



Senate Fiscal Agency
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House Bill 4401 (S-1 as reported)
Committee: Appropriations

FY 2003-04 Year-to-Date Gross Appropriation	\$12,696,906,100
Changes from FY 2002-03 Year-to-Date:	
1. Durant Non-plaintiff Debt Service. This reduction is the result of the refinancing of the existing bonds by the Department of Treasury and thus no payments will be due.	(39,859,000)
2. Proposal A Obligation Payment. Reductions in this line item are necessary due to changes in updated pupil and taxable value estimates.	(110,700,000)
3. Discretionary Payment. Decreases in this line item are necessary due to changes in updated pupil and taxable value estimates. In addition, the 10.1% reduction of the small class size grants rolled into districts' foundation allowances and the elimination of the grant rolled into the foundation allowance of the Detroit schools account for the reduction.	1,399,900
4. Personal Property Tax Exams. This is a new section that provides a reimbursement to school districts for the costs associated with personal property tax audit exams and is included as a place holder.	100
5. Renaissance Zones. This line item is increased due to new renaissance zones designated after the prior appropriation as well as updated taxable value changes.	17,736,000
6. School Readiness. Funding for this line item is decreased due to budgetary constraints. The allowable uses of these funds is expanded to include preschool and parenting programs.	(5,871,600)
7. Federal No Child Left Behind (NCLB) Grants. Federal funding to comply with NCLB requirements is increased for FY 2003-04.	3,075,900
8. Special Education (State and Federal). Increases in State funding of this line item (\$25,478,100) reflect yearly cost increases and updated special education pupil and cost estimates. Federal funding is also increased for FY 2003-04 and is included in this line.	76,140,900
9. Career Preparation. This line item is reduced due to budgetary constraints. The allowable uses of the funds are expanded to include planning.	(11,850,000)
10. Center for Educational Performance and Information. The State portion of funding for the CEPI is decreased by \$2,500,000 to \$2,000,000. The Federal portion of the funding is increased by \$573,900 to \$2,931,500 which includes \$1,000,000 for the school evaluation services contract with Standard and Poor's, if it's deemed warranted by CEPI.	(1,926,100)
11. Michigan Virtual High School. The State portion of funding for this line item is decreased by \$1,000,000. The Federal portion of the funding is decreased by \$4,334,700 due to the wireless technology component being moved to new Section 98B.	(5,334,700)
12. Wireless Technology. A new section is created to fund the Limitless Learning program which provides grants for wireless technology programs. This program will be funded entirely with Federal funds, some of which were previously included in the Michigan Virtual High School line item.	21,393,100
13. Adult Education. State funding is reduced by \$58,196,300 while new Federal funding of \$20,696,300 is added.	(37,500,000)
14. Partnership for Adult Learning. Budgetary constraints reduced this line item.	(10,000,000)
15. Other Changes. Significant items either reduced or eliminated include: Court-Placed Pupils (\$900,000), Advanced & Accelerated Pupils (\$4,000,000), Vocational Education (\$1,027,600), Accreditation Assistance (\$2,000,000), Golden Apples (\$1,320,000), and Math and Science Centers (\$5,244,600). Various other line items totaling a negative \$927,600 are decreased or increased due to budgetary constraints.	(15,419,800)
Total Changes	(\$118,715,300)
FY 2003-04 Senate Appropriations Subcommittee Gross Appropriation	\$12,578,190,800

Changes from FY 2003-04 Year to Date:

1. **Pupil Membership Blend.** The Executive recommended a change in the membership blend from the current-law blend of 20% on prior year February count and 80% current-year September count to a 50% prior-year February count and a 50% current-year September count. The Senate substitute retains the current law blend of 80-20. (Sec. 6(4))
2. **Declining Enrollments.** The Executive recommended elimination of the provision that allows certain districts in the lower peninsula with declining enrollments to use a three-year average membership count. The Senate substitute retains this provision and also expands the language to include districts in the upper peninsula. The Senate substitute also adds language requiring the Senate and House K-12 subcommittees to perform a study and develop a recommendation on the issue of declining enrollments by December 1, 2003. (Sec. 6(4)(y) and Sec. 93)
3. **Proration Language.** Current law requires an across-the-board proration whenever revenues fall short of the amount necessary to fund the enacted appropriations. The Senate substitute states that in the future, if a reduction becomes necessary, 95% of that reduction amount shall taken from local school districts on an equal dollar amount per pupil. The remaining 5% of the reduction shall be taken from ISDs on an equal percentage basis. (Sec. 11(4))
4. **General Fund Transfer.** For FY 2002-03, the Senate substitute appropriates an additional \$61,000,000 from the general fund to the school aid fund to avert a further proration in FY 2002-03 as a result of the May 2003 Revenue Estimating Conference. (Sec. 11(5))
5. **Basic Foundation Allowance.** The Executive retained the per-pupil basic foundation allowance at the same level as FY 2002-03, \$6,700. The Senate substitute concurs with the Executive and retains the basic foundation of \$6,700. The Senate substitute also reduces the amount of small class size grants that were rolled into recipient districts' foundation allowances by 10.1% as well as unrolling and eliminating 100% of the grant that was rolled into the foundation allowance of a district with a Reform Board. Also included is an adjustment to the foundation allowance of a school district that did not approve a Headlee override vote prior to implementation of Proposal A. It is estimated that only the Wyandotte School District is impacted by this change. Finally, the Senate substitute also includes the flexibility language from Senate Bill 367 as passed by the Senate. (Secs. 20(1), (19), (20) and (21))
6. **School District Consolidation.** Current law gives districts that consolidate a foundation allowance equal to the lesser of \$8,000 or the highest foundation allowance plus \$50. The Executive recommended a new section (Sec. 20L) that would give consolidating districts a foundation allowance equal to the pupil-weighted average of the consolidating districts plus \$10 up to a maximum of \$8,000. The Senate substitute deletes the new section and instead grants a foundation allowance that is the pupil-weighted average of the consolidating districts with no additional per pupil dollar amount. (Sec. 20(10))
7. **At-Risk Program.** The Executive expanded the allowable uses of funds to include tutorial services and programs that combine academic, enrichment, and recreational activities. The Senate substitute expands the allowable uses to include tutorial services, early childhood programs, and reading programs as described in former section 32f. The Senate substitute also includes the flexibility language from Senate Bill 367 as passed by the Senate. (Sec. 31a)
8. **School Readiness.** The Executive retained the current-law appropriation of \$72,800,000. The Senate substitute appropriates \$66,928,400 and expands the uses of the funds to include preschool and parenting programs (PIE programs). (Sec. 32d)
9. **Bilingual Education.** The Executive retained the current-law appropriation of \$4,212,000. The Senate substitute appropriates \$4,000,000 (\$2,767,900 in State funding and \$1,232,100 in Federal funding) and limits funding for any student to a maximum of three years. (Sec. 41)
10. **Days and Hours.** The Senate substitute includes the flexibility language contained in Senate Bill 364 as passed by the Senate. The days requirement is eliminated and school districts are given the flexibility to provide any number of days of instruction so long as they meet a minimum of 1,098 hours of pupil instruction. (Sec. 101)

Date Completed: 6-13-03

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