

# HOUSE BILL No. 4116

January 24, 2007, Introduced by Reps. Moolenaar, Stahl, Hansen, Marleau, Horn, Nitz, Caul, Moss, Calley, Walker, Ball, Pearce, Moore, LaJoy, David Law, Emmons, Schuitmaker, Elsenheimer, Caswell, Rick Jones, Huizenga, Hune, Gaffney, Pastor, Nofs, Hildenbrand, Gillard, Stakoe, Ward, Palsrok, Hoogendyk, Amos, Pavlov, Booher and Green 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 2006 PA 342.

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

1       Sec. 11. (1) ~~For the fiscal year ending September 30, 2006,~~  
2 ~~there is appropriated for the public schools of this state and~~  
3 ~~certain other state purposes relating to education the sum of~~  
4 ~~\$11,200,813,200.00 from the state school aid fund established by~~  
5 ~~section 11 of article IX of the state constitution of 1963, the sum~~  
6 ~~of \$44,500,000.00 from the proceeds of capitalization of the school~~  
7 ~~bond loan fund revolving fund, and the sum of \$62,714,000.00 from~~  
8 ~~the general fund. For the fiscal year ending September 30, 2007,~~  
9 there is appropriated for the public schools of this state and  
10 certain other state purposes relating to education the sum of

1 ~~\$11,647,508,200.00~~ **\$11,270,208,200.00** from the state school aid  
2 fund established by section 11 of article IX of the state  
3 constitution of 1963 and the sum of ~~\$35,000,000.00~~ **\$412,300,000.00**  
4 from the general fund. In addition, available federal funds are  
5 appropriated for each fiscal year.

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

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

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

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

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

7           (i) Districts.

8           (ii) Intermediate districts.

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

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

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

27          (d) The department shall recover a percentage of the proration

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

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