

# HOUSE BILL No. 5790

March 1, 2006, Introduced by Rep. Moolenaar 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 2005 PA 155.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1        Sec. 11. (1) ~~For the fiscal year ending September 30, 2005,~~  
2 ~~there is appropriated for the public schools of this state and~~  
3 ~~certain other state purposes relating to education the sum of~~  
4 ~~\$10,907,222,200.00 from the state school aid fund established by~~  
5 ~~section 11 of article IX of the state constitution of 1963, the sum~~  
6 ~~of \$41,100,000.00 from the proceeds of capitalization of the school~~  
7 ~~bond loan fund revolving fund, and the sum of \$165,200,000.00 from~~  
8 ~~the general fund.~~ For the fiscal year ending September 30, 2006,  
9 there is appropriated for the public schools of this state and

1 certain other state purposes relating to education the sum of  
2 \$11,257,600,000.00 from the state school aid fund established by  
3 section 11 of article IX of the state constitution of 1963, the sum  
4 of \$44,500,000.00 from the proceeds of capitalization of the school  
5 bond loan fund revolving fund, and the sum of \$62,714,000.00 from  
6 the general fund. **FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2007,**

7 **THERE IS APPROPRIATED FOR THE PUBLIC SCHOOLS OF THIS STATE AND**  
8 **CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION THE SUM OF**

9 **\$\_\_\_\_\_ FROM THE STATE SCHOOL AID FUND ESTABLISHED BY**

10 **SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND THE**

11 **SUM OF \$\_\_\_\_\_ FROM THE GENERAL FUND.** In addition,

12 available federal funds are appropriated for each fiscal year.

13 (2) The appropriations under this section shall be allocated  
14 as provided in this act. Money appropriated under this section from  
15 the general fund shall be expended to fund the purposes of this act  
16 before the expenditure of money appropriated under this section  
17 from the state school aid fund. If the maximum amount appropriated  
18 under this section from the state school aid fund for a fiscal year  
19 exceeds the amount necessary to fully fund allocations under this  
20 act from the state school aid fund, that excess amount shall not be  
21 expended in that state fiscal year and shall not lapse to the  
22 general fund, but instead shall be deposited into the school aid  
23 stabilization fund created in section 11a.

24 (3) If the maximum amount appropriated under this section from  
25 the state school aid fund and the school aid stabilization fund for  
26 a fiscal year exceeds the amount available for expenditure from the  
27 state school aid fund for that fiscal year, payments under sections

1 11f, 11g, 11j, 22a, 26a, 26b, 31d, 51a(2), 51a(12), 51c, 53a, and  
2 56 shall be made in full. In addition, for districts beginning  
3 operations after 1994-95 that qualify for payments under section  
4 22b, payments under section 22b shall be made so that the  
5 qualifying districts receive the lesser of an amount equal to the  
6 1994-95 foundation allowance of the district in which the district  
7 beginning operations after 1994-95 is located or \$5,500.00. The  
8 amount of the payment to be made under section 22b for these  
9 qualifying districts shall be as calculated under section 22a, with  
10 the balance of the payment under section 22b being subject to the  
11 proration otherwise provided under this subsection and subsection  
12 (4). If proration is necessary after 2002-2003, state payments  
13 under each of the other sections of this act from all state funding  
14 sources shall be prorated in the manner prescribed in subsection  
15 (4) as necessary to reflect the amount available for expenditure  
16 from the state school aid fund for the affected fiscal year.  
17 However, if the department of treasury determines that proration  
18 will be required under this subsection, or if the department of  
19 treasury determines that further proration is required under this  
20 subsection after an initial proration has already been made for a  
21 fiscal year, the department of treasury shall notify the state  
22 budget director, and the state budget director shall notify the  
23 legislature at least 30 calendar days or 6 legislative session  
24 days, whichever is more, before the department reduces any payments  
25 under this act because of the proration. During the 30 calendar day  
26 or 6 legislative session day period after that notification by the  
27 state budget director, the department shall not reduce any payments

1 under this act because of proration under this subsection. The  
2 legislature may prevent proration from occurring by, within the 30  
3 calendar day or 6 legislative session day period after that  
4 notification by the state budget director, enacting legislation  
5 appropriating additional funds from the general fund,  
6 countercyclical budget and economic stabilization fund, state  
7 school aid fund balance, or another source to fund the amount of  
8 the projected shortfall.

9 (4) If proration is necessary, the department shall calculate  
10 the proration in district and intermediate district payments that  
11 is required under subsection (3) as follows:

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

15 (i) Districts.

16 (ii) Intermediate districts.

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

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

27 (c) 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)(ii) for intermediate  
3 districts by reducing payments to intermediate districts. This  
4 reduction shall be made by reducing the payments to each  
5 intermediate district, other than payments under sections 11f, 11g,  
6 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
7 basis.

8 (d) The department shall recover a percentage of the proration  
9 amount required under subsection (3) that is equal to the  
10 percentage calculated under subdivision (a)(iii) for entities other  
11 than districts and intermediate districts by reducing payments to  
12 these entities. This reduction shall be made by reducing the  
13 payments to each of these entities, other than payments under  
14 sections 11j, 26a, and 26b, on an equal percentage basis.

15 (5) Except for the allocation under section 26a, any general  
16 fund allocations under this act that are not expended by the end of  
17 the state fiscal year are transferred to the school aid  
18 stabilization fund created under section 11a.