

# HOUSE BILL No. 4834

May 24, 2007, Introduced by Reps. Hoogendyk, Marleau, Agema, Calley, Meekhof, Elsenheimer, DeRoche and Opsommer and referred to the Committee on Transportation.

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 6.

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

1           Sec. 11. (1) For the fiscal year ending September 30, 2007,  
2 there is appropriated for the public schools of this state and  
3 certain other state purposes relating to education the sum of  
4 \$11,299,963,200.00 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 \$35,000,000.00 from the general fund. In addition, available  
7 federal funds are appropriated for the fiscal year. **BEGINNING IN**  
8 **2007-2008, IF LEGISLATION IS ENACTED THAT RESULTS IN THE REDUCTION**  
9 **OF THE AMOUNT OF SALES TAX COLLECTED FROM SALES OF MOTOR FUELS, IT**

1 IS THE INTENT OF THE LEGISLATURE TO APPROPRIATE ADDITIONAL MONEY  
2 FROM THE GENERAL FUND IN AN AMOUNT SUFFICIENT TO COMPENSATE FOR ANY  
3 STATE SCHOOL AID FUND REVENUE THAT IS LOST DUE TO THAT REDUCTION.

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, the department shall calculate  
27 the proration in district and intermediate district payments that

1 is required under subsection (3) as follows:

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

5 (i) Districts.

6 (ii) Intermediate districts.

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

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

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

25 (d) The department shall recover a percentage of the proration  
26 amount required under subsection (3) that is equal to the  
27 percentage calculated under subdivision (a) (iii) for entities other

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

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

9 (6) In addition to the appropriations in subsection (1), for  
10 the fiscal year ending September 30, 2007, there is appropriated  
11 from the reserve for undistributed investment income in the  
12 Michigan public school employees' retirement system an amount not  
13 to exceed \$262,000,000.00 solely for the purpose of issuing credits  
14 pursuant to section 147.