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**FY 2007-08 Year-to-Date Gross Appropriation ..... \$12,897,780,100**

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

Items Included by the Senate and House

- 1. **Adjustments in Required Funding and Federal Grants.** Necessary increases in debt service on *Durant* bonds (\$41.9 million) and School Bond Loan (\$35.1 million), special education costs (\$33.3 million), and Renaissance Zones (\$7.5 million, \$2.1 million GF) were included, along with \$86.0 million in increased Federal funds. *Durant* cash payments (\$32.0 million) ended in FY 2007-08 and were removed for FY 2008-09. 171,763,700
- 2. **MBT Impact on Out-of-Formula Districts.** A \$1.3 million appropriation was included to hold harmless those districts inadvertently impacted by the Michigan Business Tax. 1,300,000
- 3. **Assessment Cost, Juvenile Detention, and Special Education Lending Library Reductions.** A reduction of \$449,600 in testing costs was included, based upon changes in testing policy agreed upon by the Senate and House, as were a reduction of \$150,000 to the lending library and a reduction of \$274,900 from efficiencies at Maxey. (874,500)
- 4. **Economic Adjustments.** Economic adjustments of \$10,500 (\$700 GF) were included. 10,500

Conference Agreement on Items of Difference

- 5. **Foundation Allowance.** Senate increased the foundation by \$71-\$142, House increased it by \$55-\$110, and Conference increased the foundation by \$56-\$112. Additional funding is included in the budget to ensure districts are held harmless from local millage reductions attributable to changes in the Michigan Business Tax. 256,500,000
- 6. **Cash Flow Borrowing Costs.** The Senate concurred with the Governor to increase the School Aid Fund's share of cash flow borrowing costs from \$22.8 million to \$45.0 million. The House increased it to \$30.8 million. Conference concurred with the Governor and Senate, for a total appropriation of \$45.0 million. 22,200,000
- 7. **21<sup>st</sup> Century Schools Grants.** Conference included \$15.0 million for new grants to districts with less than 70% graduation rate for planning and startup of newly constructed or newly configured schools designed to reduce the dropout rate. (The Governor and House funded this new program at \$32.0 million to pay debt service on State issued bonds; the Senate funded this at \$32.0 million for per-pupil infrastructure grants.) 15,000,000
- 8. **Early Childhood Programs.** Conference included an increase of \$5.0 million for the Early Childhood Investment Corporation (as recommended by the Governor and House), and a \$5.0 million (\$2.5 million GF/GP) increase for school readiness programs. 10,000,000
- 9. **Center for Educational Performance and Information.** Conference included a \$2.5 million GF/GP increase to the CEPI. The Governor and House recommended an increase of \$4.3 million; the Senate included an increase of \$2.3 million. 2,500,000
- 10. **Child and Adolescent Health Centers.** Conference included a \$1.0 million increase for Child and Adolescent Health Centers, concurring with the Senate. The House and Governor increased this program by \$2.0 million. 1,000,000
- 11. **Other.** Other Conference changes totaled \$1.7 million. 1,727,000

Total Changes ..... \$481,126,700

**FY 2008-09 Conference Report Gross Appropriation ..... \$13,378,906,800**

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

**Changes from FY 2007-08 Year to Date:**Items Included by the Senate and House

1. **Funding Reduction for High School Grades not Offered.** The House and Senate did not concur with the Governor to include language that would reduce any funding increases for schools that do not offer all of grades 9-12.
2. **Emphasis on Postsecondary.** The House and Senate included language for both the Center for Educational Performance and Information (CEPI) and the Michigan Virtual High School, whereby CEPI coordinate the electronic exchange of student records among K-12 and postsecondary entities, and that MVU work with postsecondary groups to develop an outreach plan with access to online resources designed to increase enrollments. (Sections 94a and 98)

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3. **Kindergarten Membership/Funding.** The Governor proposed that, beginning in FY 2009-2010, half-day kindergarten programs would be funded at 50% (current law fully funds those programs). Conference changed that to apply to developmental kindergarten programs, and added that kindergarten programs would be fully funded in FY 2010-11 if they operated for 60% of a day, and fully funded in FY 2011-12 if they operated for 70% of a day. (Sec. 6)
4. **District of the First Class.** Currently, a district of the first class is defined only in the Revised School Code (RSC) as a district with more than 100,000 pupils. Numerous sections in the School Aid Act (SAA) refer to the RSC. The House added a definition of first class district, only for relevant sections in the SAA, as being the largest school district. Conference changed the SAA definition to a district with at least 60,000 pupils. This definition in the SAA does not change the definition in the RSC, and thus sections in the RSC that refer to a first class district still are bound by the definition in the RSC.
5. **21<sup>st</sup> Century Schools.** Conference added a new section, substantially different than the original proposal found in the Governor's recommendation (which would have appropriated \$32.0 million/year to pay debt service on State-issued bonds). Grants of up to \$3.0 million would be made available to districts with less than a 70% graduation rate, as long as the grantee matched the grant funds. Grantees would have to graduate at least 80% of their students by the third year, and 80% of those students would have to go on to postsecondary education, or the grantee would have to return 50% of the grant. (Sec. 11n)
6. **School Readiness Program Policy Changes.** Conference retained current law pertaining to teacher credentials in school readiness programs, but adopted numerous Senate recommendations, including prohibiting the supplanting of Federal funds, and requiring an effective recruitment and enrolling process. (Sections 32d, 32l, and 37)
7. **Adult Education Earmark.** Conference concurred with the Senate's earmarking of funds from Adult Education to be awarded as competitive grants to districts that educate people in prisons. The earmark was reduced from the Senate's \$700,000 to \$500,000 (out of \$24.0 million). (Sec. 107)
8. **Repeal of Section 166.** The Governor and House repealed Section 166, which imposes a 5% penalty to districts if they provide family planning drugs or referrals for abortion; the Senate did not repeal the section. Conference concurred with the Senate to retain the section in current law. (Sec. 166)

Date Completed: 7-16-08

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