

# HOUSE BILL No. 4652

May 1, 2013, Introduced by Rep. Tlaib and referred to the Committee on Education.

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending section 22b (MCL 388.1622b), as amended by 2012 PA 201.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 22b. (1) From the state funds appropriated in section 11,  
2 ~~there is allocated for 2011-2012 an amount not to exceed~~  
3 ~~\$3,052,000,000.00 and~~ there is allocated for 2012-2013 an amount  
4 not to exceed \$3,152,300,000.00 for discretionary nonmandated  
5 payments to districts under this section. Funds allocated under  
6 this section that are not expended in the state fiscal year for  
7 which they were allocated, as determined by the department, may be  
8 used to supplement the allocations under sections 22a and 51c in  
9 order to fully fund those calculated allocations for the same  
10 fiscal year.

11       (2) Subject to subsection (3) and section 296, the allocation

1 to a district under this section shall be an amount equal to the  
2 sum of the amounts calculated under sections 20, 51a(2), 51a(3),  
3 and 51a(11), minus the sum of the allocations to the district under  
4 sections 22a and 51c.

5 (3) In order to receive an allocation under subsection (1),  
6 each district shall do all of the following:

7 (a) Administer in each grade level that it operates in grades  
8 1 to 5 a standardized assessment approved by the department of  
9 grade-appropriate basic educational skills. A district may use the  
10 Michigan literacy progress profile to satisfy this requirement for  
11 grades 1 to 3. Also, if the revised school code is amended to  
12 require annual assessments at additional grade levels, in order to  
13 receive an allocation under this section each district shall comply  
14 with that requirement.

15 (b) Comply with sections 1278a and 1278b of the revised school  
16 code, MCL 380.1278a and 380.1278b.

17 (c) Furnish data and other information required by state and  
18 federal law to the center and the department in the form and manner  
19 specified by the center or the department, as applicable.

20 (d) Comply with section 1230g of the revised school code, MCL  
21 380.1230g.

22 **(E) COMPLY WITH SECTION 1502 OF THE REVISED SCHOOL CODE, MCL**  
23 **380.1502.**

24 (4) Districts are encouraged to use funds allocated under this  
25 section for the purchase and support of payroll, human resources,  
26 and other business function software that is compatible with that  
27 of the intermediate district in which the district is located and

1 with other districts located within that intermediate district.

2 (5) From the allocation in subsection (1), the department  
3 shall pay up to \$1,000,000.00 in litigation costs incurred by this  
4 state related to commercial or industrial property tax appeals,  
5 including, but not limited to, appeals of classification, that  
6 impact revenues dedicated to the state school aid fund.

7 (6) From the allocation in subsection (1), the department  
8 shall pay up to \$1,000,000.00 in litigation costs incurred by this  
9 state associated with lawsuits filed by 1 or more districts or  
10 intermediate districts against this state. If the allocation under  
11 this section is insufficient to fully fund all payments required  
12 under this section, the payments under this subsection shall be  
13 made in full before any proration of remaining payments under this  
14 section.

15 (7) It is the intent of the legislature that all  
16 constitutional obligations of this state have been fully funded  
17 under sections 22a, 31d, 51a, 51c, and 152a. If a claim is made by  
18 an entity receiving funds under this article that challenges the  
19 legislative determination of the adequacy of this funding or  
20 alleges that there exists an unfunded constitutional requirement,  
21 the state budget director may escrow or allocate from the  
22 discretionary funds for nonmandated payments under this section the  
23 amount as may be necessary to satisfy the claim before making any  
24 payments to districts under subsection (2). If funds are escrowed,  
25 the escrowed funds are a work project appropriation and the funds  
26 are carried forward into the following fiscal year. The purpose of  
27 the work project is to provide for any payments that may be awarded

1 to districts as a result of litigation. The work project shall be  
2 completed upon resolution of the litigation.

3 (8) If the local claims review board or a court of competent  
4 jurisdiction makes a final determination that this state is in  
5 violation of section 29 of article IX of the state constitution of  
6 1963 regarding state payments to districts, the state budget  
7 director shall use work project funds under subsection (7) or  
8 allocate from the discretionary funds for nonmandated payments  
9 under this section the amount as may be necessary to satisfy the  
10 amount owed to districts before making any payments to districts  
11 under subsection (2).

12 (9) If a claim is made in court that challenges the  
13 legislative determination of the adequacy of funding for this  
14 state's constitutional obligations or alleges that there exists an  
15 unfunded constitutional requirement, any interested party may seek  
16 an expedited review of the claim by the local claims review board.  
17 If the claim exceeds \$10,000,000.00, this state may remove the  
18 action to the court of appeals, and the court of appeals shall have  
19 and shall exercise jurisdiction over the claim.

20 (10) If payments resulting from a final determination by the  
21 local claims review board or a court of competent jurisdiction that  
22 there has been a violation of section 29 of article IX of the state  
23 constitution of 1963 exceed the amount allocated for discretionary  
24 nonmandated payments under this section, the legislature shall  
25 provide for adequate funding for this state's constitutional  
26 obligations at its next legislative session.

27 (11) If a lawsuit challenging payments made to districts

1 related to costs reimbursed by federal title XIX medicaid funds is  
2 filed against this state, then, for the purpose of addressing  
3 potential liability under such a lawsuit, the state budget director  
4 may place funds allocated under this section in escrow or allocate  
5 money from the funds otherwise allocated under this section, up to  
6 a maximum of 50% of the amount allocated in subsection (1). If  
7 funds are placed in escrow under this subsection, those funds are a  
8 work project appropriation and the funds are carried forward into  
9 the following fiscal year. The purpose of the work project is to  
10 provide for any payments that may be awarded to districts as a  
11 result of the litigation. The work project shall be completed upon  
12 resolution of the litigation. In addition, this state reserves the  
13 right to terminate future federal title XIX medicaid reimbursement  
14 payments to districts if the amount or allocation of reimbursed  
15 funds is challenged in the lawsuit. As used in this subsection,  
16 "title XIX" means title XIX of the social security act, 42 USC 1396  
17 to 1396v.

18 (12) Not later than January 1, 2013, the department shall  
19 submit a report to the legislature identifying the amount of the  
20 savings that the department has calculated as having been achieved  
21 due to the revised number of instructional hours used to calculate  
22 full-time equated memberships for kindergarten pupils under section  
23 6(4)(r) as amended by 2011 PA 62.

24 Enacting section 1. This amendatory act does not take effect  
25 unless Senate Bill No. \_\_\_\_ or House Bill No. 4653(request no.  
26 02655'13) of the 97th Legislature is enacted into law.