

# HOUSE BILL No. 6129

May 20, 2008, Introduced by Reps. Meltzer, Opsommer, Amos, Marleau, Agema and Palsrok 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 17b (MCL 388.1611 and 388.1617b), as amended by 2007 PA 137.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 11. (1) For the fiscal year ending September 30, 2008,  
 2 there is appropriated for the public schools of this state and  
 3 certain other state purposes relating to education the sum of  
 4 ~~\$11,493,064,200.00~~ **\$11,280,789,200.00** from the state school aid  
 5 fund established by section 11 of article IX of the state  
 6 constitution of 1963 and the sum of ~~\$34,909,600.00~~ **\$245,909,600.00**  
 7 from the general fund. In addition, available federal funds are  
 8 appropriated for the fiscal year ending September 30, 2008.

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

12           (3) If the maximum amount appropriated under this section from  
13 the state school aid fund and the school aid stabilization fund for  
14 a fiscal year exceeds the amount available for expenditure from the  
15 state school aid fund for that fiscal year, payments under sections  
16 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f, 51a(2), 51a(12), 51c, 53a,  
17 and 56 shall be made in full. In addition, for districts beginning  
18 operations after 1994-95 that qualify for payments under section  
19 22b, payments under section 22b shall be made so that the  
20 qualifying districts receive the lesser of an amount equal to the  
21 1994-95 foundation allowance of the district in which the district  
22 beginning operations after 1994-95 is located or \$5,500.00. The  
23 amount of the payment to be made under section 22b for these  
24 qualifying districts shall be as calculated under section 22a, with  
25 the balance of the payment under section 22b being subject to the  
26 proration otherwise provided under this subsection and subsection  
27 (4). If proration is necessary, state payments under each of the

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

23 (4) If proration is necessary under subsection (3), the  
24 department shall calculate the proration in district and  
25 intermediate district payments that is required under subsection  
26 (3) as follows:

27 (a) The department shall calculate the percentage of total

1 state school aid allocated under this act for the affected fiscal  
2 year for each of the following:

3 (i) Districts.

4 (ii) Intermediate districts.

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

6 (b) The department shall recover a percentage of the proration  
7 amount required under subsection (3) that is equal to the  
8 percentage calculated under subdivision (a) (i) for districts by  
9 reducing payments to districts. This reduction shall be made by  
10 calculating an equal dollar amount per pupil as necessary to  
11 recover this percentage of the proration amount and reducing each  
12 district's total state school aid from state sources, other than  
13 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 31f,  
14 51a(2), 51a(12), 51c, and 53a, by that amount.

15 (c) 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) (ii) for intermediate  
18 districts by reducing payments to intermediate districts. This  
19 reduction shall be made by reducing the payments to each  
20 intermediate district, other than payments under sections 11f, 11g,  
21 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage  
22 basis.

23 (d) The department shall recover a percentage of the proration  
24 amount required under subsection (3) that is equal to the  
25 percentage calculated under subdivision (a) (iii) for entities other  
26 than districts and intermediate districts by reducing payments to  
27 these entities. This reduction shall be made by reducing the

1 payments to each of these entities, other than payments under  
2 sections 11j, 26a, and 26b, on an equal percentage basis.

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

7 Sec. 17b. (1) Not later than October 20, November 20, December  
8 20, January 20, February 20, March 20, April 20, May 20, June 20,  
9 July 20, and August 20, the department shall prepare electronic  
10 files of the amount to be distributed under this act in the  
11 installment to the districts and intermediate districts and deliver  
12 the electronic files to the state treasurer, and the state  
13 treasurer shall pay the installments on each of those dates or, if  
14 the date is not a business day, on the next business day following  
15 that date. Except as otherwise provided in this act, the portion of  
16 the district's or intermediate district's state fiscal year  
17 entitlement to be included in each installment shall be 1/11. A  
18 district or intermediate district shall accrue the payments  
19 received in July and August to the school fiscal year ending the  
20 immediately preceding June 30.

21 (2) The state treasurer shall make payment under this section  
22 by drawing a warrant in favor of the treasurer of each district or  
23 intermediate district for the amount payable to the district or  
24 intermediate district according to the electronic files and  
25 delivering the warrant to the treasurer of each district or  
26 intermediate district, or if the state treasurer receives a written  
27 request by the treasurer of the district or intermediate district

1 specifying an account, by electronic funds transfer to that account  
2 of the amount payable to the district or intermediate district  
3 according to the electronic files. The department may make  
4 adjustments in payments made under this section through additional  
5 payments when changes in law or errors in computation cause the  
6 regularly scheduled payment to be less than the amount to which the  
7 district or intermediate district is entitled pursuant to this act.

8 (3) Except as otherwise provided in this act, grant payments  
9 to districts and intermediate districts under this act shall be  
10 paid according to the installment **PAYMENT** schedule under subsection  
11 (1).

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

21 Enacting section 1. This amendatory act does not take effect  
22 unless Senate Bill No. \_\_\_\_ or House Bill No. 6128(request no.  
23 05672'07 \*) of the 94th Legislature is enacted into law.