

# HOUSE BILL No. 4299

February 12, 1997, Introduced by Rep. Oxender and referred to the Committee on Appropriations.

A bill to amend 1979 PA 94, entitled  
"The state school aid act of 1979,"  
by amending sections 11 and 17b (MCL 388.1611 and 388.1617b), 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.

1       Sec. 17b. (1) Not later than October 20, November 20,  
2 December 20, January 20, February 20, March 20, April 20, May 20,  
3 and June 20, the department shall prepare a statement of the  
4 amount to be distributed under this act in the installment to the  
5 districts and intermediate districts and deliver the statement to  
6 the state treasurer, and the state treasurer shall pay the  
7 installments on each of those dates or on the next business day  
8 following each of those dates. Except as otherwise provided in  
9 this act, the portion of the district's or intermediate  
10 district's state fiscal year entitlement to be included in each  
11 installment shall be 1/9. ~~However, the payments due to a dis-~~  
12 ~~trict in 1996-97 on April 20, May 20, and June 20 pursuant to~~  
13 ~~this section each shall be reduced by an amount equal to 1/3 of~~  
14 ~~the district's total additional payments in 1995-96 under section~~  
15 ~~20g.~~

16       (2) The state treasurer shall make payment under this sec-  
17 tion by drawing a warrant in favor of the treasurer of each dis-  
18 trict or intermediate district for the amount payable to the dis-  
19 trict or intermediate district according to the statement and  
20 delivering the warrant to the treasurer of each district or  
21 intermediate district, or if the state treasurer receives a writ-  
22 ten request by the treasurer of the district or intermediate dis-  
23 trict specifying an account, by electronic funds transfer to that  
24 account of the amount payable to the district or intermediate  
25 district according to the statement. The department may make  
26 adjustments in payments made under this section through  
27 additional payments when changes in law or errors in computation

1 cause the regularly scheduled payment to be less than the amount  
2 to which the district or intermediate district is entitled pursu-  
3 ant to this act.

4       (3) Except as otherwise specified in this act, grant pay-  
5 ments under this act shall be paid according to subsection (1).

6       (4) Upon the written request of a district or intermediate  
7 district and the submission of proof satisfactory to the depart-  
8 ment of a need of a temporary and nonrecurring nature, the super-  
9 intendent, with the written concurrence of the state treasurer  
10 and the director of management and budget, may authorize an  
11 advance release of funds due a district or intermediate district  
12 under this act. Such an advance shall not cause funds to be paid  
13 to a district or intermediate district more than 30 days earlier  
14 than the established payment date for those funds.