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Senate Bill 377 (Substitute S-2 as passed by the Senate)

Sponsor: Senator Jim Stamas

Committee: Appropriations

Date Completed: 12-5-19

CONTENT

The bill would amend the State School Aid Act to increase fiscal year (FY) 2019-20 appropriations for K-12 by \$70.5 million, and for Higher Education by \$44.0 million, by restoring certain vetoed items and including other funding changes, and would amend some boilerplate provisions. For K-12, the bill would increase General Fund/General Purpose (GF/GP) spending by \$350,000, and would increase School Aid Fund (SAF) spending by \$70,150,000. For Higher Education, the bill would increase GF/GP spending by \$3,925,900, and would increase Federal funding by \$40,095,600.

The bill would restore the following K-12 items that were vetoed by the Governor:

- \$35.0 million for the foundation allowance increase for public school academies
- \$10.0 million for school safety grants
- \$7.0 million for isolated or rural districts
- \$5.0 million for a summer reading program for 3rd graders not proficient in reading
- \$1.6 million for added costs at strict discipline academies
- \$750,000 for added costs of dropout recovery programs
- \$350,000 for an autism intervention pilot project
- \$300,000 for a multisensory education program

The bill would restore the following Higher Education item that was vetoed by the Governor:

- \$38.0 million (\$34.1 million Federal, \$3.9 million GF/GP) for Tuition Grant Program

In addition to restoration of vetoes listed above, for K-12, the bill would increase funding for early literacy coaches by \$10.5 million, from \$21.0 million to \$31.5 million, increase grant funding from \$75,000 to \$112,500 per coach, and remove the requirement that intermediate school districts provide a 50% match in support of the coaches. For Higher Education, the bill would increase Michigan Competitive Scholarships by \$6.0 million Federal to address anticipated program funding shortfalls.

Notable changes in boilerplate provisions include:

- Sec. 31a, At Risk - the bill includes language that would allow a district's per-pupil revenue to exceed the target foundation allowance and still receive full funding, if that excess occurred in the current year but the district's revenue was below the target in the previous year.
- Sec. 35a, Early Literacy - the bill provides that the \$5.0 million for the summer reading program would be for one year of programming, instead of \$15.0 million spread over three years as the program was structured in the enrolled bill, prior to the veto.

-- Sec. 97, School Safety - the bill provides that the \$10.0 million for school safety grants would be entirely for grants to schools, instead of including an earmark for a school safety app as found in the enrolled bill, prior to the veto; also, private schools would not be eligible for grants under this bill.

-- Sec. 251, Michigan Competitive Scholarship Program - the bill specifies the actual award amount would be \$1,000 (instead of at least \$1,000), and removes work project language for lapsed funds.

-- Sec. 252, Tuition Grant Program - the bill would increase the institutional cap to \$4.8 million and the individual actual award amount from \$2,400 to \$2,800, and removes work project language for lapsed funds.

MCL 388.1611 et al

FISCAL IMPACT

School Aid: The School Aid portion of the bill would increase Gross and State spending by \$70.5 million, of which \$350,000 is GF/GP, and would increase payments to local units of government by an estimated \$70.2 million.

Higher Education: The Higher Education portion of the bill would increase Gross spending by \$44.0 million, of which \$3.9 million is GF/GP, and the remaining \$40.1 million is Federal funding. The Higher Education portion of the bill would not increase payments to local units of government.

In total, Gross spending under the bill would increase by \$114.5 million, of which \$74.4 million would be increased State spending (\$4.3 million of which would be GF/GP).

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.