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## SCHOOL DISTRICT LOANS FROM RAINY DAY FUND

**House Bill 4546**

**Sponsor: Rep. Valde Garcia**

**Committee: Education**

**Complete to 4-22-99**

### **A SUMMARY OF HOUSE BILL 4546 AS INTRODUCED 4-21-99**

House Bill 4546 would amend the Management and Budget Act to allow school districts to borrow from the countercyclical budget and economic stabilization fund (more commonly called the state rainy day fund) under certain circumstances.

Specifically, if the state budget director determined that the state aid appropriation to school districts would not be received by school districts in time for them to begin a school year, money could be appropriated from the rainy day fund for short-term loans. Under the bill, loans made would be secured by a pledge of state school aid to be received during the school year, on terms and conditions prescribed by the state budget director. Further, the bill specifies three conditions for such loans: 1) the total statewide amount of all loans for any particular school year could not exceed 10 percent of the balance in the fund; the amount of a loan to a school district could not exceed the lesser of \$100,000 or the amount the budget director determined the districts needed to begin the school year; and, 3) an individual school district could not borrow money under this section more than three times in a five-year period.

Finally, House Bill 4546 would define "school district" to mean a school district, local act school district, public school academy, or intermediate school district organized and operating under the Revised School Code.

MCL 18.1353f

Analyst: J. Hunault

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