

HOUSE BILL NO. 4692

May 30, 2023, Introduced by Rep. Meerman and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
by amending sections 11 and 147c (MCL 388.1611 and 388.1747c), as
amended by 2023 PA 3.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30, 2022,~~
2 ~~there is appropriated for the public schools of this state and~~
3 ~~certain other state purposes relating to education the sum of~~
4 ~~\$14,511,014,700.00 from the state school aid fund, the sum of~~
5 ~~\$98,119,400.00 from the general fund, an amount not to exceed~~

1 ~~\$72,000,000.00 from the community district education trust fund~~
 2 ~~created under section 12 of the Michigan trust fund act, 2000 PA~~
 3 ~~489, MCL 12.262, and an amount not to exceed \$100.00 from the water~~
 4 ~~emergency reserve fund.~~ For the fiscal year ending September 30,
 5 2023, there is appropriated for the public schools of this state
 6 and certain other state purposes relating to education the sum of
 7 ~~\$16,754,072,900.00~~ **\$17,754,072,900.00** from the state school aid
 8 fund, the sum of \$124,200,000.00 from the general fund, an amount
 9 not to exceed \$72,000,000.00 from the community district education
 10 trust fund created under section 12 of the Michigan trust fund act,
 11 2000 PA 489, MCL 12.262, and an amount not to exceed
 12 \$140,400,000.00 from the MPERS retirement obligation reform
 13 reserve fund created under section 147b. In addition, all available
 14 federal funds are only appropriated as allocated in this article
 15 for the fiscal ~~years~~ **year** ending ~~September 30, 2022 and~~ September
 16 30, 2023.

17 (2) The appropriations under this section are allocated as
 18 provided in this article. Money appropriated under this section
 19 from the general fund must be expended to fund the purposes of this
 20 article before the expenditure of money appropriated under this
 21 section from the state school aid fund.

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

25 Sec. 147c. (1) From the state school aid fund money
 26 appropriated in section 11, there is allocated for 2022-2023 an
 27 amount not to exceed \$1,478,000,000.00, and from the MPERS
 28 retirement obligation reform reserve fund money appropriated in
 29 section 11, there is allocated for 2022-2023 only an amount needed,

1 estimated at \$140,400,000.00, for payments to districts and
2 intermediate districts that are participating entities of the
3 Michigan public school employees' retirement system. In addition,
4 from the general fund money appropriated in section 11, there is
5 allocated for 2022-2023 an amount not to exceed \$500,000.00 for
6 payments to district libraries that are participating entities of
7 the Michigan public school employees' retirement system. It is the
8 intent of the legislature that money allocated from the MPSERS
9 retirement obligation reform reserve fund under this subsection for
10 2022-2023 represents the amount necessary to reduce the payroll
11 growth assumption to 1.75%. All of the following apply to funding
12 under this subsection:

13 (a) Except as otherwise provided in this subdivision, for
14 2022-2023, the amounts allocated under this subsection are
15 estimated to provide an average MPSERS rate cap per pupil amount of
16 \$1,042.00 and are estimated to provide a rate cap per pupil for
17 districts ranging between \$5.00 and \$3,700.00. For 2022-2023, if
18 the retirement system determines the average MPSERS rate cap per
19 pupil amount and rate cap per pupil for districts estimated in the
20 immediately preceding sentence need to be adjusted, the estimated
21 average MPSERS rate cap per pupil amount and estimated rate cap per
22 pupil for districts under this subdivision are the estimations
23 determined by the retirement system. If the retirement system makes
24 a determination as described in the immediately preceding sentence,
25 it shall issue its estimations publicly and describe the need for
26 the adjustment described in the immediately preceding sentence.

27 (b) Payments made under this subsection are equal to the
28 difference between the unfunded actuarial accrued liability
29 contribution rate as calculated under section 41 of the public

1 school employees retirement act of 1979, 1980 PA 300, MCL 38.1341,
2 as calculated without taking into account the maximum employer rate
3 of 20.96% included in section 41 of the public school employees
4 retirement act of 1979, 1980 PA 300, MCL 38.1341, and the maximum
5 employer rate of 20.96% included in section 41 of the public school
6 employees retirement act of 1979, 1980 PA 300, MCL 38.1341.

7 (c) The amount allocated to each participating entity under
8 this subsection is based on each participating entity's proportion
9 of the total covered payroll for the immediately preceding fiscal
10 year for the same type of participating entities. A participating
11 entity that receives funds under this subsection shall use the
12 funds solely for the purpose of retirement contributions as
13 specified in subdivision (d).

14 (d) Each participating entity receiving funds under this
15 subsection shall forward an amount equal to the amount allocated
16 under subdivision (c) to the retirement system in a form, manner,
17 and time frame determined by the retirement system.

18 (e) Funds allocated under this subsection should be considered
19 when comparing a district's growth in total state aid funding from
20 1 fiscal year to the next.

21 (f) Not later than December 20 of each fiscal year for which
22 funding is allocated under this subsection, the department shall
23 publish and post on its website an estimated MPERS rate cap per
24 pupil for each district.

25 (g) The office of retirement services shall first apply funds
26 allocated under this subsection to pension contributions and, if
27 any funds remain after that payment, shall apply those remaining
28 funds to other postemployment benefit contributions.

29 (2) In addition to the funds allocated under subsection (1),

1 from the state school aid fund money appropriated in section 11,
2 there is allocated for 2022-2023 only ~~\$1,000,000,000.00~~
3 **\$2,000,000,000.00** for payments to participating entities of the
4 Michigan public school employees' retirement system. The amount
5 allocated to each participating entity under this subsection must
6 be based on each participating entity's proportion of the total
7 covered payroll for the immediately preceding fiscal year. A
8 participating entity that receives funds under this subsection
9 shall use the funds solely for purposes of this subsection. Each
10 participating entity receiving funds under this subsection shall
11 forward an amount equal to the amount allocated under this
12 subsection to the retirement system in a form, manner, and time
13 frame determined by the retirement system. The retirement system
14 shall recognize funds received under this subsection as additional
15 assets being contributed to the system and shall not categorize
16 them as unfunded actuarial liability contributions or normal cost
17 contributions.

18 (3) As used in this section:

19 (a) "Community college" means a community college created
20 under the community college act of 1966, 1966 PA 331, MCL 389.1 to
21 389.195.

22 (b) "District library" means a district library established
23 under the district library establishment act, 1989 PA 24, MCL
24 397.171 to 397.196.

25 (c) "MPERS rate cap per pupil" means an amount equal to the
26 quotient of the district's payment under this section divided by
27 the district's pupils in membership.

28 (d) "Participating entity" means:

29 (i) As used in subsection (1) only, a district, intermediate

1 district, or district library that is a reporting unit of the
2 Michigan public school employees' retirement system under the
3 public school employees retirement act of 1979, 1980 PA 300, MCL
4 38.1301 to 38.1437, and that reports employees to the Michigan
5 public school employees' retirement system for the applicable
6 fiscal year.

7 (ii) As used in subsection (2) only, a district, intermediate
8 district, community college, or district library that is a
9 reporting unit of the Michigan public school employees' retirement
10 system under the public school employees retirement act of 1979,
11 1980 PA 300, MCL 38.1301 to 38.1437, and that reports employees to
12 the Michigan public school employees' retirement system for the
13 applicable fiscal year.

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