

HOUSE BILL No. 4420

March 5, 1997, Introduced by Rep. Hood 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 1996 PA
300.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 11. (1) ~~There is appropriated for the public schools~~
2 ~~of this state and certain other state purposes relating to educa-~~
3 ~~tion from the state school aid fund established by section 11 of~~
4 ~~article IX of the state constitution of 1963 the sum of~~
5 ~~\$7,618,289,000.00, and from the general fund the sum of~~
6 ~~\$594,052,000.00, for the fiscal year ending September 30, 1996.~~
7 ~~In addition, available federal funds are appropriated for~~
8 ~~1995-96. Also, an additional \$26,000,000.00 is appropriated for~~
9 ~~1995-96 from the uninsured employers' security fund to the state~~
10 ~~school aid fund, and that \$26,000,000.00 is then appropriated for~~

~~1 1995-96 from the state school aid fund to be used for the~~
~~2 purposes of this act.~~ There is appropriated for the public
~~3 schools of this state and certain other state purposes relating~~
~~4 to education from the state school aid fund established by sec-~~
~~5 tion 11 of article IX of the state constitution of 1963 the sum~~
~~6 of -\$8,183,200,000.00~~ \$_____.00, and from the general fund
~~7 the sum of -\$299,900,000.00~~ \$_____.00, for the fiscal year
~~8 ending September 30, -1997~~ 1998. ~~Also, there is appropriated~~
~~9 an additional \$33,000,000.00 from the state school aid fund for~~
~~10 the fiscal year ending September 30, 1997.~~ However, if the
~~11 director of the department of management and budget determines~~
~~12 that the federal government has failed to enact comprehensive~~
~~13 reforms in the federal cash welfare and medicaid programs by~~
~~14 October 1, 1996, and notifies the senate and house appropriations~~
~~15 committees of that determination, there is instead appropriated~~
~~16 for 1996-97 from the state school aid fund the sum of~~
~~17 \$8,230,000,000.00, and from the general fund the sum of~~
~~18 \$286,100,000.00.~~ In addition, there is created in the state
~~19 school aid fund a separate contingency fund in an amount equal to~~
~~20 this \$13,800,000.00 adjustment and there is created in the gen-~~
~~21 eral fund a separate contingency fund in an amount equal to this~~
~~22 \$13,800,000.00 adjustment.~~ Contingency fund transfers are autho-
~~23 rized for 1996-97 in an amount necessary to reverse these~~
~~24 adjustments.~~ These transfers shall conform with the provisions
~~25 of section 393(2) of the management and budget act, Act No. 431~~
~~26 of the Public Acts of 1984, being section 18.1393 of the Michigan~~
~~27 Compiled Laws.~~ Transfers may restore all or part of each

1 adjustment.— In addition, available federal funds are
2 appropriated for ~~1996-97~~ 1997-98.

3 ~~—(2) In addition to the appropriations under subsection (1),~~
4 ~~for the fiscal year ending September 30, 1996 there is appropri-~~
5 ~~ated \$174,500,000.00 from the reserve for health benefits for the~~
6 ~~purposes of this act. From the general fund money appropriated~~
7 ~~in subsection (1) for the fiscal year ending September 30, 1997,~~
8 ~~there is appropriated from the general fund the sum of~~
9 ~~\$96,638,400.00 to the local government payment fund for the pur-~~
10 ~~pose of maintaining the state spending to local units of govern-~~
11 ~~ment as required by section 30 of article IX of the state consti-~~
12 ~~tution of 1963 for the fiscal year ending September 30, 1993.~~
13 ~~For the fiscal year ending September 30, 1997, there is appropri-~~
14 ~~ated from the local government payment fund the sum of~~
15 ~~\$96,638,400.00 to the general fund for transfer to the state~~
16 ~~school aid fund to support the purposes of this act for the~~
17 ~~1996-97 fiscal year.—~~

18 (2) ~~—(3)~~ The appropriations under this section shall be
19 allocated as provided in this act. Money appropriated under this
20 section from the general fund ~~—, from the reserve for health~~
21 ~~benefits,~~ and from available federal funds shall be expended to
22 fund the purposes of this act before the expenditure of money
23 appropriated under this section from the state school aid fund.
24 If the maximum amount appropriated under this section from the
25 state school aid fund for a fiscal year exceeds the amount neces-
26 sary to fully fund allocations under this act from the state
27 school aid fund, that excess amount shall not be expended in that

1 state fiscal year and shall not lapse to the general fund, but
2 instead shall remain in the state school aid fund.

3 (3) ~~-(4)-~~ If the maximum amount appropriated under this sec-
4 tion from the state school aid fund for a fiscal year exceeds the
5 amount available for expenditure from the state school aid fund
6 for that fiscal year, payments under each section of this act
7 shall be prorated on an equal percentage basis as necessary to
8 reflect the amount available for expenditure from the state
9 school aid fund for that fiscal year. However, beginning in
10 1996-97, if the department of treasury determines that proration
11 will be required under this subsection, the department of trea-
12 sury shall notify the director of the department of management
13 and budget, and the director of the department of management and
14 budget shall notify the legislature at least 30 calendar days or
15 6 legislative session days, whichever is more, before the depart-
16 ment reduces any payments under this act because of the
17 proration. During the 30 calendar day or 6 legislative session
18 day period after that notification by the director of the depart-
19 ment of management and budget, the department shall not reduce
20 any payments under this act because of proration under this
21 subsection. The legislature may prevent proration from occurring
22 by, within the 30 calendar day or 6 legislative session day
23 period after that notification by the department of management
24 and budget, enacting legislation appropriating additional funds
25 from the general fund, countercyclical budget and economic stabi-
26 lization fund, state school aid fund balance, or another source
27 to fund the amount of the projected shortfall.