



HOUSE BILL No. 5793

May 16, 2000, Introduced by Reps. Birkholz, Garcia, Richner, Julian, Jelinek, Pappageorge, Jellema, DeRossett, Shackleton, Rick Johnson, Van Woerkom, Vander Roest, Geiger, Caul, Howell, Sanborn, Bovin, Middaugh, Cameron Brown, Bishop, Mead, Jansen and Toy and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled
"The state school aid act of 1979,"
(MCL 388.1601 to 388.1772) by adding section 11k.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 11K. (1) IN ADDITION TO OTHER MONEY APPROPRIATED UNDER
2 THIS ACT, ALL OF THE MONEY TRANSFERRED TO THE STATE SCHOOL AID
3 RESERVE ACCOUNT UNDER SECTION 11J IS APPROPRIATED FOR THE FISCAL
4 YEAR ENDING SEPTEMBER 30, 2000 FOR THE PURPOSES OF THIS SECTION.
5 IN ADDITION TO OTHER MONEY APPROPRIATED UNDER THIS ACT, ALL OF
6 THE MONEY IN THE STATE SCHOOL AID RESERVE ACCOUNT IS APPROPRIATED
7 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001 FOR THE PURPOSES OF
8 THIS SECTION. IN ADDITION TO OTHER MONEY APPROPRIATED UNDER THIS
9 ACT, ALL OF THE MONEY IN THE STATE SCHOOL AID RESERVE ACCOUNT IS
10 APPROPRIATED FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2002 FOR
11 THE PURPOSES OF THIS SECTION. IN ADDITION TO OTHER MONEY

1 APPROPRIATED UNDER THIS ACT, ALL OF THE MONEY IN THE STATE SCHOOL
2 AID RESERVE ACCOUNT IS APPROPRIATED FOR THE FISCAL YEAR ENDING
3 SEPTEMBER 30, 2003 FOR THE PURPOSES OF THIS SECTION.

4 (2) AN ELIGIBLE DISTRICT OR INTERMEDIATE DISTRICT MAY OBTAIN
5 AN INTEREST-FREE LOAN FROM THE STATE SCHOOL AID RESERVE ACCOUNT
6 TO ASSIST THE DISTRICT OR INTERMEDIATE DISTRICT IN PAYING
7 EMPLOYEE WAGES INCURRED OR PAYABLE DURING THE PERIOD BETWEEN THE
8 DISTRICT'S OR INTERMEDIATE DISTRICT'S JUNE PAYMENT UNDER THIS ACT
9 FOR A STATE FISCAL YEAR AND THE DISTRICT'S OR INTERMEDIATE
10 DISTRICT'S FIRST PAYMENT UNDER THIS ACT FOR THE NEXT STATE FISCAL
11 YEAR.

12 (3) A DISTRICT OR INTERMEDIATE DISTRICT SHALL APPLY TO THE
13 SUPERINTENDENT FOR A LOAN FROM THE STATE SCHOOL AID RESERVE
14 ACCOUNT UNDER THIS SECTION NOT LATER THAN JULY 1 OF A STATE
15 FISCAL YEAR, IN THE FORM AND MANNER PRESCRIBED BY THE
16 SUPERINTENDENT. THE SUPERINTENDENT SHALL APPROVE OR DISAPPROVE
17 THE LOAN AND NOTIFY THE DISTRICT OR INTERMEDIATE DISTRICT OF THAT
18 DECISION NOT LATER THAN JULY 20 OF THAT FISCAL YEAR. A LOAN
19 UNDER THIS SECTION SHALL BE PAID TO THE DISTRICT OR INTERMEDIATE
20 DISTRICT ON AUGUST 1 OF THAT FISCAL YEAR, OR ON THE NEXT BUSINESS
21 DAY, IN THE SAME MANNER AS A PAYMENT UNDER SECTION 17B.

22 (4) A DISTRICT OR INTERMEDIATE DISTRICT RECEIVING A LOAN
23 UNDER THIS SECTION SHALL PLEDGE ITS STATE SCHOOL AID TO SECURE
24 THE LOAN AND SHALL REPAY THE LOAN IN FULL NOT LATER THAN MAY 1 OF
25 THE NEXT STATE FISCAL YEAR. IF A DISTRICT OR INTERMEDIATE DIS-
26 TRICT DOES NOT REPAY THE LOAN IN FULL BY THAT DATE, THE
27 SUPERINTENDENT SHALL WITHHOLD THE BALANCE FROM THE DISTRICT'S OR

1 INTERMEDIATE DISTRICT'S REMAINING PAYMENTS UNDER THIS ACT FOR THE
2 FISCAL YEAR IN WHICH REPAYMENT IS DUE. THE STATE TREASURER SHALL
3 DEPOSIT ALL REPAYMENTS AND MONEY WITHHELD UNDER THIS SECTION IN
4 THE STATE SCHOOL AID RESERVE ACCOUNT.

5 (5) TO BE ELIGIBLE FOR A LOAN UNDER THIS SECTION, A DISTRICT
6 OR INTERMEDIATE DISTRICT MUST MEET 1 OF THE FOLLOWING:

7 (A) THE AMOUNT OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S
8 ESTIMATED GENERAL FUND BALANCE FOR THE CURRENT FISCAL YEAR,
9 EXCLUDING THE JULY AND AUGUST PAYMENTS DUE TO THE DISTRICT OR
10 INTERMEDIATE DISTRICT FOR THE CURRENT FISCAL YEAR, IS A NEGATIVE
11 AMOUNT.

12 (B) THE AMOUNT OF THE DISTRICT'S OR INTERMEDIATE DISTRICT'S
13 ESTIMATED GENERAL FUND BALANCE FOR THE CURRENT FISCAL YEAR,
14 EXCLUDING THE JULY AND AUGUST PAYMENTS DUE TO THE DISTRICT OR
15 INTERMEDIATE DISTRICT FOR THE CURRENT FISCAL YEAR, IS NOT A NEGA-
16 TIVE AMOUNT, BUT IS LESS THAN AN AMOUNT EQUAL TO 65% OF THE
17 DISTRICT'S OR INTERMEDIATE DISTRICT'S ESTIMATED AVERAGE MONTHLY
18 EXPENDITURE FOR EMPLOYEE WAGES FOR THE PERIOD FROM JULY 1 TO
19 SEPTEMBER 30 OF THE CURRENT FISCAL YEAR.

20 (6) THE MAXIMUM AMOUNT OF A LOAN TO A DISTRICT OR INTERMEDI-
21 ATE DISTRICT UNDER THIS SECTION IS AS FOLLOWS:

22 (A) FOR A DISTRICT THAT IS ELIGIBLE UNDER SUBSECTION (5)(A),
23 AN AMOUNT EQUAL TO 65% OF THE DISTRICT'S OR INTERMEDIATE
24 DISTRICT'S ESTIMATED AVERAGE MONTHLY EXPENDITURE FOR EMPLOYEE
25 WAGES FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 OF THE CURRENT
26 FISCAL YEAR.

1 (B) FOR A DISTRICT THAT IS ELIGIBLE UNDER SUBSECTION (5)(B),
2 AN AMOUNT EQUAL TO A PERCENTAGE OF THE DISTRICT'S OR INTERMEDIATE
3 DISTRICT'S ESTIMATED AVERAGE MONTHLY EXPENDITURE FOR EMPLOYEE
4 WAGES FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 OF THE CURRENT
5 FISCAL YEAR. THIS PERCENTAGE SHALL BE CALCULATED BY SUBTRACTING
6 FROM 65 PERCENTAGE POINTS THE PERCENTAGE OF THE DISTRICT'S OR
7 INTERMEDIATE DISTRICT'S ESTIMATED AVERAGE MONTHLY EXPENDITURE FOR
8 EMPLOYEE WAGES FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 OF THE
9 CURRENT FISCAL YEAR THAT COULD BE PAID BY THE AMOUNT OF THE
10 DISTRICT'S OR INTERMEDIATE DISTRICT'S ESTIMATED GENERAL FUND BAL-
11 ANCE FOR THE CURRENT FISCAL YEAR, EXCLUDING THE JULY AND AUGUST
12 PAYMENTS DUE TO THE DISTRICT OR INTERMEDIATE DISTRICT FOR THE
13 CURRENT FISCAL YEAR, AS DESCRIBED IN SUBSECTION (5)(B).

14 (7) IF THE AMOUNT AVAILABLE IN THE STATE SCHOOL AID RESERVE
15 ACCOUNT FOR A PARTICULAR FISCAL YEAR IS NOT SUFFICIENT TO PAY THE
16 MAXIMUM LOAN TO EACH ELIGIBLE DISTRICT OR INTERMEDIATE DISTRICT,
17 AS CALCULATED UNDER SUBSECTION (6), THE SUPERINTENDENT SHALL PRO-
18 RATE THE AMOUNT OF EACH DISTRICT'S OR INTERMEDIATE DISTRICT'S
19 LOAN ON AN EQUAL PERCENTAGE BASIS ACCORDING TO THE AMOUNT
20 AVAILABLE.

21 (8) A DISTRICT OR INTERMEDIATE DISTRICT SHALL USE THE PRO-
22 CEEDS OF A LOAN UNDER THIS SECTION ONLY FOR EMPLOYEE WAGES AS
23 DESCRIBED IN SUBSECTION (2).

24 (9) AS USED IN THIS SECTION, "STATE SCHOOL AID RESERVE
25 ACCOUNT" MEANS THE SEPARATE ACCOUNT IN THE STATE SCHOOL AID FUND
26 DESCRIBED IN SECTION 11J.

1 Enacting section 1. This amendatory act does not take
2 effect unless Senate Bill No. _____ or House Bill No. 5794
3 (request no. 06603'00) of the 90th Legislature is enacted into
4 law.