

HOUSE BILL No. 6033

May 4, 2006, Introduced by Reps. Ward, Farhat 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 section 11 (MCL 388.1611), as amended by 2005 PA 155.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~For the fiscal year ending September 30, 2005,~~
2 ~~there is appropriated for the public schools of this state and~~
3 ~~certain other state purposes relating to education the sum of~~
4 ~~\$10,907,222,200.00 from the state school aid fund established by~~
5 ~~section 11 of article IX of the state constitution of 1963, the sum~~
6 ~~of \$41,100,000.00 from the proceeds of capitalization of the school~~
7 ~~bond loan fund revolving fund, and the sum of \$165,200,000.00 from~~
8 ~~the general fund.~~ For the fiscal year ending September 30, 2006,

1 there is appropriated for the public schools of this state and
2 certain other state purposes relating to education the sum of
3 \$11,257,600,000.00 from the state school aid fund established by
4 section 11 of article IX of the state constitution of 1963, the sum
5 of \$44,500,000.00 from the proceeds of capitalization of the school
6 bond loan fund revolving fund, and the sum of \$62,714,000.00 from
7 the general fund. In addition, available federal funds are
8 appropriated for each fiscal year.

9 (2) IN ADDITION TO THE GENERAL FUND MONEY APPROPRIATED UNDER
10 SUBSECTION (1), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2007,
11 THERE IS APPROPRIATED FROM THE GENERAL FUND FOR THE PUBLIC SCHOOLS
12 OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO
13 EDUCATION AS PROVIDED UNDER THIS ACT AN AMOUNT EQUAL TO 20% OF THE
14 NET REVENUE IN THE STATE LOTTERY FUND AND ANY MONEY OR INTEREST
15 GENERATED BY THE STATE LOTTERY FUND AND SHARE OF COMMON CASH THAT
16 WAS DEPOSITED FOR THE 2005-2006 FISCAL YEAR IN THE STATE SCHOOL AID
17 FUND UNDER SECTION 41 OF THE MCCAULEY-TRAXLER-LAW-BOWMAN-MCNEELY
18 LOTTERY ACT, 1972 PA 239, MCL 432.41.

19 (3) IN ADDITION TO THE GENERAL FUND MONEY APPROPRIATED UNDER
20 SUBSECTION (1), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2008,
21 THERE IS APPROPRIATED FROM THE GENERAL FUND FOR THE PUBLIC SCHOOLS
22 OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO
23 EDUCATION AS PROVIDED UNDER THIS ACT AN AMOUNT EQUAL TO 40% OF THE
24 NET REVENUE IN THE STATE LOTTERY FUND AND ANY MONEY OR INTEREST
25 GENERATED BY THE STATE LOTTERY FUND AND SHARE OF COMMON CASH THAT
26 WAS DEPOSITED FOR THE 2005-2006 FISCAL YEAR IN THE STATE SCHOOL AID
27 FUND UNDER SECTION 41 OF THE MCCAULEY-TRAXLER-LAW-BOWMAN-MCNEELY

1 LOTTERY ACT, 1972 PA 239, MCL 432.41.

2 (4) IN ADDITION TO THE GENERAL FUND MONEY APPROPRIATED UNDER
3 SUBSECTION (1), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2009,
4 THERE IS APPROPRIATED FROM THE GENERAL FUND FOR THE PUBLIC SCHOOLS
5 OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO
6 EDUCATION AS PROVIDED UNDER THIS ACT AN AMOUNT EQUAL TO 60% OF THE
7 NET REVENUE IN THE STATE LOTTERY FUND AND ANY MONEY OR INTEREST
8 GENERATED BY THE STATE LOTTERY FUND AND SHARE OF COMMON CASH THAT
9 WAS DEPOSITED FOR THE 2005-2006 FISCAL YEAR IN THE STATE SCHOOL AID
10 FUND UNDER SECTION 41 OF THE MCCAULEY-TRAXLER-LAW-BOWMAN-MCNEELY
11 LOTTERY ACT, 1972 PA 239, MCL 432.41.

12 (5) IN ADDITION TO THE GENERAL FUND MONEY APPROPRIATED UNDER
13 SUBSECTION (1), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2010,
14 THERE IS APPROPRIATED FROM THE GENERAL FUND FOR THE PUBLIC SCHOOLS
15 OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO
16 EDUCATION AS PROVIDED UNDER THIS ACT AN AMOUNT EQUAL TO 80% OF THE
17 NET REVENUE IN THE STATE LOTTERY FUND AND ANY MONEY OR INTEREST
18 GENERATED BY THE STATE LOTTERY FUND AND SHARE OF COMMON CASH THAT
19 WAS DEPOSITED FOR THE 2005-2006 FISCAL YEAR IN THE STATE SCHOOL AID
20 FUND UNDER SECTION 41 OF THE MCCAULEY-TRAXLER-LAW-BOWMAN-MCNEELY
21 LOTTERY ACT, 1972 PA 239, MCL 432.41.

22 (6) IN ADDITION TO THE GENERAL FUND MONEY APPROPRIATED UNDER
23 SUBSECTION (1), FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2011 AND
24 FOR SUCCEEDING FISCAL YEARS, THERE IS APPROPRIATED EACH FISCAL YEAR
25 FROM THE GENERAL FUND FOR THE PUBLIC SCHOOLS OF THIS STATE AND
26 CERTAIN OTHER STATE PURPOSES RELATING TO EDUCATION AS PROVIDED
27 UNDER THIS ACT AN AMOUNT EQUAL TO 100% OF THE NET REVENUE IN THE

1 STATE LOTTERY FUND AND ANY MONEY OR INTEREST GENERATED BY THE STATE
2 LOTTERY FUND AND SHARE OF COMMON CASH THAT WAS DEPOSITED FOR THE
3 2005-2006 FISCAL YEAR IN THE STATE SCHOOL AID FUND UNDER SECTION 41
4 OF THE MCCAULEY-TRAXLER-LAW-BOWMAN-MCNEELY LOTTERY ACT, 1972 PA
5 239, MCL 432.41.

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

17 (8) ~~-(3)-~~ If the maximum amount appropriated under this
18 section from the state school aid fund and the school aid
19 stabilization fund for a fiscal year exceeds the amount available
20 for expenditure from the state school aid fund for that fiscal
21 year, payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d,
22 51a(2), 51a(12), 51c, 53a, and 56 shall be made in full. In
23 addition, for districts beginning operations after 1994-95 that
24 qualify for payments under section 22b, payments under section 22b
25 shall be made so that the qualifying districts receive the lesser
26 of an amount equal to the 1994-95 foundation allowance of the
27 district in which the district beginning operations after 1994-95

1 is located or \$5,500.00. The amount of the payment to be made under
2 section 22b for these qualifying districts shall be as calculated
3 under section 22a, with the balance of the payment under section
4 22b being subject to the proration otherwise provided under this
5 subsection and subsection ~~(4)~~ (9). If proration is necessary
6 after 2002-2003, state payments under each of the other sections of
7 this act from all state funding sources shall be prorated in the
8 manner prescribed in subsection ~~(4)~~ (9) as necessary to reflect
9 the amount available for expenditure from the state school aid fund
10 for the affected fiscal year. However, if the department of
11 treasury determines that proration will be required under this
12 subsection, or if the department of treasury determines that
13 further proration is required under this subsection after an
14 initial proration has already been made for a fiscal year, the
15 department of treasury shall notify the state budget director, and
16 the state budget director shall notify the legislature at least 30
17 calendar days or 6 legislative session days, whichever is more,
18 before the department reduces any payments under this act because
19 of the proration. During the 30 calendar day or 6 legislative
20 session day period after that notification by the state budget
21 director, the department shall not reduce any payments under this
22 act because of proration under this subsection. The legislature may
23 prevent proration from occurring by, within the 30 calendar day or
24 6 legislative session day period after that notification by the
25 state budget director, enacting legislation appropriating
26 additional funds from the general fund, countercyclical budget and
27 economic stabilization fund, state school aid fund balance, or

1 another source to fund the amount of the projected shortfall.

2 (9) ~~(4)~~ If proration is necessary, the department shall
3 calculate the proration in district and intermediate district
4 payments that is required under subsection ~~(3)~~ (8) as follows:

5 (a) The department shall calculate the percentage of total
6 state school aid allocated under this act for the affected fiscal
7 year for each of the following:

8 (i) Districts.

9 (ii) Intermediate districts.

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

11 (b) The department shall recover a percentage of the proration
12 amount required under subsection ~~(3)~~ (8) that is equal to the
13 percentage calculated under subdivision (a)(i) for districts by
14 reducing payments to districts. This reduction shall be made by
15 calculating an equal dollar amount per pupil as necessary to
16 recover this percentage of the proration amount and reducing each
17 district's total state school aid from state sources, other than
18 payments under sections 11f, 11g, 11j, 22a, 26a, 26b, 31d, 51a(2),
19 51a(12), 51c, and 53a, by that amount.

20 (c) The department shall recover a percentage of the proration
21 amount required under subsection ~~(3)~~ (8) that is equal to the
22 percentage calculated under subdivision (a)(ii) for intermediate
23 districts by reducing payments to intermediate districts. This
24 reduction shall be made by reducing the payments to each
25 intermediate district, other than payments under sections 11f, 11g,
26 26a, 26b, 51a(2), 51a(12), 53a, and 56, on an equal percentage
27 basis.

1 (d) The department shall recover a percentage of the proration
2 amount required under subsection ~~-(3)-~~ **(8)** that is equal to the
3 percentage calculated under subdivision (a)(iii) for entities other
4 than districts and intermediate districts by reducing payments to
5 these entities. This reduction shall be made by reducing the
6 payments to each of these entities, other than payments under
7 sections 11j, 26a, and 26b, on an equal percentage basis.

8 **(10)** ~~-(5)-~~ Except for the allocation under section 26a, any
9 general fund allocations under this act that are not expended by
10 the end of the state fiscal year are transferred to the school aid
11 stabilization fund created under section 11a.

12 Enacting section 1. This amendatory act does not take effect
13 unless all of the following bills of the 93rd Legislature are
14 enacted into law:

- 15 (a) House Bill No. 4947.
16 (b) Senate Bill No. 895.
17 (c) Senate Bill No. 896.
18 (d) Senate Bill No. 897.
19 (e) Senate Bill No. 898.