



**Senate Fiscal Agency**  
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**BILL ANALYSIS**

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Senate Bill 1107 (as introduced)  
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 1149.](#)

**FY 2007-08 Year-to-Date Gross Appropriation ..... \$13,006,025,100**

**Changes from FY 2007-08 Year-to-Date:**

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| <p>1. <b>Foundation Allowance Increase.</b> The Governor proposed to increase per-pupil funding by at least \$108 and up to \$216, with the smallest increase provided to districts above \$8,433 in the current year, and the largest to those at \$7,204. Districts in between would receive an increase between \$108 and \$216, depending on their foundation allowances.</p> <p>2. <b>Increases in Required Funding.</b> The Governor proposed necessary increases in debt service on <i>Durant</i> bonds (\$41.9 million) and School Bond Loan Fund (\$37.1 million), special education costs (\$19.8 million), and Renaissance Zones (\$7.5 million, \$2.1 m GF).</p> <p>3. <b>Federal Funds.</b> The Governor proposed to increase Federal funds by a total of \$82.7 million, with a notable increase in Title I At-Risk (\$60.5 million) and a new Local School Improvement Grant (\$17.6 million).</p> <p>4. <b>Small High School Startup and Facility Grants.</b> The Governor proposed a new program that would provide funding to eligible districts for the purpose of planning and professional development (grants up to \$2.0 million), or building or renovating a small high school (grants up to \$8.0 million). The appropriation funds debt service on State bonds.</p> <p>5. <b>School Readiness Program.</b> The Governor proposed an increase of \$24.0 million (\$2.0 million in GF/GP) to increase by more than 7,000 the number of at-risk four-year-olds to be served in a preschool setting.</p> <p>6. <b>School Aid Fund (SAF) Cash Flow Borrowing Costs.</b> The Governor proposed to increase the SAF's share of cash flow borrowing costs from \$22.8 million to \$45.0 million.</p> <p>7. <b>Other Early Childhood Funding.</b> The Governor proposed to increase dollars awarded by the Early Childhood Investment Corporation to ISDs for examining early childhood systems of community resources and supports by \$5.0 million, and proposed a new program called Great Start-Innovative Programs at \$2.5 million, which would provide grants to ISDs for the purpose of identifying practices that provide kids ages 0-5 with quality early learning experiences that promote school readiness.</p> <p>8. <b>Center for Educational Performance and Information (CEPI).</b> The Governor proposed an additional \$4.3 million GF/GP for CEPI to link the K-12 database to postsecondary institutions, update the school personnel database, and increase staff and IT support.</p> <p>9. <b>ISD Operational and Targeted Funding.</b> The Executive budget proposed a 1.2% increase in ISD unrestricted operational funding (\$1.0 million), and an additional \$1.9 million for ISDs to strengthen curriculum and instruction related to the Michigan Merit Curriculum in high schools not achieving adequate yearly progress.</p> <p>10. <b>Economic Adjustments.</b> Economic adjustments of \$10,500 (of which \$700 are GF/GP) are included in the budget for Youth ChalleNGe Academy, Maxey, CEPI, and State Police providing school bus inspections.</p> <p>11. <b>Other Changes.</b> Other changes included eliminating expired <i>Durant</i> cash payments (\$32.0 million), assessment testing, school health centers, grants to U.P. districts, MBT grants, FIRST Robotics, and eliminating some district-specific grants.</p> | <p>250,750,000</p> <p>106,259,000</p> <p>82,682,300</p> <p>32,000,000</p> <p>24,000,000</p> <p>22,200,000</p> <p>7,500,000</p> <p>4,319,300</p> <p>2,900,000</p> <p>10,500</p> <p>(23,418,500)</p> |
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Total Changes ..... \$509,202,600

**FY 2008-09 Governor's Recommendation ..... \$13,515,227,700**

**Changes from FY 2007-08 Year to Date:**

1. **Kindergarten Membership.** The Governor proposed language that, beginning in FY 2009-2010, states in order to qualify for full per-pupil funding for children in kindergarten, the program must be full-day. Current law provides full funding for either a half-day or full-day program. (Sec. 6)
2. **21<sup>st</sup> Century Schools Fund.** The Governor included language and guidelines for the proposed 21<sup>st</sup> Century Schools Fund, including eligibility and grant funding. (Sec. 11n)
3. **Reduction in Per-Pupil Increases for High School Grades Not Offered.** The Governor included a new provision affecting increases in per-pupil foundation funding, such that for each high school grade, 9-12, not offered, the proposed increase would be reduced by 7.5%. (Sec. 20(22))
4. **School Readiness Program.** Numerous changes were proposed in sections related to the School Readiness Program, including eliminating the option to use funds for parent involvement in education purposes (PIE), a name change (to "Great Start Readiness Program"), and refining qualifications for GSRP teachers. Also, a guarantee is proposed in the formula, such that grantees would receive at least what was received in the prior year, unless a smaller grant was requested. (Sections 32d, 32l, 37, 38, 39).
5. **Itinerant Special Education Funding Redistribution.** The Governor proposed to eliminate language requiring any special education funds that would otherwise lapse to be redistributed to districts and intermediate districts whose itinerant staffs had changed employers (and therefore changed reimbursement) since FY 2003-04. (Sec. 51a(7))
6. **Center for Educational Performance and Information.** The Governor included a new activity for CEPI, namely that CEPI coordinate the electronic exchange of student records among K-12 and postsecondary entities. (Sec. 94a)
7. **Michigan Virtual University.** The Governor added requirements that the MVU work with postsecondary groups to develop an outreach plan with access to online resources designed to increase postsecondary enrollments, and that the MVU provide a report on schools served, courses offered, and number of online enrollments. (Sec. 98)
8. **Adult Education.** The Governor included a new requirement that Adult Education programs determine educational gain by testing participants before enrollment and at the end of the instructional period, using assessments approved by the Department. (Sec. 107)
9. **Retirement Contribution Rate.** The retirement contribution rate was proposed to decrease from 16.72% in the current year to 16.54% in FY 2008-09. (Sec. 147)
10. **Repealed Sections.** The Governor's budget repealed the following: Sec. 32 (FY 2007-08 intent language to increase funding if revenues came in higher than anticipated); Sec. 99c (middle school math carry forward language); Sec. 99i (\$300,000 grant to Pontiac Schools for crisis intervention); Sec. 99j (\$350,000 to Grosse Pointe for math/science demonstration projects, and \$150,000 to Harper Woods for various programs); Sec. 99k (\$900,000 grant to Redford Union, \$400,000 to Chippewa Valley, \$400,000 to Pontiac, and \$250,000 to Clintondale); Sec. 104a and 104b (curriculum requirement language that is duplicative of sections in the Revised School Code); and Sec. 166 (financial penalty if providing family planning drugs or abortion referrals).

Date Completed: 2-28-08

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