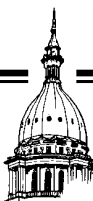




Senate Fiscal Agency
P. O. Box 30036
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BILL



ANALYSIS

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| FY 2011-12 Year-to-Date Gross Appropriation | \$12,744,007,800 |
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Changes from FY 2011-12 Year-to-Date:

Items Included by the Senate and House

- | | |
|---|------------|
| 1. Technical Cost Adjustments. Conference included adjustments due to pupils, taxable values, cash flow borrowing costs, and changes in Federal funds. | 45,714,600 |
| 2. Youth Challenge. Senate and House both funded Youth Challenge at \$1.5 million. | 734,400 |
| 3. New Grants. Governor, Senate, and House included \$10.0 million one-time funding of a program to provide consolidation innovation grants, and a new program to provide up to \$300/principal for training in effectively evaluating teachers. | 11,750,000 |
| 4. Economic Adjustments. \$818,300 for OPEB and \$403,400 for other economics. | 1,221,700 |
| 5. Other Changes. Michigan Business Tax hold harmless was eliminated. | (700,000) |

Conference Agreement on Items of Difference

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| 6. Best Practices. Conference funded Best Practices grants at \$80.0 million, a decrease of \$74.0 million from the current year, for districts meeting seven out of eight criteria. | (74,000,000) |
| 7. Equity/Foundation. Conference funded equity payments at \$80.0 million, boosting districts below \$6,966 per pupil up to that amount (an increase up to \$120 per pupil). | 80,000,000 |
| 8. Technology Infrastructure Grants. Conference funded these new grants, initiated by the House, at \$50.0 million, for technology improvements or access to a computer adaptive test. | 50,000,000 |
| 9. District Performance Grants. Conference funded district performance grants, originally proposed by the Governor as pupil performance grants, at \$30.0 million. | 30,000,000 |
| 10. Class Size Reduction Grants. Conference funded class size reduction grants in FY 2012-13 at the current FY 2011-12 level. | 13,300,000 |
| 11. Intermediate School District (ISD) Best Practices. Conference included \$2.0 million to provide Best Practices incentive grants to ISDs, rather than earmark grants from existing funds. | 2,000,000 |
| 12. Renaissance Zone Reimbursements for Libraries. Conference included a partial restoration of Renaissance Zone reimbursements for public libraries. | 1,500,000 |
| 13. Great Start Readiness Program (GSRP) Grants. Conference increased GSRP grants by \$5.0 million. | 5,000,000 |
| 14. MPSERS Reimbursements to Districts. Conference continued the \$155.0 million appropriation in FY 2011-12 into FY 2012-13. | 0 |
| 15. MPSERS Reserve for Reforms. Conference included a \$41.0 million appropriation into the MPSERS reserve, a decrease from the current appropriation of \$133.0 million. | (92,000,000) |
| 16. MPSERS Funding for Employer Rate Cap. Conference included \$130.0 million to appropriate to the Retirement System, pursuant to Section 41 of Senate Bill 1040, which provides for a cap on employer contribution rates. | 130,000,000 |
| 17. Items Not Funded. Education Reserve Fund, Computer Adaptive Test, increase in Vocational Education, restoration of Wayne-Westland and other specific adjustments. | (4,000,000) |

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| Total Changes | \$200,520,700 |
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| FY 2012-13 Conference Report Ongoing/One-Time Gross Appropriation | \$12,944,528,500 |
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Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2011-12 Year-to-Date:Items Included by the Senate and House

1. **Michigan Virtual University (MVU).** The Governor, Senate, and House proposed changing the mission of the MVU by establishing the Center for Online Learning Research and Innovation, focused on research and innovation in online learning. The new Center also would be required to annually research and recommend criteria by which cyber schools and online course providers should be monitored and evaluated. The MVU was further charged with conducting a pilot study of 1,000 students in online courses to determine and demonstrate the merits of a payment system for online instructional programs based on student performance rather than solely on enrollment and attendance. (Sec. 98)

Conference Agreement on Items of Difference

2. **Vocational and Alternative Education Programs Outside District Boundaries.** Senate added language allowing districts to operate in other districts if the resident district did not offer vocational or alternative education programs. Conference did not include.
3. **Pupil Count Days.** House included language stating the intent to move away from the current two-count per-year system, to a system of counting students eight times a year. Conference did not include, but did amend Section 25 to allow for the Department of Education to adjust pupil membership FTEs mid-year, when pupils transfer after count day. (Sec. 6 and 25)
4. **Kindergarten.** Conference added language stating that, to the extent allowable under Federal law and with sufficient documentation, for districts that used Federal Title I money in the two preceding years to fund full-time kindergarten, full-time membership in kindergarten is equal to one-half of the number of hours required for full-time status in grades 1-12. The Department of Education also is required to seek clarification from the Federal Department of Education as to whether this is an allowable use of Federal Title I money. (Sec. 6)
5. **Intent Language.** Conference concurred with Senate to add two sections of intent language: 1) School Aid Fund name change to Comprehensive Education Fund; and, 2) intent to study categoricals and determine to what extent, if any, they should be rolled into the foundation allowance. (Secs. 11t and 11u)
6. **Online Learning Cost Report.** Conference included a report found in Senate Bill 619 requiring districts and ISDs offering online learning to report on the detailed costs of online learning. (Sec. 18)
7. **Standardized Data Reporting.** Conference included modified House language stating intent to move to a standardized data reporting system by FY 2014-15. (Sec. 19)
8. **Early Childhood Block Grant.** Conference repealed categorical funding for ISD early childhood funding and ECIC collaboratives, and rolled them into a new ISD early childhood block grant. (Sec. 32p)
9. **Itinerant Staff Reimbursement.** Conference retained language requiring the redistribution of special education funds, that otherwise would lapse, to intermediate districts affected by changes made in FY 2003-04 regarding costs associated with itinerant staffing, but with an expiration date not later than FY 2014-15. (Section 51a).
10. **Best Practices Earmark for ISDs.** The Governor earmarked 5% of existing intermediate district operational funding as incentive payments for ISDs meeting best practices (service consolidation, competitive bids on noninstructional services, technology plan for constituent districts, dashboard, and information management system). Conference instead added 3.2% of new funding for best practices. (Sec. 81)
11. **Dropouts.** Conference added a new section allowing an enrolling district to provide substantiating paperwork to the Department of Education in order to enroll a dropout who has not yet been so identified. (Sec. 101a)
12. **MPERS Rate.** The FY 2012-13 MPERS rate totaled 27.37% of payroll for employees hired before July 1, 2010, and totaled 26.14% of payroll for employees hired on or after that date. Conference included language allowing the rate to differ, if the office of Retirement Services calculates and applies a different rate pursuant to provisions enacted under Senate Bill 1040. (Sec. 147)

Date Completed: 5-31-12

Fiscal Analyst: Kathryn Summers