

HOUSE BILL No. 4170

February 8, 2001, Introduced by Reps. Garcia, Patterson, Stewart, Faunce, Vear, Kooiman, Richardville, Meyer, Julian, Mortimer, Shackleton and Raczkowski and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
(MCL 388.1601 to 388.1772) by adding sections 11m and 11n.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 11M. IN ADDITION TO OTHER MONEY APPROPRIATED UNDER
2 THIS ACT, THERE IS APPROPRIATED FROM THE STATE SCHOOL AID FUND
3 THE AMOUNT OF \$220,000,000.00 FOR THE FISCAL YEAR ENDING
4 SEPTEMBER 30, 2001. UPON THE EFFECTIVE DATE OF THIS SECTION,
5 THIS MONEY SHALL BE TRANSFERRED TO A SEPARATE ACCOUNT IN THE
6 STATE SCHOOL AID FUND DESIGNATED AS THE "STATE SCHOOL AID RESERVE
7 ACCOUNT". MONEY IN THE STATE SCHOOL AID RESERVE ACCOUNT MAY BE
8 APPROPRIATED AND USED ONLY FOR MAKING LOANS TO DISTRICTS AS
9 DESCRIBED IN SECTION 11N.

10 SEC. 11N. (1) IN ADDITION TO OTHER MONEY APPROPRIATED UNDER
11 THIS ACT, ALL OF THE MONEY TRANSFERRED TO THE STATE SCHOOL AID

1 RESERVE ACCOUNT UNDER SECTION 11M IS APPROPRIATED FOR THE FISCAL
2 YEAR ENDING SEPTEMBER 30, 2001 FOR THE PURPOSES OF THIS SECTION.
3 IN ADDITION TO OTHER MONEY APPROPRIATED UNDER THIS ACT, ALL OF
4 THE MONEY IN THE STATE SCHOOL AID RESERVE ACCOUNT IS APPROPRIATED
5 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2002 FOR THE PURPOSES OF
6 THIS SECTION. IN ADDITION TO OTHER MONEY APPROPRIATED UNDER THIS
7 ACT, ALL OF THE MONEY IN THE STATE SCHOOL AID RESERVE ACCOUNT IS
8 APPROPRIATED FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2003 FOR
9 THE PURPOSES OF THIS SECTION.

10 (2) AN ELIGIBLE DISTRICT OR INTERMEDIATE DISTRICT MAY OBTAIN
11 AN INTEREST-FREE LOAN FROM THE STATE SCHOOL AID RESERVE ACCOUNT
12 TO ASSIST THE DISTRICT OR INTERMEDIATE DISTRICT IN PAYING
13 EMPLOYEE WAGES INCURRED OR PAYABLE DURING THE PERIOD BETWEEN THE
14 DISTRICT'S OR INTERMEDIATE DISTRICT'S JUNE PAYMENT UNDER THIS ACT
15 FOR A STATE FISCAL YEAR AND THE DISTRICT'S OR INTERMEDIATE
16 DISTRICT'S FIRST PAYMENT UNDER THIS ACT FOR THE NEXT STATE FISCAL
17 YEAR.

18 (3) A DISTRICT OR INTERMEDIATE DISTRICT SHALL APPLY TO THE
19 SUPERINTENDENT FOR A LOAN FROM THE STATE SCHOOL AID RESERVE
20 ACCOUNT UNDER THIS SECTION NOT LATER THAN JULY 1 OF A STATE
21 FISCAL YEAR, IN THE FORM AND MANNER PRESCRIBED BY THE
22 SUPERINTENDENT. THE SUPERINTENDENT SHALL APPROVE OR DISAPPROVE
23 THE LOAN AND NOTIFY THE DISTRICT OR INTERMEDIATE DISTRICT OF THAT
24 DECISION NOT LATER THAN JULY 20 OF THAT FISCAL YEAR. A LOAN
25 UNDER THIS SECTION SHALL BE PAID TO THE DISTRICT OR INTERMEDIATE
26 DISTRICT ON AUGUST 1 OF THAT FISCAL YEAR, OR ON THE NEXT BUSINESS
27 DAY, IN THE SAME MANNER AS A PAYMENT UNDER SECTION 17B.

1 (4) A DISTRICT OR INTERMEDIATE DISTRICT RECEIVING A LOAN
2 UNDER THIS SECTION SHALL PLEDGE ITS STATE SCHOOL AID TO SECURE
3 THE LOAN AND SHALL REPAY THE LOAN IN FULL NOT LATER THAN MAY 1 OF
4 THE NEXT STATE FISCAL YEAR. IF A DISTRICT OR INTERMEDIATE DIS-
5 TRICT DOES NOT REPAY THE LOAN IN FULL BY THAT DATE, THE SUPERIN-
6 TENDENT SHALL WITHHOLD THE BALANCE FROM THE DISTRICT'S OR INTER-
7 MEDIATE DISTRICT'S REMAINING PAYMENTS UNDER THIS ACT FOR THE
8 FISCAL YEAR IN WHICH REPAYMENT IS DUE. THE STATE TREASURER SHALL
9 DEPOSIT ALL REPAYMENTS AND MONEY WITHHELD UNDER THIS SECTION IN
10 THE STATE SCHOOL AID RESERVE ACCOUNT.

11 (5) TO BE ELIGIBLE FOR A LOAN UNDER THIS SECTION, A DISTRICT
12 OR INTERMEDIATE DISTRICT MUST MEET 1 OF THE FOLLOWING:

13 (A) THE AMOUNT OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S
14 ESTIMATED GENERAL FUND BALANCE FOR THE CURRENT FISCAL YEAR,
15 EXCLUDING THE JULY AND AUGUST PAYMENTS DUE TO THE DISTRICT OR
16 INTERMEDIATE DISTRICT FOR THE CURRENT FISCAL YEAR, IS A NEGATIVE
17 AMOUNT.

18 (B) THE AMOUNT OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S
19 ESTIMATED GENERAL FUND BALANCE FOR THE CURRENT FISCAL YEAR,
20 EXCLUDING THE JULY AND AUGUST PAYMENTS DUE TO THE DISTRICT OR
21 INTERMEDIATE DISTRICT FOR THE CURRENT FISCAL YEAR, IS NOT A NEGA-
22 TIVE AMOUNT, BUT IS LESS THAN AN AMOUNT EQUAL TO 65% OF THE
23 DISTRICT'S OR INTERMEDIATE DISTRICT'S ESTIMATED AVERAGE MONTHLY
24 EXPENDITURE FOR EMPLOYEE WAGES FOR THE PERIOD FROM JULY 1 TO
25 SEPTEMBER 30 OF THE CURRENT FISCAL YEAR.

26 (6) THE MAXIMUM AMOUNT OF A LOAN TO A DISTRICT OR
27 INTERMEDIATE DISTRICT UNDER THIS SECTION IS AS FOLLOWS:

1 (A) FOR A DISTRICT THAT IS ELIGIBLE UNDER SUBSECTION (5)(A),
2 AN AMOUNT EQUAL TO 65% OF THE DISTRICT'S OR INTERMEDIATE
3 DISTRICT'S ESTIMATED AVERAGE MONTHLY EXPENDITURE FOR EMPLOYEE
4 WAGES FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 OF THE CURRENT
5 FISCAL YEAR.

6 (B) FOR A DISTRICT THAT IS ELIGIBLE UNDER SUBSECTION (5)(B),
7 AN AMOUNT EQUAL TO A PERCENTAGE OF THE DISTRICT'S OR INTERMEDIATE
8 DISTRICT'S ESTIMATED AVERAGE MONTHLY EXPENDITURE FOR EMPLOYEE
9 WAGES FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 OF THE CURRENT
10 FISCAL YEAR. THIS PERCENTAGE SHALL BE CALCULATED BY SUBTRACTING
11 FROM 65 PERCENTAGE POINTS THE PERCENTAGE OF THE DISTRICT'S OR
12 INTERMEDIATE DISTRICT'S ESTIMATED AVERAGE MONTHLY EXPENDITURE FOR
13 EMPLOYEE WAGES FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 OF THE
14 CURRENT FISCAL YEAR THAT COULD BE PAID BY THE AMOUNT OF THE
15 DISTRICT'S OR INTERMEDIATE DISTRICT'S ESTIMATED GENERAL FUND BAL-
16 ANCE FOR THE CURRENT FISCAL YEAR, EXCLUDING THE JULY AND AUGUST
17 PAYMENTS DUE TO THE DISTRICT OR INTERMEDIATE DISTRICT FOR THE
18 CURRENT FISCAL YEAR, AS DESCRIBED IN SUBSECTION (5)(B).

19 (7) IF THE AMOUNT AVAILABLE IN THE STATE SCHOOL AID RESERVE
20 ACCOUNT FOR A PARTICULAR FISCAL YEAR IS NOT SUFFICIENT TO PAY THE
21 MAXIMUM LOAN TO EACH ELIGIBLE DISTRICT OR INTERMEDIATE DISTRICT,
22 AS CALCULATED UNDER SUBSECTION (6), THE SUPERINTENDENT SHALL PRO-
23 RATE THE AMOUNT OF EACH DISTRICT'S OR INTERMEDIATE DISTRICT'S
24 LOAN ON AN EQUAL PERCENTAGE BASIS ACCORDING TO THE AMOUNT
25 AVAILABLE.

1 (8) A DISTRICT OR INTERMEDIATE DISTRICT SHALL USE THE
2 PROCEEDS OF A LOAN UNDER THIS SECTION ONLY FOR EMPLOYEE WAGES AS
3 DESCRIBED IN SUBSECTION (2).

4 (9) AS USED IN THIS SECTION, "STATE SCHOOL AID RESERVE
5 ACCOUNT" MEANS THE SEPARATE ACCOUNT IN THE STATE SCHOOL AID FUND
6 DESCRIBED IN SECTION 11M.