

SENATE BILL NO. 940

February 25, 1998, Introduced by Senator GAST 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), as
amended by 1997 PA 142.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30,~~
2 ~~1998, there is appropriated for the public schools of this state~~
3 ~~and certain other state purposes relating to education the sum of~~
4 ~~\$8,717,471,600.00 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 \$377,935,400.00 from the general fund.~~ For the fiscal
7 year ending September 30, 1999, there is appropriated for the
8 public schools of this state and certain other state purposes
9 relating to education the sum of ~~-\$9,036,198,400.00~~ \$_____.00
10 from the state school aid fund established by section 11 of

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1 article IX of the state constitution of 1963 and the sum of
2 ~~\$420,613,500.00~~ \$_____.00 from the general fund. In addi-
3 tion, available federal funds are appropriated for ~~1997-98 and~~
4 ~~for~~ 1998-99.

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

17 (3) If the maximum amount appropriated under this section
18 and sections 11f and 11g from the state school aid fund for a
19 fiscal year exceeds the amount available for expenditure from the
20 state school aid fund for that fiscal year, payments under sec-
21 tions 11f, 11g, and 51a(2) shall be made in full and payments
22 under each of the other sections of this act shall be prorated on
23 an equal percentage basis as necessary to reflect the amount
24 available for expenditure from the state school aid fund for that
25 fiscal year. However, if the department of treasury determines
26 that proration will be required under this subsection, the
27 department of treasury shall notify the director of the

1 department of management and budget, and the director of the
2 department of management and budget shall notify the legislature
3 at least 30 calendar days or 6 legislative session days, which-
4 ever is more, before the department reduces any payments under
5 this act because of the proration. During the 30 calendar day or
6 6 legislative session day period after that notification by the
7 director of the department of management and budget, the depart-
8 ment shall not reduce any payments under this act because of pro-
9 ration under this subsection. The legislature may prevent prora-
10 tion from occurring by, within the 30 calendar day or 6 legisla-
11 tive session day period after that notification by the department
12 of management and budget, enacting legislation appropriating
13 additional funds from the general fund, countercyclical budget
14 and economic stabilization fund, state school aid fund balance,
15 or another source to fund the amount of the projected shortfall.

16 Sec. 17b. (1) Not later than October 20, November 20,
17 December 20, January 20, February 20, March 20, April 20, May 20,
18 June 20, July 20, and August 20, the department shall prepare a
19 statement of the amount to be distributed under this act in the
20 installment to the districts and intermediate districts and
21 deliver the statement to the state treasurer, and the state trea-
22 surer shall pay the installments on each of those dates or on the
23 next business day following each of those dates. Except as oth-
24 erwise provided in this act, the portion of the district's or
25 intermediate district's state fiscal year entitlement to be
26 included in each installment during 1998-99 shall be 1/11.
27 ~~However, for 1997-98 only, there shall not be an installment~~

1 ~~paid on August 20, and the portion to be included in each~~
2 ~~installment shall be 11.11% for the October and November pay-~~
3 ~~ments; 9.72% for the December, January, February, March, April,~~
4 ~~May, and June payments; and 9.74% for the July payment. The pay-~~
5 ~~ments due to a district in 1997-98 on April 20, May 20, June 20,~~
6 ~~and July 20 pursuant to this section each shall be reduced by an~~
7 ~~amount equal to 1/4 of the district's total additional payments~~
8 ~~in 1996-97 under former section 20c. A district or intermediate~~
9 ~~district shall accrue the payments received in July and August to~~
10 ~~the school fiscal year ending the immediately preceding June 30.~~

11 (2) The state treasurer shall make payment under this sec-
12 tion by drawing a warrant in favor of the treasurer of each dis-
13 trict or intermediate district for the amount payable to the dis-
14 trict or intermediate district according to the statement and
15 delivering the warrant to the treasurer of each district or
16 intermediate district, or if the state treasurer receives a writ-
17 ten request by the treasurer of the district or intermediate dis-
18 trict specifying an account, by electronic funds transfer to that
19 account of the amount payable to the district or intermediate
20 district according to the statement. The department may make
21 adjustments in payments made under this section through addi-
22 tional payments when changes in law or errors in computation
23 cause the regularly scheduled payment to be less than the amount
24 to which the district or intermediate district is entitled pursu-
25 ant to this act.

1 (3) Except as otherwise specified in this act, grant
2 payments under this act shall be paid according to
3 subsection (1).

4 (4) Upon the written request of a district or intermediate
5 district and the submission of proof satisfactory to the depart-
6 ment of a need of a temporary and nonrecurring nature, the super-
7 intendent, with the written concurrence of the state treasurer
8 and the director of management and budget, may authorize an
9 advance release of funds due a district or intermediate district
10 under this act. Such an advance shall not cause funds to be paid
11 to a district or intermediate district more than 30 days earlier
12 than the established payment date for those funds.