

# HOUSE BILL No. 4867

May 30, 2007, Introduced by Reps. Moolenaar, Walker, Ball, Meekhof, Booher, Gaffney, Nofs, Hoogendyk, Emmons, Shaffer, Steil, Acciavatti, Caul, Stakoe, Moore, Horn, Hildenbrand, Stahl, Rick Jones, Proos, Ward, Pavlov, Knollenberg, Palmer, Rocca, Palsrok, Caswell, Moss, Green, LaJoy, Hansen, Huizenga and Opsommer 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 2007 PA 6.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           Sec. 11. (1) For the fiscal year ending September 30, 2007,  
 2 there is appropriated for the public schools of this state and  
 3 certain other state purposes relating to education the sum of  
 4 \$11,299,963,200.00 from the state school aid fund established by  
 5 section 11 of article IX of the state constitution of 1963 and the  
 6 sum of \$35,000,000.00 from the general fund. In addition, available  
 7 federal funds are appropriated for the fiscal year.

8           (2) The appropriations under this section shall be allocated  
 9 as provided in this act. Money appropriated under this section from

1 the general fund shall be expended to fund the purposes of this act  
 2 before the expenditure of money appropriated under this section  
 3 from the state school aid fund. If the maximum amount appropriated  
 4 under this section from the state school aid fund for a fiscal year  
 5 exceeds the amount necessary to fully fund allocations under this  
 6 act from the state school aid fund, that excess amount shall not be  
 7 expended in that state fiscal year and shall not lapse to the  
 8 general fund, but instead shall be deposited into the school aid  
 9 stabilization fund created in section 11a.

10 (3) If **AT THE JANUARY REVENUE ESTIMATING CONFERENCE THERE IS A**  
 11 **CONSENSUS ESTIMATE THAT** the maximum amount appropriated under this  
 12 section from the state school aid fund and the school aid  
 13 stabilization fund for a fiscal year exceeds the amount available  
 14 for expenditure from the state school aid fund for that fiscal  
 15 year, ~~payments~~ **THEN ALL OF THE FOLLOWING APPLY:**

16 (A) **PAYMENTS** under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d,  
 17 31f, 51a(2), 51a(12), 51c, 53a, and 56 shall be made in full. ~~In~~  
 18 ~~addition, for~~

19 (B) **FOR** districts beginning operations after 1994-95 that  
 20 qualify for payments under section 22b, payments under section 22b  
 21 shall be made so that the qualifying districts receive the lesser  
 22 of an amount equal to the 1994-95 foundation allowance of the  
 23 district in which the district beginning operations after 1994-95  
 24 is located or \$5,500.00. The amount of the payment to be made under  
 25 section 22b for these qualifying districts shall be as calculated  
 26 under section 22a, with the balance of the payment under section  
 27 22b being subject to the proration otherwise provided under this

1 subsection and subsection (4). ~~If proration is necessary~~

2           **(C) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION,** state  
3 payments under each of the ~~other~~ sections of this act, **OTHER THAN**  
4 **THOSE LISTED IN SUBDIVISION (A),** from all state funding sources  
5 shall be prorated in the manner prescribed in subsection (4) as  
6 necessary to reflect the amount available for expenditure from the  
7 state school aid fund for the affected fiscal year. However, if the  
8 department of treasury determines that proration will be required  
9 under this subsection, ~~or if the department of treasury determines~~  
10 ~~that further proration is required under this subsection after an~~  
11 ~~initial proration has already been made for a fiscal year,~~ the  
12 department of treasury shall notify the state budget director, and  
13 the state budget director shall notify the legislature at least 30  
14 calendar days or 6 legislative session days, whichever is more,  
15 before the department reduces any payments under this act because  
16 of the proration. **THESE NOTIFICATIONS SHALL BE MADE AS PRESCRIBED**  
17 **IN SUBDIVISION (D).** During the 30 calendar day or 6 legislative  
18 session day period after that notification by the state budget  
19 director, the department shall not reduce any payments under this  
20 act because of proration under this subsection. The legislature may  
21 prevent proration from occurring by, within the 30 calendar day or  
22 6 legislative session day period after that notification by the  
23 state budget director, enacting legislation appropriating  
24 additional funds from the general fund, countercyclical budget and  
25 economic stabilization fund, state school aid fund balance, or  
26 another source to fund the amount of the projected shortfall.

27           **(D) THE DEPARTMENT OF TREASURY SHALL MAKE A DETERMINATION THAT**

1 PRORATION WILL BE NECESSARY UNDER THIS SUBSECTION AND SHALL NOTIFY  
2 THE STATE BUDGET DIRECTOR OF THAT DETERMINATION WITHIN 2 DAYS AFTER  
3 THE JANUARY REVENUE ESTIMATING CONFERENCE. THE STATE BUDGET  
4 DIRECTOR SHALL THEN NOTIFY THE LEGISLATURE AS REQUIRED UNDER  
5 SUBDIVISION (C) WITHIN 5 DAYS AFTER RECEIVING THE NOTICE FROM THE  
6 DEPARTMENT OF TREASURY.

7 (E) IF PAYMENTS HAVE NOT BEEN PRORATED BY MARCH 1 OF THE  
8 FISCAL YEAR, THEN AN AMOUNT EQUAL TO THE AMOUNT BY WHICH THE  
9 MAXIMUM AMOUNT APPROPRIATED FROM THE STATE SCHOOL AID FUND AND THE  
10 SCHOOL AID STABILIZATION FUND FOR THE FISCAL YEAR EXCEEDS THE  
11 AMOUNT AVAILABLE FOR EXPENDITURE FROM THOSE SOURCES FOR THAT FISCAL  
12 YEAR, ACCORDING TO THE CONSENSUS ESTIMATE, IS APPROPRIATED FROM THE  
13 GENERAL FUND TO THE STATE SCHOOL AID FUND TO MAKE UP THAT  
14 DEFICIENCY, AND ALL PAYMENTS DUE UNDER THIS ACT SHALL BE MADE IN  
15 FULL.

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

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

22 (i) Districts.

23 (ii) Intermediate districts.

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

25 (b) The department shall recover a percentage of the proration  
26 amount required under subsection (3) that is equal to the  
27 percentage calculated under subdivision (a)(i) for districts by

1 reducing payments to districts. This reduction shall be made by  
2 calculating an equal dollar amount per pupil as necessary to  
3 recover this percentage of the proration amount and reducing each  
4 district's total state school aid from state sources, other than  
5 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
6 51a(2), 51a(12), 51c, and 53a, by that amount.

7 (c) The department shall recover a percentage of the proration  
8 amount required under subsection (3) that is equal to the  
9 percentage calculated under subdivision (a)(ii) for intermediate  
10 districts by reducing payments to intermediate districts. This  
11 reduction shall be made by reducing the payments to each  
12 intermediate district, other than payments under sections 11f, 11g,  
13 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
14 basis.

15 (d) The department shall recover a percentage of the proration  
16 amount required under subsection (3) that is equal to the  
17 percentage calculated under subdivision (a)(iii) for entities other  
18 than districts and intermediate districts by reducing payments to  
19 these entities. This reduction shall be made by reducing the  
20 payments to each of these entities, other than payments under  
21 sections 11j, 26a, and 26b, on an equal percentage basis.

22 (5) IF IT IS DETERMINED AT THE MAY REVENUE ESTIMATING  
23 CONFERENCE OR AT ANY OTHER TIME AFTER MARCH 1 OF THE FISCAL YEAR  
24 THAT THE MAXIMUM AMOUNT APPROPRIATED FROM THE STATE SCHOOL AID FUND  
25 AND THE SCHOOL AID STABILIZATION FUND FOR THE FISCAL YEAR EXCEEDS  
26 THE AMOUNT AVAILABLE FOR EXPENDITURE FROM THOSE SOURCES FOR THAT  
27 FISCAL YEAR, THEN AN AMOUNT EQUAL TO THAT DEFICIENCY IS

1 APPROPRIATED FROM THE GENERAL FUND TO THE STATE SCHOOL AID FUND TO  
2 MAKE UP THAT DEFICIENCY, AND ALL PAYMENTS DUE UNDER THIS ACT SHALL  
3 BE MADE IN FULL.

4 (6) ~~(5)~~—Except for the allocation under section 26a, any  
5 general fund allocations under this act that are not expended by  
6 the end of the state fiscal year are transferred to the school aid  
7 stabilization fund created under section 11a.

8 (7) ~~(6)~~—In addition to the appropriations in subsection (1),  
9 for the fiscal year ending September 30, 2007, there is  
10 appropriated from the reserve for undistributed investment income  
11 in the Michigan public school employees' retirement system an  
12 amount not to exceed \$262,000,000.00 solely for the purpose of  
13 issuing credits pursuant to section 147.

14 (8) AS USED IN THIS SECTION, "REVENUE ESTIMATING CONFERENCE"  
15 MEANS A REVENUE ESTIMATING CONFERENCE CONDUCTED UNDER SECTION 367B  
16 OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1367B.