



Senate Fiscal Agency
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Senate Bill 1107 (S-1, Draft 1 as reported)
Committee: Appropriations

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

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

- 1. **Foundation Allowance Increase.** The Governor proposed to increase per-pupil funding between \$108 and \$216, with the smallest increase provided to districts above \$8,433, and the largest to those at \$7,204. The Senate proposed a \$70/\$140 increase, with an extra \$40 per pupil to those districts whose FY 2007-08 foundation allowances are at or above \$8,433. 156,750,000
- 2. **Increases in Required Funding.** The Governor and Senate proposed necessary increases in debt service on *Durant* bonds (\$41.9 million) and School Bond Loan (\$37.1 million), special ed costs (\$19.8 million), and Ren. Zones (\$7.5 million, \$2.1 m GF). 106,259,000
- 3. **Federal Funds.** The Governor and Senate 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). 82,682,300
- 4. **Infrastructure Grants.** The Governor proposed a new program with 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 \$8.0 million). The Senate proposed the same amount of funding, but allocated as per-pupil grants (approximately \$16-\$17) for paying off existing capital debt, deposit into a sinking fund, or immediate building repairs. 27,000,000
- 5. **School Readiness Program.** 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. The Senate increased funding by \$4.7 million. Other early childhood funding proposed by the Governor was not included by the Senate. 4,700,000
- 6. **School Aid Fund (SAF) Cash Flow Costs.** The Governor and Senate proposed to increase the SAF's share of cash flow borrowing costs from \$22.8 million to \$45.0 million. 22,200,000
- 7. **Other Senate Initiatives.** The Senate reduced declining enrollment funding by \$5.0 million, increased Math/Science Centers by \$1.0 million, gave \$100,000 to the Kalamazoo area for a pre-college engineering program, and \$65,000 extra to Advanced/Accelerated. (3,835,000)
- 8. **Center for Educational Performance and Information (CEPI).** The Governor proposed an additional \$4.3 million GF/GP for CEPI to link the K-12 database to postsecondary institutions, among other initiatives. The Senate increased CEPI's funding by \$2.3 million. 2,320,000
- 9. **ISD Operational and Targeted Funding.** The Governor proposed a 1.2% increase in ISD unrestricted operational funding (\$1.0 million); the Senate proposed a 1.1% increase. 893,000
- 10. **Economic Adjustments.** Economic adjustments of \$10,500 (of which \$700 are GF/GP) are included (Youth ChalleNGe Academy, Maxey, CEPI, and bus inspections). 10,500
- 11. **Other Changes.** Other changes included eliminating expired *Durant* payments (\$32.0 million), assessment testing (increased \$3.5 million), school health centers (increased \$1.0 million), MBT grants (\$1.3 million), savings at Maxey (\$274,900), \$150,000 reduction in funding to CMU's lending library; and eliminating some district grants (\$2.8 million). (29,709,200)
- 12. **Comparison to Governor's Recommendation.** The Senate is \$139,932,000 Gross and \$0 GF/GP under the Governor.

Total Changes..... \$369,270,600

FY 2008-09 Senate Appropriations Subcommittee Gross Appropriation \$13,375,295,700

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. The Senate did not concur. (Sec. 6)
2. **21st Century Schools Fund.** The Governor included language and guidelines for the proposed 21st Century Schools Fund, including eligibility and grant funding. The Senate included a different infrastructure proposal, providing per-pupil grants for paying down capital debt, deposit into a sinking fund, or immediate building repair. (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%. The Senate did not concur. (Sec. 20(22))
4. **Cost of Living Adjustment.** The Senate included a new provision providing for foundation allowance adjustments (in FY 2008-09 of \$40 per pupil) to districts whose FY 2007-08 foundation allowances were at or above \$8,433. (Sec. 20(23))
5. **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. Except for the name change, the Senate concurred. In addition, the Senate added provisions related to referring income eligible children to Head Start. (Sections 32d, 32i, 37, 38, 39).
6. **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. The Senate did not concur, and reinstated the redistribution for the 2007-2008 fiscal year. (Sec. 51a(7))
7. **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. The Senate clarified that this applies to the extent funding is available. (Sec. 94a)
8. **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. The Senate concurred. (Sec. 98)
9. **Schools of Choice Across ISD Boundaries.** The Senate included a change where, instead of requiring a written agreement on how the costs of educating a special education student would be allocated between the resident and enrolling districts, the enrolling district would be responsible for all costs. (Sec. 105c)
10. **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. The Senate did not concur, and retained current law. (Sec. 107)
11. **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)
12. **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). The Senate concurred in all sections, with the exception of Section 166.

Date Completed: 3-14-08

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