

HOUSE BILL No. 5708

February 12, 2008, Introduced by Rep. Gillard 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 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 from the state school aid fund established by
5 section 11 of article IX of the state constitution of 1963 and the
6 sum of \$34,909,600.00 from the general fund. **FOR THE FISCAL YEAR**
7 **ENDING SEPTEMBER 30, 2009, THERE IS APPROPRIATED FOR THE PUBLIC**
8 **SCHOOLS OF THIS STATE AND CERTAIN OTHER STATE PURPOSES RELATING TO**
9 **EDUCATION THE SUM OF \$_____ FROM THE STATE SCHOOL AID**
10 **FUND ESTABLISHED BY SECTION 11 OF ARTICLE IX OF THE STATE**
11 **CONSTITUTION OF 1963 AND THE SUM OF \$_____ FROM THE GENERAL**

1 **FUND.** In addition, available federal funds are appropriated for the
2 fiscal year ending September 30, 2008 **AND FOR THE FISCAL YEAR**
3 **ENDING SEPTEMBER 30, 2009.**

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

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

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

26 (4) If proration is necessary under subsection (3), the
27 department shall calculate the proration in district and

1 intermediate district payments that is required under subsection
2 (3) as follows:

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

6 (i) Districts.

7 (ii) Intermediate districts.

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

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

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

26 (d) The department shall recover a percentage of the proration
27 amount required under subsection (3) that is equal to the

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

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