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FY 2005-06 Year-to-Date Gross Appropriation	\$12,757,151,300
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Changes from FY 2005-06 Year-to-Date:

Items Included by the Senate and House

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| 1. School Bond Redemption Fund. The budget increased funding for this line item by \$3.5 million to pay debt service for the School Bond Loan Program. | 3,500,000 |
| 2. Renaissance Zone Reimbursement. The budget increased funding for this line item by \$5.2 million to reimburse school districts for lost revenue due to Renaissance Zones. | 5,200,000 |
| 3. Detroit Schools' Transition Payment. The budget eliminated this payment to help Detroit Schools transition back to an elected school board since it was no longer needed. | (7,000,000) |
| 4. Other Changes. Federal funding for School Lunch Programs was increased while NCLB funding was decreased. Also, new funding for Automated External Defibrillators is included. | 474,400 |

Conference Agreement on Items of Difference

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| 5. Foundation Allowance Payments. Between sections 22a and 22b, the Conference Committee (C.C.) increased the basic foundation allowance to \$7,085, a \$210 per pupil increase over the current year and made adjustments for taxable value and pupil estimates. | 135,213,200 |
| 6. SAF Cash Flow Borrowing Costs. The C.C. agreed to have the SAF pay a portion of costs associated with borrowing dollars to provide sufficient cash flow throughout the year. | 22,800,000 |
| 7. Declining Enrollment. The C.C. added a new line item to make supplemental payments to districts experiencing declining enrollments in the two previous fiscal years. | 20,000,000 |
| 8. Equity Payment. The C.C. added a new line item to provide additional per pupil payment of up to \$23 to districts with FY 2005-06 foundation allowances below \$7,150. | 20,000,000 |
| 9. Early Childhood Grants. The C.C. increased funding for two early childhood programs: \$1.0 million for ECIC and \$1.5 million for interagency early childhood grants. | 2,500,000 |
| 10. School Readiness. The C.C. increased this line item by 8.2% but maintained the per pupil allocation at \$3,300. | 6,000,000 |
| 11. ISD 0-5 Program. The C.C. increased this line item and refined usage to include learning opportunities promoting age-appropriate language, math, and early reading skills. | 1,674,000 |
| 12. Special Education. The C.C. increased this line item to meet costs associated with the \$210 increase in the foundation allowance and <i>Durant</i> . | 49,950,000 |
| 13. Engineering Michigan's Future. The C.C. eliminated funding for the ISD program and instead appropriated \$20.0 million for local districts to provide a middle school math program. | 16,150,000 |
| 14. New Programs. The C.C. provides funding for several new programs, including: Mercy Education Project, Children of Incarcerated Parents, Book-a-Month, Early Intervening, Conductive Learning, Int'l. Baccalaureate, Health/Science Middle College, Web-Based Testing, Financial Emergency District, School Mapping, Positive Behavior Support, and First Robotics. | 7,300,000 |
| 15. Programs Transferred. The C.C. concurred with the Gov. and transferred seven programs formerly funded in other department budgets with GF/GP in FY 2005-06. | 49,073,400 |
| 16. Other Changes. The C.C. increased State funding for ISD operations, CEPI, MVHS, Math/ Science Centers, and Adult Education. Federal funding was decreased for Freedom to Learn. | 3,758,800 |

Total Changes	\$336,593,800
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FY 2006-07 Conference Report Gross Appropriation	\$13,093,745,100
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Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2005-06 Year to Date:Items Included by the Senate and House

1. **Developmental Kindergarten.** The House and Senate eliminated any changes to the program, thereby continuing to fund children in D-K programs in FY 2006-07 the same as they are paid currently in FY 2005-06. (Sec. 6(4)(r))
2. **Pupil Membership Count Day.** The House and Senate changed the fall count day from the fourth Wednesday in September to the fourth Wednesday after Labor Day. (Sec. 6(7))
3. **Counting Suspended Pupils in Membership.** The House and Senate included suspended pupils absent from school on count day, but who return to school within 45 days of the count day, in the district's membership. (Sec. 6(8))
4. **Sections Exempt from Proration.** The House and Senate exempted School Breakfast payments from any proration of the School Aid Act under Section 11. (Sec. 11(4))
5. **Posting Budgets to Web.** The House and Senate required districts to post annual operating budgets and any changes on their web sites, or on the intermediate district's web site if the district does not maintain one. (Sec. 18)
6. **Michigan Virtual High School.** The House and Senate required the MVHS to provide online test preparation resources for high school students and at least 200 hours of online teacher professional development. (Sec. 98)

Conference Agreement on Items of Difference

7. **Foundation Rollback if K-16 Initiative is Adopted.** The Conference proposal did not include this language. (Sec. 20(1))
8. **Foundation Allowance Adjustments.** The Conference proposal included adjustments for adding revenue raised from 1994 deficit mills into two districts' base foundation allowances – Garden City and Huron Schools. (Sec. 20(21) and (22))
9. **Discretionary Payment.** The Conference report included new language stating that for districts to receive their discretionary payments, they must comply with the Michigan Merit Curriculum and School Safety requirements. (Sec. 22b)
10. **Children of Incarcerated Parents.** The Conference report included a pilot program to address the needs of pupils whose parent or parents are incarcerated. Grants shall be awarded to provide video and/or audio conferencing as well as academic or social support from qualified personnel. (Sec. 31c)
11. **School Readiness Teachers and Paraprofessionals.** The Conference report allowed for teachers and paraprofessionals in school readiness programs to retain employment without certain credentials if either the applicant demonstrates reasonable efforts to comply and provides a four-year compliance plan from the date of employment, or has 90 credit hours and at least four years' experience in a qualified preschool program. (Sec. 32l and 37)
12. **School Readiness Per-Pupil Allocation.** The Conference report kept the current allocation of \$3,300 per pupil. (Sec. 39)
13. **Special Education Funding Reallocation at Bookclosing.** The Conference report concurred with the House to continue a provision specifying that funds that would otherwise lapse under Special Education be instead reallocated to districts and ISDs whose reimbursement would otherwise be affected by subsection (7)(b). (Sec. 51a(7))
14. **ISD Professional Development.** The Conference report included new language stating the intent of the Legislature for ISDs to use operational funding to provide professional development opportunities for teachers to expand their knowledge and skills needed to support the Michigan Merit core curriculum. (Sec. 81)
15. **Teaching of Scientific Method.** The Conference report included new language in two sections dealing with science courses stating that activities funded relating to science shall include the use of the scientific method to critically evaluate scientific theories and the use of relevant scientific data to assess the validity of those theories. (Sections 98 and 99)
16. **Hours of Pupil Instruction.** The Conference report concurred with the Senate to reduce the number of hours allowed as professional development to be counted as instruction from 51 to 38. (Sec. 101)
17. **Schools of Choice.** The Conference report added a new subsection stating that if a district enrolls and counts a nonresident pupil under schools of choice, the district must continue to enroll that pupil regardless of the pupil having been suspended or expelled from another district prior to the pupil being enrolled and counted in membership in that nonresident district. (Sections 105 and 105c)
18. **Adult Education Funding Formula.** The Conference report retained the current formula of 90% enrollment and 10% completion. In addition, language earmarks one-half of the \$3.0 million increase for existing Adult Ed programs and the other one-half for new programs, of which up to one existing innovative community college program may be funded. (Sec. 107)

Date Completed: 7-12-06

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.