



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-2768
Fax: (517) 373-1986
TDD: (517) 373-0543

FY 2009-10 Year-to-Date Gross Appropriation \$12,823,571,000

Changes from FY 2009-10 Year-to-Date:

Items Included by the Senate and House

- 1. **Technical Adjustments.** The House and Senate included technical cost adjustments totaling a negative \$85,943,400, higher debt service of \$5,134,000, lower educational costs at DHS facilities of \$1,083,200, and additional Federal funding of \$73,836,100. (8,056,500)
- 2. **Saginaw Valley State University Agriculture Education Program.** Senate and House included a new \$300,000 appropriation to SVSU for an agriculture education program. 300,000
- 3. **School Bus Inspections.** The House and Senate included funding for the Michigan State Police to randomly audit locally-inspected school buses. 433,800

Conference Agreement on Items of Difference

- 4. **Per-Pupil Reduction.** The Senate increased the current \$165 per-pupil reduction by \$118. The House reduced the \$165 per-pupil reduction by \$65. Conference reduced the \$165 per-pupil reduction by \$11, to \$154, effective in both FY 2009-10 and FY 2010-11. 20,034,200
- 5. **School Readiness Grants.** The Senate retained current-year funding for these grants; the House increased the competitive grants by \$7,575,000. Conference increased district grants by \$1,300,000 and competitive grants by \$1,300,000. 2,600,000
- 6. **Center for Educational Performance and Information.** Conference adjusted State spending to CEPI by \$135,000 and increased Federal spending by \$7,274,600 above current law, to pay for data requirements under ARRA and Race to the Top. Also, Contingency SAF appropriations totaling \$26.2 million are included in the event Michigan is not successful in receiving a Federal RTTT grant, to pay for State-mandated activities enacted with RTTT reforms enacted in December 2009. 7,409,600
- 7. **MBT Hold Harmless.** An additional \$500,000 for Pontiac under this section was included. 500,000
- 8. **Cultural Access Grants.** The House included \$100,000 for Cultural Access Grants, and Conference concurred. The Senate had not included this funding. 100,000
- 9. **House and Senate Items Not Included by Conference.** Major House adjustments not included by conference are: smaller payments for cyber school students; additional child/adolescent health center funding; additional funding for ISD operations; reduced MVU funding. The Senate's elimination of Declining Enrollment grants was not included. 0
- 10. **Contingent Appropriations.** Conference includes the Senate's 20j and the foundation allowance funding, (with passage of SB 884, a tax amnesty bill) and the House's funding for increasing six hold harmless districts' foundation allowances to the basic (with passage of H.B. 6212), and for Interagency Early Childhood grants, contingent on elimination of the double deduction for State income tax purposes for oil and gas production. 0
- 11. **Economic Adjustments.** The Senate did not include any wage economics, totaling \$286,900. The House did fund the wage economics. Conference did not include economics for DHS staff, Youth ChalleNGe staff, or MSP bus inspectors. An increase of \$135,000 was provided to CEPI but is not specified for economics, which if fully funded would have totaled \$170,000. The increase for CEPI is shown in #6 above. 0

Total Changes \$23,321,100

FY 2010-11 Conference Report Gross Appropriation \$12,846,892,100

Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2009-10 Year to Date:Items Included by the Senate and House

1. **Litigation Earmark.** The House and Senate included a \$1.0 million earmark for the State costs of assisting locals in taxable value cases affecting School Aid Fund revenues or expenditures. (Sec. 20)
2. **School Readiness.** The House and Senate increased the participation rate of children in poverty from 50% to 75%. (Sec. 32d)
3. **CEPI.** The House and Senate included revisions to the section that appropriates funds and outlines CEPI's mission, including codifying the requirements found in the State Fiscal Stabilization Fund application and other Federal requirements (a P-20 data system, meaningful data, linkage between teachers and students, etc), with the exception of creating a P-20 council as recommended by the Governor. (Sec. 94a)

Conference Agreement on Items of Difference

4. **Cyber Schools.** Conference did not reduce the value of a student at a cyber school to 0.75 FTE, but did add a reporting requirement on the actual costs of educating via distance learning, and also prohibited cyber schools from requiring an employee to sign an agreement prohibiting them from disclosing information about their salary or other compensation. A violation would impose a 2% total state aid penalty to the district. (Sections 6, 101, and 166d)
5. **Per-Pupil Reduction and Service Consolidation Plans.** Conference lowered the existing \$165 per-pupil reduction to \$154 in both FY 2009-10 and FY 2010-11, and required a report of districts on their implementation of service consolidation plans submitted this year to the Department, and asks for an examination of the regional purchasing of diesel fuel. (Sec. 11d)
6. **District and ISD Reporting of Expenditures.** Conference removed ISDs from most of the expenditure reporting requirements under the School Aid Act, since they were duplicative and in conflict with existing requirements found in the Revised School Code. (Sec. 18)
7. **MBT Hold Harmless Formula.** Conference adjusted language in the section that provides funds to hold districts harmless from changes that were made in the MBT, such that each grantee (including new grantees) could receive no more than 15% of the total appropriation. In addition, another \$500,000 was earmarked to Pontiac. (Sec. 22e)
8. **Dearborn's At-Risk Allocation.** Conference added language revising the FY 2009-10 25% reduction to Dearborn's At-Risk allocation such that it would be reduced after all payments under the section were prorated, rather than before the proration. The change is effective beginning in FY 2010-11. (Sec. 31a)
9. **ISD Operations.** Conference added language protecting from future reductions the portion of an ISD's allocation under Section 81 equal to the amount transferred into the section for each ISD in 1995-96 related to their FICA and retirement allocations. This would be effective for cuts occurring after FY 2010-11. (Sec. 81)
10. **Race to the Top Contingent Appropriations.** Conference added language appropriating funds to CEPI and Assessments, in the event Michigan is not successful in receiving a Federal RTTT grant. The School Aid Funds total more than \$26 million, and are spread among Sections 94a (CEPI) and 104 (Assessments), as well as providing a fund shift of SAF for GF/GP in the Discretionary Payment (Sec. 22b).
11. **Days and Hours.** Conference retained current law for the number of days of instruction in 2010-11 (at 165), but did include a waiver possibility for districts that have been operating 4-day weeks. (Sec. 101)
12. **MPSERS Rate.** Conference increased the retirement rate charged to districts against their payroll for deposit into the MPSERS pension system from 16.94% in FY 2009-10 to 19.41% in FY 2010-11, costing schools statewide an estimated \$255 million. Language was included stating that the contribution rate may be reduced if reforms are enacted and in effect by the end of calendar year 2010. (Sec. 147)
13. **Basic Instructional Materials.** Conference amended current law to require the Department to develop a model policy on basic instructional supplies, and instituted a step-by-step process at the local level for teachers to file claims alleging insufficient materials. Only in districts identified to be placed under the school reform/redesign officer would teachers be able to directly ask the Department to investigate a claim of insufficient materials. The Department's requirement to establish a hotline was removed. (Sec. 166c)

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Fiscal Analyst: Kathryn Summers

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

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