legislature at least 30 calendar days or 6 legislative session
13 days, whichever is more, before the department reduces any
14 payments under this act because of the proration. During the 30
15 calendar day or 6 legislative session day period after that
16 notification by the state budget director, the department shall
17 not reduce any payments under this act because of proration under
18 this subsection. The legislature may prevent proration from
19 occurring by, within the 30 calendar day or 6 legislative session
20 day period after that notification by the state budget director,
21 enacting legislation appropriating additional funds from the
22 general fund, countercyclical budget and economic stabilization
23 fund, state school aid fund balance, or another source to fund
24 the amount of the projected shortfall.

25 (4) For any proration necessary after 2002-2003, the
26 department shall calculate the proration in district and
27 intermediate district payments that is required under subsection

1 (3) as follows:

2 (a) The department shall calculate the percentage of total
3 state school aid allocated under this act for the affected fiscal
4 year for each of the following:

5 (i) Districts.

6 (ii) Intermediate districts.

7 (iii) Entities other than districts or intermediate
8 districts.

9 (b) The department shall recover a percentage of the
10 proration amount required under subsection (3) that is equal to
11 the percentage calculated under subdivision (a)(i) for districts
12 by reducing payments to districts. This reduction shall be made
13 by calculating an equal dollar amount per pupil as necessary to
14 recover this percentage of the proration amount and reducing each
15 district's total state school aid from state sources, other than
16 payments under sections 11f, 11g, 22a, 31d, 51a(2), 51a(12), 51c,
17 53a, and 56, by that amount.

18 (c) The department shall recover a percentage of the
19 proration amount required under subsection (3) that is equal to
20 the percentage calculated under subdivision (a)(ii) for
21 intermediate districts by reducing payments to intermediate
22 districts. This reduction shall be made by reducing the payments
23 to each intermediate district, other than payments under sections
24 11f, 11g, 22a, 31d, 51a(2), 51a(12), 51c, 53a, and 56, on an
25 equal percentage basis.

26 (d) The department shall recover a percentage of the
27 proration amount required under subsection (3) that is equal to

1 the percentage calculated under subdivision (a)(iii) for entities
2 other than districts and intermediate districts by reducing
3 payments to these entities. This reduction shall be made by
4 reducing the payments to each of these entities on an equal
5 percentage basis.

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

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

24 (2) The state treasurer shall make payment under this section
25 by drawing a warrant in favor of the treasurer of each district
26 or intermediate district for the amount payable to the district
27 or intermediate district according to the statement and

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

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

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