



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



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

House Bill 4447 (S-1, Draft 1 as reported)
Committee: Appropriations

Throughout this document Senate Subcommittee.

FY 2008-09 Year-to-Date Gross Appropriation \$13,371,906,800

Changes from FY 2008-09 Year-to-Date:

1. **Foundation Allowance.** In addition to technical cost adjustments, the Senate reduced foundation allowance funding by \$110 per pupil (\$174.2 m), eliminated small/rural declining enrollment grants (\$10.6 m), and restored full funding for half day kindergarten and developmental kindergarten programs (adding \$5.8 m). The Governor had recommended a \$59 per pupil reduction and a reduction of one-half of the declining enrollment grants. The House did not include any foundation reductions. (417,750,000)

2. **Program Eliminations.** The Senate eliminated School Readiness grants (both district and competitive, totaling \$103.5 m), ISD Special and Vocational Education Millage Equalization grants (\$45.9 m), Declining Enrollment (\$20.0 m), the remaining Small High Schools funding (\$8.0 m), Dearborn's At-Risk payment (\$5.9 m), ISD Early Childhood funding (\$5.0 m), Child and Adolescent Health Centers (\$4.7 m), State funding for Math and Science Centers (\$3.5 m) and the Michigan Virtual High School (\$2.3 m), Bilingual Education (\$2.8 m), Interagency Early Childhood grants (\$2.1 m), Health/Science Middle Colleges (\$2.0 m), District-Specific grants (Grosse Pointe, Harper Woods, Redford Union, Chippewa Valley, and Clintondale, totaling \$2.4 m), School Bus Inspections (\$1.4 m), Transportation grants (\$1.3 m), Precollege Engineering (\$1.0 m), Isolated District funding (\$0.8 m), After School Math Pilots (\$0.7 m), Advanced and Accelerated (\$0.3 m), Cultural Access grants (\$0.1 m), Central Michigan University's Lending Library (\$0.1 m), Inkster's final year of supplemental funding (\$0.1 m), Newsline service for the blind (\$0.1 m), and all but \$100 of the Youth Challenge Program (\$1.3 m). The Governor had eliminated Dearborn's At-Risk payment, ISD Early Childhood funding, Interagency Early Childhood grants, Bilingual Education, Transportation grants, Isolated District funding, dollars to hold districts harmless from changes in the MBT, Inkster's grant, Newsline, Advanced and Accelerated, Precollege Engineering, After School Math Pilots, Cultural Access grants, and the District-Specific grants listed above, plus Pontiac's \$300,000. The House had eliminated the Inkster funding. (215,161,300)

3. **Programs Reductions.** The Senate reduced Vocational Education and Adult Education by 10% (\$5.4 m), reduced ISD operations by 5% (\$4.1 m) and the Early Childhood Investment Corporation by \$750,000, and included testing changes saving \$2.6 million more than the Governor's reductions of \$941,300. The Senate concurred with technical cost reductions for Renaissance Zones (\$18.0 m), and CEPI funding (\$1.5 m), and lower educational costs at DHS facilities (\$0.3 m). The Governor had reduced ISD operations by 20% and had reduced Adult Education by \$4.0 million. The House included only the technical program cost adjustments for Renaissance Zones, MEAP, CEPI, and education costs for DHS. (33,532,000)

4. **Program Cost Increases.** The Senate concurred with the Governor to increase payments for debt service in the School Bond Loan Fund (\$1.0 m) and Special Education (\$37.5 m). 38,500,000

5. **Other Changes.** Three \$100 points-of-difference were added to Court Placed Pupils, School Breakfast, and payments to out-of-formula districts for MBT changes. 300

6. **Comparison to Governor's Recommendation.** The Senate was \$413,036,500 Gross and \$9,000,000 GF/GP below the revised Governor's Recommendation.

Total Changes..... (\$627,943,000)

FY 2009-10 Senate Appropriations Subcommittee Gross Appropriation \$12,743,963,800

Changes from FY 2008-09 Year to Date:

1. **Timelines for Kindergarten Changes.** The House pushed off for two years the implementation dates for changes in Developmental Kindergarten and Kindergarten funding. Under the House proposal, full funding for Developmental kindergarten would require a full day of instruction beginning in 2011-2012, and full funding for Kindergarten would require 60% of a day of instruction in 2012-2013, and 70% of a day beginning in 2013-2014. In addition, the House added legislative intent that districts should increase time for parent-school contact. The Senate returned the requirement to a half-day of instruction generating a full foundation allowance. (Sec. 6(4)(r))
2. **Schools of Choice within DPS' Boundaries.** The Governor's budget recommended restoring the prohibition that school districts could not operate schools within the boundaries of the Detroit Public Schools, without DPS' approval. The House amended this language to prohibit any district from operating an instructional site outside of the district's boundaries, without the approval of the resident district, for programs established after 2008-09. The Senate retained current law, meaning any district can go into any other and open an instructional site. (Sec. 6(6))
3. **At-Risk Funds for Security.** The Senate increased the percentage of At-Risk funding an eligible district may use on school security from 15% to 20%. (Sec. 31a)
4. **Early Childhood Investment Corporation Study.** The Senate did not include a section added by the House that would require ECIC to study the feasibility of consolidating statewide early childhood funding into a single Great Start Strategic Fund. (Sec. 32a in the House-passed version)
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 House did not concur, and retained the language. (Sec. 51a(7))
6. **Days of Instruction.** The House added a requirement that districts provide at least 170 days of pupil instruction, where a day is defined as at least five hours of student contact time. The Senate changed the language to require 165 days in 2010-11 and 2011-12, and at least 170 days beginning in 2012-13. In addition, the Senate added a requirement that districts not provide fewer days of instruction than were provided in 2008-09, and did not define the length of a day of instruction. (Sec. 101)
7. **MEAP and Merit Exam Changes.** The Senate added language prohibiting exam funding to be spent on an expanded social studies exam, pattern scoring, or any assessments developed by the Department for the purposes of Sections 1278a and 1278b of the Revised School Code. Intent language also was added that the Department replace its current MEAP for grades 3-8 with the Iowa Test or a similar exam, and the allocation was included for the "Explore" exam in grades 8 or 9. (Sec. 104 and 104b))
8. **Adult Education.** The Governor proposed revising the Adult Education program from a formulary grant to a competitive application process, focused on a regional partnership between a district or ISD and other entities in the community that are "position to determined the basic skills development needs of the region", which must include at least one postsecondary institution and one workforce development partner. The House did not concur with these changes, and instead retained the traditional Adult Education language. However, the House did add a section requiring the Department to create an Adult Learning Planning Group charged with evaluating this program and making recommendations for updating this section to address the increased demand for adult education, and the need to align adult ed with postsecondary education, training, and employment. The Senate concurred with the majority of the House's changes, with minor adjustments. The Senate decreased the per-pupil reimbursement from \$2,850 to \$2,550, and correspondingly capped the amount a district could get to 90% of the prior year's allocation.(Sec. 107)
9. **Retirement Rate.** The FY 2009-2010 retirement rate increased 0.4%, from 16.54% to 16.94%. (Sec. 147)
10. **Numerous Sections Repealed.** Corresponding to the program eliminations listed in #2, boilerplate sections in the School Aid Act were repealed.

Date Completed: 6-17-09

Fiscal Analyst: Kathryn Summers