

HOUSE BILL No. 5576

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 section 11 (MCL 388.1611), as amended by 2003 PA 236.

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~~
10 ~~determined under section 9c of 1961 PA 108, MCL 388.959c, there~~

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

1 years.

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

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

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

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

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

4 (i) Districts.

5 (ii) Intermediate districts.

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

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

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

25 (d) The department shall recover a percentage of the
26 proration amount required under subsection (3) that is equal to
27 the percentage calculated under subdivision (a)(iii) for entities

1 other than districts and intermediate districts by reducing
2 payments to these entities. This reduction shall be made by
3 reducing the payments to each of these entities on an equal
4 percentage basis.

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