SENATE SUBSTITUTE FOR

HOUSE BILL NO. 5314

A bill to amend 1979 PA 94, entitled

"The state school aid act of 1979,"

by amending sections 11, 17b, 201, and 236 (MCL 388.1611, 388.1617b, 388.1801, and 388.1836), section 11 as amended by 2014 PA 116, section 17b as amended by 2007 PA 137, and sections 201 and 236 as amended by 2013 PA 60.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 11. (1) For the fiscal year ending September 30, ~~2014,~~ **2015,** there is appropriated for the public schools of this state and certain other state purposes relating to education the sum of ~~$11,115,232,300.00~~ **$100.00** from the state school aid fund, the sum of ~~$156,000,000.00~~ **$0.00** from the MPSERS retirement obligation reform reserve fund created under section 147b, and the sum of

~~$234,900,000.00~~ **$0.00** from the general fund. In addition, all other available federal funds are appropriated for the fiscal year ending September 30, 2014.

(2) The appropriations under this section shall be allocated as provided in this article. Money appropriated under this section from the general fund shall be expended to fund the purposes of this article before the expenditure of money appropriated under this section from the state school aid fund.

(3) Any general fund allocations under this article that are not expended by the end of the state fiscal year are transferred to the school aid stabilization fund created under section 11a.

Sec. 17b. (1) Not later than October 20, November 20, December 20, January 20, February 20, March 20, April 20, May 20, June 20, July 20, and August 20, the department shall prepare electronic files of the amount to be distributed under this act in the installment to the districts and intermediate districts and deliver the electronic files to the state treasurer, and the state treasurer shall pay the installments on each of those dates or, if the date is not a business day, on the next business day following that date. Except as otherwise provided in this act, the portion of the district's or intermediate district's state fiscal year entitlement to be included in each installment shall be 1/11. A district or intermediate district shall accrue the payments received in July and August to the school fiscal year ending the immediately preceding June 30.

(2) The state treasurer shall make payment under this section by drawing a warrant in favor of the treasurer of each district or

intermediate district for the amount payable to the district or intermediate district according to the electronic files and delivering the warrant to the treasurer of each district or intermediate district, or if the state treasurer receives a written request by the treasurer of the district or intermediate district specifying an account, by electronic funds transfer to that account of the amount payable to the district or intermediate district according to the electronic files. The department may make adjustments in payments made under this section through additional payments when changes in law or errors in computation cause the regularly scheduled payment to be less than the amount to which the district or intermediate district is entitled pursuant to this act.

(3) Except as otherwise provided in this act, grant payments to districts and intermediate districts under this act shall be paid according to the installment **PAYMENT** schedule under subsection (1).

(4) Upon the written request of a district or intermediate district and the submission of proof satisfactory to the department of a need of a temporary and nonrecurring nature, the superintendent, with the written concurrence of the state treasurer and the state budget director, may authorize an advance release of funds due a district or intermediate district under this act. An advance authorized under this subsection shall not cause funds to be paid to a district or intermediate district more than 30 days earlier than the established payment date for those funds.

Sec. 201. (1) Subject to the conditions set forth in this article, the amounts listed in subsections (2), (4), (5), (6), and

(7) are appropriated for community colleges for the fiscal year ending September 30, ~~2014,~~ **2015,** from the funds indicated in this section. The following is a summary of the appropriations in ~~subsections (2), (4), (5), (6), and (7):~~**THIS SECTION:**

(a) The gross appropriation is ~~$335,977,600.00.~~ **$100.00.** After deducting total interdepartmental grants and intradepartmental transfers in the amount of $0.00, the adjusted gross appropriation is ~~$335,977,600.00.~~**$100.00.**

(b) The sources of the adjusted gross appropriation described in subdivision (a) are as follows:

(*i*) Total federal revenues, $0.00.

(*ii*) Total local revenues, $0.00.

(*iii*) Total private revenues, $0.00.

(*iv*) Total other state restricted revenues, ~~$197,614,100.00.~~**$100.00.**

(*v*) State general fund/general purpose money, ~~$138,363,500.00.~~**$0.00.**

(2) Subject to subsection (3), the amount appropriated for community college operations is **$100.00.** ~~$298,244,000.00, allocated as follows:~~

~~(a) Alpena Community College, $5,221,100.00.~~

~~(b) Bay de Noc Community College, $5,263,800.00.~~

~~(c) Delta College, $14,022,200.00.~~

~~(d) Glen Oaks Community College, $2,434,300.00.~~

~~(e) Gogebic Community College, $4,317,500.00.~~

~~(f) Grand Rapids Community College, $17,403,500.00.~~

~~(g) Henry Ford Community College, $20,997,900.00.~~

~~(h) Jackson Community College, $11,723,600.00.~~

~~(i) Kalamazoo Valley Community College, $12,086,900.00~~

~~(j) Kellogg Community College, $9,494,000.00.~~

~~(k) Kirtland Community College, $3,046,800.00.~~

~~(*l*) Lake Michigan College, $5,162,900.00.~~

~~(m) Lansing Community College, $29,935,300.00.~~

~~(n) Macomb Community College, $31,837,200.00.~~

~~(o) Mid Michigan Community College, $4,504,700.00.~~

~~(p) Monroe County Community College, $4,329,900.00.~~

~~(q) Montcalm Community College, $3,112,000.00.~~

~~(r) C.S. Mott Community College, $15,202,200.00.~~

~~(s) Muskegon Community College, $8,628,000.00.~~

~~(t) North Central Michigan College, $3,055,400.00.~~

~~(u) Northwestern Michigan College, $8,799,300.00.~~

~~(v) Oakland Community College, $20,422,900.00.~~

~~(w) St. Clair County Community College, $6,839,900.00.~~

~~(x) Schoolcraft College, $12,076,700.00.~~

~~(y) Southwestern Michigan College, $6,385,400.00.~~

~~(z) Washtenaw Community College, $12,573,900.00.~~

~~(aa) Wayne County Community College, $16,146,700.00.~~

~~(bb) West Shore Community College, $2,342,900.00.~~

~~(cc) Local strategic value, $877,100.00.~~

(3) The amount appropriated in subsection (2) for community college operations is appropriated from the following:

(a) State school aid fund, ~~$195,880,500.00.~~**$100.00.**

(b) State general fund/general purpose money, ~~$102,363,500.00.~~**$0.00.**

~~(4) From the appropriations described in subsection (1), there is appropriated for fiscal year 2013-2014 an amount not to exceed $1,733,600.00 for payments to community colleges from the state school aid fund. A community college that receives money under this subsection shall use that money solely for the purpose of offsetting a portion of the retirement contributions owed by the college for the fiscal year ending September 30, 2014. The amount allocated to each participating community college under this section shall be based on each participating college's total payroll covered by the retirement system-covered payroll for all participating colleges for the immediately preceding state fiscal year.~~

~~(5) From the appropriations described in subsection (1), there is appropriated an amount not to exceed $31,400,000.00 from the state general fund for payments to community colleges that are participating entities of the retirement system. All of the following apply to the appropriations described in this subsection:~~

~~(a) The amount of a payment under this subsection shall be the difference between the unfunded actuarial accrued liability contribution rate as calculated under section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341, and the maximum employer rate of 20.96% under section 41 of the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1341.~~

~~(b) The amount allocated to each community college under this subsection shall be based on each community college's percentage of the total covered payroll for all community colleges that are~~

~~participating colleges in the immediately preceding fiscal year. A community college that receives funds under this subsection shall use the funds solely for the purpose of retirement contributions under subdivision (c).~~

~~(c) Each participating college receiving funds under this subsection shall forward an amount equal to the amount allocated under subdivision (b) to the retirement system in a form and manner determined by the retirement system.~~

~~(6) All of the following apply to community colleges described in section 12(3) of the Michigan renaissance zone act, MCL 125.2692:~~

~~(a) From the appropriations described in subsection (1), the following amount is appropriated for reimbursement to community colleges under section 12(3) of the Michigan renaissance zone act, MCL 125.2692:~~

~~(*i*) If the amount of tax revenue lost by community colleges as a result of the exemption of property under the Michigan renaissance zone act in fiscal year 2012-2013 is $3,500,000.00 or more, $3,500,000.00 from the state general fund.~~

~~(*ii*) If the amount of tax revenue lost by community colleges as a result of the exemption of property under the Michigan renaissance zone act in fiscal year 2012-2013 is less than $3,500,000.00, the actual amount of tax revenue lost by the community colleges.~~

~~(b) The amount allocated to each community college under this subsection shall be based on that community college's proportion of total revenue lost by community colleges in fiscal year 2012-2013~~

~~as a result of the exemption of property under the Michigan renaissance zone act.~~

~~(c) The appropriations described in this subsection shall be made to each eligible community college within 60 days after the department of treasury certifies to the state budget director that it has received all necessary information to properly determine the amounts of tax revenue lost by each eligible community college in fiscal year 2012-2013 under section 12 of the Michigan renaissance zone act, MCL 125.2692.~~

~~(7) From the appropriations described in subsection (1), there is appropriated $1,100,000.00 from the state general fund, for fiscal year 2013-2014 only, to the Michigan community college association, for the purpose of expanding the Michigan community college virtual learning collaborative. The Michigan community college association shall provide information on request to the house and senate subcommittees on community colleges, the house and senate fiscal agencies, and the state budget director on the use of these funds until the project is completed.~~

~~(8) As used in this section:~~

~~(a) "Michigan renaissance zone act" means the Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696.~~

~~(b) "Participating college" means a community college that is a reporting unit of the retirement system and that reports employees to the retirement system for the state fiscal year.~~

~~(c) "Retirement board" means the board that administers the retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.~~

~~(d) "Retirement system" means the Michigan public school employees' retirement system under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.~~

Sec. 236. ~~(1)~~ Subject to the conditions set forth in this article, the amounts listed in ~~subsections (2) to (6)~~ **THIS SECTION** are appropriated for higher education for the fiscal year ending September 30, ~~2014,~~ **2015,** from the funds indicated in this section. The following is a summary of the appropriations in ~~subsections (2) to (6):~~**THIS SECTION:**

(a) The gross appropriation ~~is $1,430,573,500.00.~~ **$100.00.** After deducting total interdepartmental grants and intradepartmental transfers in the amount of $0.00, the adjusted gross appropriation is ~~$1,430,573,500.00.~~**$100.00.**

(b) The sources of the adjusted gross appropriation described in subdivision (a) are as follows:

(*i*) Total federal revenues, ~~$97,026,400.00.~~**$0.00.**

(*ii*) Total local revenues, $0.00.

(*iii*) Total private revenues, $0.00.

(*iv*) Total other state restricted revenues, ~~$200,565,700.00.~~**$100.00.**

(*v*) State general fund/general purpose money, ~~$1,132,981,400.00.~~**$0.00.**

~~(2) Amounts appropriated for public universities are as follows:~~

~~(a) The appropriation for Central Michigan University is $73,486,600.00, $71,352,300.00 for operations and $2,134,300.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $11,284,600.00.~~

~~(*ii*) State general fund/general purpose money, $62,202,000.00.~~

~~(b) The appropriation for Eastern Michigan University is $67,255,600.00, $66,466,700.00 for operations and $788,900.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $10,706,400.00.~~

~~(*ii*) State general fund/general purpose money, $56,549,200.00.~~

~~(c) The appropriation for Ferris State University is $45,602,600.00, $44,250,700.00 for operations and $1,351,900.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $6,846,800.00.~~

~~(*ii*) State general fund/general purpose money, $38,755,800.00.~~

~~(d) The appropriation for Grand Valley State University is $57,765,100.00, $55,436,000.00 for operations and $2,329,100.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $8,727,800.00.~~

~~(*ii*) State general fund/general purpose money, $49,037,300.00.~~

~~(e) The appropriation for Lake Superior State University is $12,226,500.00, $12,046,100.00 for operations and $180,400.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $1,787,600.00.~~

~~(*ii*) State general fund/general purpose money, $10,438,900.00.~~

~~(f) The appropriation for Michigan State University is $305,775,000.00, $245,037,000.00 for operations, $4,449,300.00 for performance funding, $30,243,900.00 for MSU AgBioResearch, and $26,044,800.00 for MSU extension, appropriated from the following:~~

~~(*i*) State school aid fund, $39,949,900.00.~~

~~(*ii*) State general fund/general purpose money, $265,825,100.00.~~

~~(g) The appropriation for Michigan Technological University is $43,451,900.00, $42,579,100.00 for operations and $872,800.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $6,748,900.00.~~

~~(*ii*) State general fund/general purpose money, $36,703,000.00.~~

~~(h) The appropriation for Northern Michigan University is $41,719,800.00, $40,856,600.00 for operations and $863,200.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $6,356,900.00.~~

~~(*ii*) State general fund/general purpose money, $35,362,900.00.~~

~~(i) The appropriation for Oakland University is $45,634,800.00, $44,964,100.00 for operations and $670,700.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $7,148,400.00.~~

~~(*ii*) State general fund/general purpose money, $38,486,400.00.~~

~~(j) The appropriation for Saginaw Valley State University is $25,982,800.00, $25,656,700.00 for operations and $326,100.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $3,903,800.00.~~

~~(*ii*) State general fund/general purpose money, $22,079,000.00.~~

~~(k) The appropriation for University of Michigan - Ann Arbor is $279,108,700.00, $274,156,700.00 for operations and $4,952,000.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $44,536,300.00.~~

~~(*ii*) State general fund/general purpose money, $234,572,400.00.~~

~~(*l*) The appropriation for University of Michigan - Dearborn is $22,503,700.00, $22,237,300.00 for operations and $266,400.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $3,482,100.00.~~

~~(*ii*) State general fund/general purpose money, $19,021,600.00.~~

~~(m) The appropriation for University of Michigan - Flint is $19,928,100.00, $19,526,600.00 for operations and $401,500.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $2,942,900.00.~~

~~(*ii*) State general fund/general purpose money, $16,985,200.00.~~

~~(n) The appropriation for Wayne State University is $183,933,000.00, $183,398,300.00 for operations and $534,700.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $30,160,600.00.~~

~~(*ii*) State general fund/general purpose money, $153,772,400.00.~~

~~(o) The appropriation for Western Michigan University is $97,235,200.00, $95,487,500.00 for operations and $1,747,700.00 for performance funding, appropriated from the following:~~

~~(*i*) State school aid fund, $15,436,500.00.~~

~~(*ii*) State general fund/general purpose money, $81,798,700.00.~~

~~(3) The amount appropriated for Michigan public school employees' retirement system reimbursement is $2,446,200.00, $446,200.00 appropriated from the state school aid fund and $2,000,000.00 appropriated from general fund/general purpose money.~~

~~(4) The amount appropriated for state and regional programs is $2,200,000.00 appropriated from general fund/general purpose money and allocated as follows:~~

~~(a) College access program, $2,000,000.00.~~

~~(b) Higher education database modernization and conversion, $105,000.00.~~

~~(c) Midwestern higher education compact, $95,000.00.~~

~~(5) The amount appropriated for the Martin Luther King, Jr. - Cesar Chavez - Rosa Parks program is $2,691,500.00, appropriated from general fund/general purpose money and allocated as follows:~~

~~(a) Select student support services, $1,956,100.00.~~

~~(b) Michigan college/university partnership program, $586,800.00.~~

~~(c) Morris Hood, Jr. educator development program, $148,600.00.~~

~~(6) Subject to subsection (7), the amount appropriated for grants and financial aid is $101,626,400.00, allocated as follows:~~

~~(a) State competitive scholarships, $18,361,700.00.~~

~~(b) Tuition grants, $31,664,700.00.~~

~~(c) Tuition incentive program, $47,000,000.00.~~

~~(d) Children of veterans and officer's survivor tuition grant programs, $1,400,000.00.~~

~~(e) Project GEAR-UP, $3,200,000.00.~~

~~(7) The money appropriated in subsection (6) for grants and financial aid is appropriated from the following:~~

~~(a) Federal revenues under the United States department of education, office of elementary and secondary education, GEAR-UP program, $3,200,000.00.~~

~~(b) Federal revenues under the social security act, temporary assistance for needy families, $93,826,400.00.~~

~~(c) Contributions to children of veterans tuition grant program, $100,000.00.~~

~~(d) State general fund/general purpose money, $4,500,000.00.~~

Enacting section 1. (1) In accordance with section 30 of article IX of the state constitution of 1963, total state spending on school aid under article I of the state school aid act of 1979, MCL 388.1601 to 388.1772, as amended by this amendatory act, from state sources for fiscal year 2014-2015 is estimated at $100.00 and the amount of those state appropriations for school aid to be paid to local units of government for fiscal year 2014-2015 is estimated at $100.00.

(2) In accordance with section 30 of article IX of the state constitution of 1963, total state spending from state resources for community colleges for fiscal year 2014-2015 under article II of the state school aid act of 1979, MCL 388.1801 to 388.1830, as amended by this amendatory act, is estimated at $100.00 and the amount of that state spending from state resources to be paid to local units of government for fiscal year 2014-2015 is estimated at $100.00.

(3) In accordance with section 30 of article IX of the state constitution of 1963, total state spending from state resources for higher education for fiscal year 2014-2015 under article III of the state school aid act of 1979, MCL 388.1836 to 388.1894, as amended by this amendatory act, is estimated at $100.00 and the amount of that state spending from state resources to be paid to local units of government for fiscal year 2014-2015 is estimated at $0.00.