



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



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

Senate Bill 961 (Substitute S-2 as passed by the Senate)

Committee: Appropriations

FY 2011-12 Year-to-Date Gross Appropriation	\$12,744,007,800
--	-------------------------

Changes from FY 2011-12 Year-to-Date:

- | | |
|---|---------------|
| 1. Technical Cost Adjustments throughout Budget. Governor and Senate recommended \$28.2 million net Gross for an increase in costs associated with taxable values, pupils, special education, debt service, data collection costs, cash-flow borrowing, PILT, and other adjustments. | 28,325,700 |
| 2. Increase in Federal Funds. Federal funds were increased \$43.0 million. | 43,009,600 |
| 3. Best Practices/Student Performance Grants. Governor increased grants for best practices and student performance from \$154.0 million to \$190.0 million. Senate replaced \$154.0 million in existing best practices funding with \$40.0 million in pupil performance funding. The remaining funding was instead directed to the foundation allowance. | (114,000,000) |
| 4. MPSERS Reimbursement. Governor increased grants to school districts to partially offset the costs of retirement, from \$155.0 million to \$179.0 million. Senate did not concur, and instead redirected \$177.0 million to the foundation allowance and \$2.0 million for ISD best practices. | (155,000,000) |
| 5. Foundation Allowance. Senate increased the Foundation grant between \$116 and \$232 per pupil, using \$177.0 million of proposed MPSERS funding, \$95.0 million of best practices funding, and \$31.0 million of pupil performance grants to pay for the increase in the Foundation. | 303,000,000 |
| 6. ISD Best Practices. Senate included \$2.0 million from proposed MPSERS reimbursement to provide Best Practices incentive grants to ISDs, rather than earmark grants from existing funds. | 2,000,000 |
| 7. Testing. Senate funded MEAP and a computer-adaptive test. | 18,000,000 |
| 8. New Grants. Governor and Senate proposed \$10.0 million one-time funding of a program to provide consolidation innovation grants, part of the "best practices" program, and a new program to provide up to \$300/principal for training in effectively evaluating teachers. | 11,750,000 |
| 9. Great Start Readiness Program (GSRP) Grants. Senate increased GSRP grants by \$10.0 million. | 10,000,000 |
| 10. New Education Reserve Fund. Senate included a new \$6.0 million appropriation for an Education Reserve Fund, with specific allocations to be determined as needs arise. | 6,000,000 |
| 11. Fund Shift. Senate increased GF by \$96.5 million and decreased SAF by the same amount. | 0 |
| 12. Savings from Half-Day Kindergarten. Implementing language added last year, the Governor's budget recognized \$50.0 million in estimated savings from the change for kindergarten where half-day programs will generate half funding. The Senate concurred. | (50,000,000) |
| 13. Youth Challenge. Senate roughly doubled funding for the Youth Challenge program. | 734,400 |
| 14. Elimination of Spending. Governor eliminated the following items: MPSERS reserve for retirement reforms (intended as one-time in FY 2011-12), \$4.0 million for district-specific foundation allowances and \$13.5 million for class-size reduction grants (scheduled for elimination after FY 2011-12), and \$700,000 for reimbursement of lost revenue due to changes from the MBT. Senate restored 50% of current funding for Wayne-Westland and 100% of small class size current-year funding. | (136,400,000) |
| 15. Economic Adjustments. Includes \$818,300 for OPEB and \$403,400 for other economics. | 1,221,700 |
| 16. Comparison to Governor's Recommendation. Senate is \$25,634,400 Gross over and \$96,516,400 GF/GP over the Governor. | |

Total Changes	(\$31,358,600)
----------------------------	-----------------------

FY 2012-13 Senate-Passed Gross Appropriation	\$12,712,649,200
---	-------------------------

Changes from FY 2011-12 Year to Date:

1. **Education Achievement System (EAS).** Throughout the bill, the Governor included definitions and references to the EAS, Achievement Authority, and Achievement School, to allow students in schools designated to be within the EAS to be counted in membership at the foundation allowance of the local district. Senate concurred.
2. **Half Funding for Half-Day Kindergarten.** Senate added language that this funding change is not intended to jeopardize Title I dollars used for kindergarten. (Sec. 6(4)(r))
3. **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. (Sec. 6(6))
4. **Intent Language.** Sen. added 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)
5. **Best Practices/Student Performance Grants.** Governor included amended language for the program that had been intended as one-time funding in FY 2011-12 to promote best practices. The program is continued into FY 2012-13, with a total of \$190.0 million appropriated, and up to \$100 per pupil is allocated for districts meeting stated levels of student performance (elementary/middle and high school). Any unallocated funds would be distributed to districts displaying best practices, by meeting five of six criteria. Senate eliminated best practices and instead set up a new section for pupil performance grants, where districts would be required to test students in any grades offered between 2 and 12, and to be eligible for a grant, would have to demonstrate gains in normative growth using a computer adaptive test administered at least in the fall and spring. Grants would be distributed on an equal per-pupil basis, based on how many students were tested in eligible districts. (Sec. 22i)
6. **Consolidation Innovation Grants.** Governor and Senate included a new program offering competitive assistance grants to districts and intermediate districts for the reimbursement of transition costs associated with the consolidation of operation or services between two or more districts, between districts and municipalities, or the consolidation of districts or ISDs. (Sec. 22g)
7. **Early Childhood Block Grant.** Senate repealed categorical funding for competitive GSRP grants, ISD early childhood funding, and ECIC collaboratives, and rolled them into a new ISD early childhood block grant. (Sec. 32p)
8. **Itinerant Staff Reimbursement.** The Governor removed language requiring the redistribution of special education funds, that otherwise would lapse, to intermediate districts impacted by changes made in 2003-04 regarding costs associated with itinerant staffing. Senate retained. (Sec. 51a(7)).
9. **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). Senate instead added 3.2% of new funding for best practices. (Sec. 81)
10. **Michigan Virtual University (MVU).** The Governor and Senate 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)
11. **MEAP Replacement.** Senate removed all funding for MEAP and replaced it with a computer-adaptive test to be chosen via an RFP process undertaken by the Michigan Department of Education. If the computer-adaptive test is found by the US Department of Education not to be as academically rigorous as the MEAP, then it is the intent of the Legislature to restore funding for the MEAP. (Sections 104 and 104c)
12. **MPSERS Rate.** The FY 2012-13 MPSERS 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. Senate concurred. (Sec. 147)
13. **MPSERS Reserve Fund.** Senate reduced the FY 2011-12 appropriation from \$133.0 million to \$110.0 million, and designated the Fund as a work project, to pay for the employer costs of the proposed "401k for health" matching contributions, in lieu of retiree health care, as proposed under S.B. 1040 for new hires. The work project would be expended until reaching a balance of \$0. (Sec. 147b)

Date Completed: 4-25-12

Fiscal Analyst: Kathryn Summers

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

13k12hilite_sp



**FY 2011-12 Year-to-Date Appropriations and
FY 2012-13 Governor and Senate Recommendations
(Dollars in Thousands)**

Line Item Description	Year-to-Date* FY 2011-12	FY 2012-13 GOVERNOR		FY 2012-13 SENATE	
		Change from FY 12 Year-to-Date	Governor's Rec Appropriations	Change from FY 12 Year-to-Date	Senate Passed Appropriations
Sec. 11g Durant Non-plaintiff Debt Service	\$39,000.0	\$0.0	\$39,000.0	\$0.0	\$39,000.0
Sec. 11j School Bond Loan Fund Payments - Debt Service	\$93,575.3	\$26,814.7	\$120,390.0	\$26,814.7	\$120,390.0
Sec. 11m Cash Flow Borrowing Costs	\$8,500.0	\$1,500.0	\$10,000.0	\$1,500.0	\$10,000.0
Sec. 11p Education Jobs Fund	\$4,700.0	(\$4,700.0)	\$0.0	(\$4,700.0)	\$0.0
Sec. 11s Education Reserve Fund - NEW	\$0.0	\$0.0	\$0.0	\$6,000.0	\$6,000.0
Sec 22a Proposal A Obligation Payment	\$5,769,000.0	(\$62,000.0)	\$5,707,000.0	(\$62,000.0)	\$5,707,000.0
Sec. 22b Discretionary Payment - State	\$3,052,000.0	(\$25,000.0)	\$3,027,000.0	\$292,800.0	\$3,344,800.0
Sec. 22d Isolated Districts Funding	\$2,025.0	\$0.0	\$2,025.0	\$0.0	\$2,025.0
Sec. 22e MBT Impact on Out-of-Formula Districts	\$700.0	(\$700.0)	\$0.0	(\$700.0)	\$0.0
Sec. 22f Best Practices	\$154,000.0	\$36,000.0	\$190,000.0	(\$154,000.0)	\$0.0
Sec. 22g Consolidation Innovation Grants - NEW	\$0.0	\$10,000.0	\$10,000.0	\$10,000.0	\$10,000.0
Sec. 22h - Emergency Transition Grants	\$4,000.0	(\$4,000.0)	\$0.0	(\$4,000.0)	\$0.0
Sec. 22i Pupil Performance - NEW	\$0.0	\$0.0	\$0.0	\$40,000.0	\$40,000.0
Sec. 24 Court-Placed Pupils	\$8,000.0	\$0.0	\$8,000.0	\$0.0	\$8,000.0
Sec. 24a Juvenile Detention Facilities	\$2,114.8	\$21.0	\$2,135.8	\$21.0	\$2,135.8
Sec. 24c Challenge Program	\$765.6	\$0.0	\$765.6	\$734.4	\$1,500.0
Sec. 26a Renaissance Zone Costs	\$26,300.0	\$0.0	\$26,300.0	\$0.0	\$26,300.0
Sec. 26b PILT Reimbursement	\$1,838.0	\$0.0	\$1,838.0	\$0.0	\$1,838.0
Sec. 31a "At Risk" Pupil Support	\$308,988.2	\$0.0	\$308,988.2	\$0.0	\$308,988.2
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$0.0	\$5,150.0	\$0.0	\$5,150.0
Sec. 31a Child and Adolescent Health Centers	\$3,557.3	\$0.0	\$3,557.3	\$0.0	\$3,557.3
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$0.0	\$22,495.1	\$0.0	\$22,495.1
Sec. 31d School Lunch Programs - Federal Share	\$402,506.0	\$0.0	\$402,506.0	\$0.0	\$402,506.0
Sec. 31f School Breakfast	\$9,625.0	\$0.0	\$9,625.0	\$0.0	\$9,625.0
Sec. 32b Great Start - ECIC Collaborative Grants	\$5,900.0	\$0.0	\$5,900.0	(\$5,900.0)	\$0.0
Sec. 32d Great Start - School Readiness	\$95,700.0	\$0.0	\$95,700.0	\$10,000.0	\$105,700.0
Sec. 32g Early Learning Assessment, Quality Rating - NEW	\$12,500.0	(\$12,500.0)	\$0.0	(\$12,500.0)	\$0.0
Sec. 32j Great Start - ISD 0-5 Grants	\$5,000.0	\$0.0	\$5,000.0	(\$5,000.0)	\$0.0
Sec. 32l Great Start - School Readiness to Non-Districts	\$8,875.0	\$0.0	\$8,875.0	(\$8,875.0)	\$0.0

*Note: FY 2011-12 Year-to-Date also reflects proposed Sec. 147b change

j:\fox\budget13\SenateFloor\SenatePassed.123

Senate Fiscal Agency

04/25/2012



**FY 2011-12 Year-to-Date Appropriations and
FY 2012-13 Governor and Senate Recommendations
(Dollars in Thousands)**

<u>Line Item Description</u>	Year-to-Date* FY 2011-12	FY 2012-13 GOVERNOR		FY 2012-13 SENATE	
		Change from FY 12 Year-to-Date	Governor's Rec Appropriations	Change from FY 12 Year-to-Date	Senate Passed Appropriations
Sec. 32p Great Start Early Childhood Block Grants - NEW	\$0.0	\$0.0	\$0.0	\$19,775.0	\$19,775.0
Sec. 39a(1) NCLB Federal DOE Grants	\$761,973.6	\$50,354.9	\$812,328.5	\$50,354.9	\$812,328.5
Sec 39a(2) Other Non-NCLB Federal DOE Grants	\$32,359.7	\$1,154.4	\$33,514.1	\$1,154.4	\$33,514.1
Sec. 51c Special Education Headlee - State Share	\$647,500.0	\$25,400.0	\$672,900.0	\$25,400.0	\$672,900.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$247,000.0	\$10,300.0	\$257,300.0	\$10,300.0	\$257,300.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000.0	\$0.0	\$1,000.0	\$0.0	\$1,000.0
Sec. 51a(12) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$5,000.0	(\$200.0)	\$4,800.0	(\$200.0)	\$4,800.0
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$0.0	\$2,200.0	\$0.0	\$2,200.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$13,500.0	\$0.0	\$13,500.0	\$0.0	\$13,500.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$0.0	\$1,688.0	\$0.0	\$1,688.0
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$36,881.1	\$0.0	\$36,881.1	\$0.0	\$36,881.1
Sec. 51a Special Education - Federal IDEA	\$363,400.0	\$1,600.0	\$365,000.0	\$1,600.0	\$365,000.0
Sec. 51d Special Education - Other Federal	\$74,000.0	\$0.0	\$74,000.0	\$0.0	\$74,000.0
Sec. 61a Vocational Education	\$26,611.3	\$0.0	\$26,611.3	\$0.0	\$26,611.3
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,000.0	\$0.0	\$9,000.0	\$0.0	\$9,000.0
Sec. 74 Bus Driver Safety Instruction	\$1,625.0	\$0.0	\$1,625.0	\$0.0	\$1,625.0
Sec. 74 School Bus Inspections	\$1,608.9	\$26.0	\$1,634.9	\$26.0	\$1,634.9
Sec. 81 ISD General Operations Support	\$62,108.0	\$0.0	\$62,108.0	\$0.0	\$62,108.0
Sec. 81(7) ISD Best Practices - NEW	\$0.0	\$0.0	\$0.0	\$2,000.0	\$2,000.0
Sec. 93 State Aid to Libraries	\$1,304.3	\$0.0	\$1,304.3	\$0.0	\$1,304.3
Sec. 94a Center for Educ. Perf. and Information - State Share	\$5,768.7	\$3,449.7	\$9,218.4	\$3,449.7	\$9,218.4
Sec. 94a Center for Educ. Perf. and Information - Federal	\$2,893.2	(\$2,699.7)	\$193.5	(\$2,699.7)	\$193.5
Sec. 95 Principal Educator Evaluation Training - NEW	\$0.0	\$1,750.0	\$1,750.0	\$1,750.0	\$1,750.0
Sec. 98 Michigan Virtual High School - State	\$1,687.5	\$2,700.0	\$4,387.5	\$2,700.0	\$4,387.5
Sec. 98 Michigan Virtual High School - Federal	\$2,700.0	(\$2,700.0)	\$0.0	(\$2,700.0)	\$0.0
Sec. 99 Math/Science Centers - State	\$2,625.0	\$0.0	\$2,625.0	\$100.0	\$2,725.0
Sec. 99 Math/Science Centers - Federal	\$5,249.3	\$0.0	\$5,249.3	\$0.0	\$5,249.3
Sec. 104 MEAP Testing - State Share	\$35,194.4	(\$8,500.0)	\$26,694.4	(\$8,500.0)	\$26,694.4
Sec. 104 MEAP Testing - Federal Share	\$8,250.0	\$0.0	\$8,250.0	\$0.0	\$8,250.0
Sec. 104c Computer Adaptive Testing - NEW	\$0.0	\$0.0	\$0.0	\$18,000.0	\$18,000.0
Sec. 107 Adult Education - State	\$22,000.0	\$0.0	\$22,000.0	\$0.0	\$22,000.0

*Note: FY 2011-12 Year-to-Date also reflects proposed Sec. 147b change



**FY 2011-12 Year-to-Date Appropriations and
FY 2012-13 Governor and Senate Recommendations
(Dollars in Thousands)**

<u>Line Item Description</u>	Year-to-Date* FY 2011-12	FY 2012-13 GOVERNOR		FY 2012-13 SENATE	
		Change from FY 12 Year-to-Date	Governor's Rec Appropriations	Change from FY 12 Year-to-Date	Senate Passed Appropriations
Sec. 147a MPSERS One-Time Cost Offset	\$155,000.0	\$24,000.0	\$179,000.0	(\$155,000.0)	\$0.0
Sec. 147b MPSERS Reserve for Retirement Obligation Reform	\$110,000.0	(\$110,000.0)	\$0.0	(\$110,000.0)	\$0.0
Sec. 152. Adair v State of Michigan	\$34,064.5	\$3,936.0	\$38,000.5	\$3,936.0	\$38,000.5
TOTAL SCHOOL AID APPROPRIATIONS	\$12,721,007.8	(\$33,993.0)	\$12,687,014.8	(\$8,358.6)	\$12,712,649.2
TOTAL REVENUE					
Federal Aid	\$1,653,331.8	\$47,709.6	\$1,701,041.4	\$47,709.6	\$1,701,041.4
School Aid Fund (SAF)	\$10,944,333.6	(\$158,360.2)	\$10,785,973.4	(\$229,242.2)	\$10,715,091.4
General Fund/General Purpose	\$118,642.4	\$81,357.6	\$200,000.0	\$177,874.0	\$296,516.4
Federal Education Jobs Fund	\$4,700.0	(\$4,700.0)	\$0.0	(\$4,700.0)	\$0.0
TOTAL REVENUE	\$12,721,007.8	(\$33,993.0)	\$12,687,014.8	(\$8,358.6)	\$12,712,649.2

*Note: FY 2011-12 Year-to-Date also reflects proposed Sec. 147b change

j:\fox\budget13\SenateFloor\SenatePassed.123

Senate Fiscal Agency

04/25/2012