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Senate Bill 1107 (S-1 as passed by the Senate)  
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 \$71/\$142 increase, and maintained the same current law formula as used by the Governor. 151,180,100
- 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 \$82.7 million, (Title I At-Risk (\$60.5 million) and new Local School Improvement Grant (\$17.6 million)). 82,682,300
- 4. **Infrastructure Grants.** The Governor proposed a new program 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 \$19-\$20) for paying off existing capital debt, deposit into a sinking fund, or immediate building repairs. 32,000,000
- 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.** Senate increased Math/Science and School Health Centers by \$1.0 million each, increased pre-college engineering program funding by \$419,900, and gave \$65,000 extra to Advanced/Accelerated. Funded at \$250,000 each are International Baccalaureate and the Center for Advanced Studies and the Arts. 2,984,900
- 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), grants to rural, sparsely populated districts (\$1.3 million), MBT grants (\$1.3 million), savings at Maxey (\$274,900), \$150,000 reduction in funding to CMU's lending library; eliminating some district grants (\$2.8 million). (29,433,900)
- 12. **Comparison to Governor's Recommendation.** The Senate is \$133,406,700 Gross and \$0 GF/GP under the Governor.

Total Changes ..... \$375,795,900

**FY 2008-09 Senate Gross Appropriation ..... \$13,381,821,000**

**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. **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. 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. **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, 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. The Senate did not concur, and reinstated the redistribution for the 2007-2008 fiscal year. (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. The Senate clarified that this applies to the extent funding is available. (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. The Senate concurred. (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. The Senate did not concur, but did earmark \$700,000 for districts to operate adult education programs in prisons. (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. **"Placeholders".** The Senate added three sections that act as "placeholders" for future discussions. The first provides for English Language Arts early intervention, the second for Future Farmers of America programs, and the third for Communities in Schools. (Sec. 42, 99n, and 99o)
11. **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: 3-27-08

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