

# SENATE BILL No. 239

February 23, 2005, Introduced by Senator JOHNSON 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 2004 PA 518.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 11. (1) ~~In addition to all other appropriations under~~  
2 ~~this act for that fiscal year, for the fiscal year ending September~~  
3 ~~30, 2004, there is appropriated to the state school aid fund from~~  
4 ~~the unreserved balance in the general fund an amount equal to any~~  
5 ~~deficit balance that would otherwise exist in the state school aid~~  
6 ~~fund at bookclosing for the fiscal year ending September 30, 2004.~~  
7 For the fiscal year ending September 30, ~~2005~~ **2006**, there is  
8 appropriated for the public schools of this state and certain other  
9 state purposes relating to education the sum of ~~\$10,909,200,000.00~~  
10 \$ \_\_\_\_\_.00 from the state school aid fund established by

1 section 11 of article IX of the state constitution of 1963 and the  
2 sum of ~~\$264,700,000.00~~ \$\_\_\_\_\_.00 from the general fund. In  
3 addition, available federal funds are appropriated for each of  
4 those fiscal years.

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

16 (3) If the maximum amount appropriated under this section from  
17 the state school aid fund and the school aid stabilization fund for  
18 a fiscal year exceeds the amount available for expenditure from the  
19 state school aid fund for that fiscal year, payments under sections  
20 11f, 11g, 11j, 22a, 26a, 31d, 51a(2), 51a(12), 51c, 53a, and 56  
21 shall be made in full. In addition, for districts beginning  
22 operations after 1994-95 that qualify for payments under section  
23 22b, payments under section 22b shall be made so that the  
24 qualifying districts receive the lesser of an amount equal to the  
25 1994-95 foundation allowance of the district in which the district  
26 beginning operations after 1994-95 is located or \$5,500.00. The  
27 amount of the payment to be made under section 22b for these

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

1       (4) Subject to subsection (5), if proration is necessary, the  
2 department shall calculate the proration in district and  
3 intermediate district payments that is required under subsection  
4 (3) as follows:

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

8       (i) Districts.

9       (ii) Intermediate districts.

10       (iii) Entities other than districts or intermediate districts.

11       (b) The department shall recover a percentage of the proration  
12 amount required under subsection (3) that is equal to the  
13 percentage calculated under subdivision (a)(i) for districts by  
14 reducing payments to districts. This reduction shall be made by  
15 calculating an equal dollar amount per pupil as necessary to  
16 recover this percentage of the proration amount and reducing each  
17 district's total state school aid from state sources, other than  
18 payments under sections 11f, 11g, 11j, 22a, 26a, 31d, 51a(2),  
19 51a(12), 51c, and 53a, by that amount.

20       (c) The department shall recover a percentage of the proration  
21 amount required under subsection (3) that is equal to the  
22 percentage calculated under subdivision (a)(ii) for intermediate  
23 districts by reducing payments to intermediate districts. This  
24 reduction shall be made by reducing the payments to each  
25 intermediate district, other than payments under sections 11f, 11g,  
26 26a, 51a(2), 51a(12), 53a, and 56, on an equal percentage basis.

27       (d) The department shall recover a percentage of the proration

1 amount required under subsection (3) that is equal to the  
2 percentage calculated under subdivision (a)(iii) for entities other  
3 than districts and intermediate districts by reducing payments to  
4 these entities. This reduction shall be made by reducing the  
5 payments to each of these entities, other than payments under  
6 sections 11j and 26a, on an equal percentage basis.

7 (5) Beginning in 2004-2005, if a district has an emergency  
8 financial manager in place under the local government fiscal  
9 responsibility act, 1990 PA 72, MCL 141.1201 to 141.1291, payments  
10 to that district are not subject to proration under this section.

11 (6) Except for the allocation under section 26a, any general  
12 fund allocations under this act that are not expended by the end of  
13 the state fiscal year are transferred to the state school aid fund.  
14 If it is determined at the May 2005 revenue estimating conference  
15 conducted under section 367b of the management and budget act, 1984  
16 PA 431, MCL 18.1367b, that there is additional school aid fund  
17 revenue beyond that determined at the May 2004 revenue estimating  
18 conference, then it is the intent of the legislature to enact  
19 legislation to fund, to the extent that revenues are available, the  
20 same programs in the same amount that were funded under section 81  
21 in 2003 PA 236 and the same pupil membership formula as in effect  
22 under 2003 PA 236.