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SFA**BILL ANALYSIS**

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House Bill 5083 (Conference Report)
Sponsor: Representative Robert Emerson
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

House Bill 5083 would provide for two amendments to provisions of Public Act 431 of 1984, the Management and Budget Act. The first amendment would provide for transfers of funds from the Budget Stabilization Fund (BSF) to the School Aid Fund (SAF). These transfers would occur during the period FY 1997-98 through FY 2007-08. The amount of the transfers would equal \$212.0 million in FY 1997-98, \$73.7 million in FY 1998-99, and \$32.0 million annually for the period FY 1999-2000 through FY 2007-08. These funds would be used to finance the State's financial obligations to school districts resulting from the recent Michigan Supreme Court decision in the case Durant v. State of Michigan.

The second amendment contained in House Bill 5083 would require that all General Fund/General Purpose (GF/GP) year-end balances at final bookclosing be automatically transferred to the BSF. This provision would take effect beginning in FY 1997-98.

House Bill 5083 is tie-barred to Senate Bill 178, which makes appropriations to school districts and Senate bill 719, which amends the Public School Employees Retirement System.

MCL 18.1354

FISCAL IMPACT

House Bill 5083 would provide for withdrawals from the BSF totaling \$602.7 million over the period FY 1997-98 through FY 2007-08. Based on the assumption of no other additional pay-ins or withdrawals from the BSF over this time period, the BSF would have an estimated year-end balance of \$1.25 billion at the close of FY 2007-08. The current balance in the BSF is approximately \$1.15 billion. To the extent that the provision for the automatic transfer into the BSF of GF/GP year-end balances increased the BSF, the FY 2007-08 year-end balance estimate would increase.

Date Completed: 11-12-97

Fiscal Analyst: G. Olson

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