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BILL ANALYSIS

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Senate Bill 183 (as introduced)
Committee: Appropriations

[Vehicle for Governor's Recommendation line items is S.B. 200](#)

FY 2010-11 Year-to-Date Gross Appropriation	\$13,134,236,200
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Changes from FY 2010-11 Year-to-Date:

1. **Per-Pupil Funding.** Governor proposed to statutorily reduce foundation allowances \$470 per pupil. This is an additional \$300-per-pupil cut in State aid, on top of the existing \$170 per pupil already in place for FY 2010-11, for total State reductions of \$452.5 million. Also, one-time Federal Education Jobs Fund operational funding of \$316.3 million is not replaced with State funds. Expiring ARRA funds of \$184.3 million were replaced with SAF. (768,770,300)
2. **Declining Enrollment.** Governor proposed to eliminate two declining enrollment adjustments: the first, a \$20.0 million categorical to provide a three-year smoothing, and the second, an adjustment in small, rural districts' pupil counts (\$7.0 million). (27,000,000)
3. **Elimination of District-Specific Adjustments to Foundation Allowances.** Governor proposed elimination of all adjustments to specific districts' foundation allowances that have occurred since the implementation of Proposal A in FY 1994-95 (with the exception of the six "20j" districts whose foundation allowances were adjusted under H.B. 6212 of 2010). Specifically, the eliminations included class size reduction adjustments and adjustments for Wayne-Westland, Gibraltar, Huron, Garden City, and Bois Blanc. (28,300,000)
4. **Intermediate School District (ISD) Reductions.** Governor eliminated FICA special education payments to ISDs (\$15.3 million), eliminated special education hold harmless payments to ISDs (\$1.4 million), and reduced ISD general operations funding by 5% (\$3.3 million). (19,982,700)
5. **Categoricals Eliminated.** Governor eliminated the following: Isolated District/Transportation Funding (\$2.0 m); MBT Hold Harmless to Out-of-Formula Districts (\$1.8 m); Bilingual Education (\$2.8 m); Health/Science Middle College Grants (\$2.0 m); Precollege Engineering (\$0.9 m); SVSU Agriculture Education Program (\$0.3 m); State Aid to Libraries (\$1.5 m); and Pontiac's Crisis Intervention (\$0.3 m). (11,630,100)
6. **Technical Cost Adjustments.** Adjustments in per-pupil funding and special education were included, to account for pupil declines, taxable value estimates, and special education cost estimates. Further, a large positive adjustment was proposed for debt service costs on the School Bond Loan Fund program (\$88.4 million), and other technical adjustments in cash flow borrowing costs, Youth ChalleNGe, DHS educational costs, and Payments in Lieu of Taxes (PILT) were included. (76,888,800)
7. **School Bus Inspections.** The Governor proposed to restore the school bus inspection to the Michigan State Police (MSP) as found in current statute. A change had been proposed for the current year (FY 2010-11) whereby the MSP would conduct random audits and reduce staff; the proposal for FY 2011-12 restores funding for the MSP to conduct all inspections. 1,095,800
8. **Adjustments in Federal Funds.** Federal special education and data collection funds were reduced \$29.5 million to reflect estimates in funding to be received. (29,474,600)
9. **Economic Adjustments.** Economics for CEPI, Juvenile Justice Facilities, Youth ChalleNGe, and MSP Bus Inspections totaled \$273,600 Gross, \$80,600 GF/GP. 273,600

Total Changes	(\$960,677,100)
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FY 2011-12 Governor's Recommendation	\$12,173,559,100
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Changes from FY 2010-11 Year to Date:

1. **Change in Structure of Bill.** Governor proposed to change the State School Aid Act to the State Education Funding Act and included community colleges and universities in the bill. In addition, a summary section with seven general spending lines and a schedule of programs was included for School Aid. (Sections 173-194)
2. **Proration Language.** Governor proposed to change the proration formula to include the school aid support of community colleges and universities. In other words, if a shortfall in School Aid Fund occurred and proration was implemented, a reduction would be spread proportionally across K-12, community colleges, and universities in proportion to their share of the total SAF appropriation. (Sec. 195)
3. **FY 2012-13 Earmark of Foundation Allowance Funding.** Governor earmarked \$300.0 million of foundation allowance funding that would be available only to those districts that charged their employees the same percentage of health care costs that State employees pay. If districts did not do so, their foundation allowance payment would be further reduced beyond the level enacted for FY 2011-12. (Sec. 22b(12))
4. **GF/GP Increase with Pupil Growth.** Governor removed language stating the intent of the Legislature to increase GF/GP funding sufficient to support pupil growth, if pupil growth exceeds 1.0%. (Sec. 20(15))
5. **Statutory Rollback in Foundation Allowances.** Governor proposed rolling back foundation allowances \$470 per pupil. In the current year, foundation allowances were not rolled back; instead, a \$170-per-pupil cut in total State aid was implemented. However, this proposal reduces districts' foundation allowances a total of \$470 (or \$300 beyond the existing \$170 overall State spending reduction). (Sec. 20)
6. **At-Risk for Dearborn and Baldwin Schools.** Governor proposed eliminating language that allows Dearborn and Baldwin schools to be eligible for At-Risk payments. This would result in a \$4.9 million loss for Dearborn and \$0.2 million loss for Baldwin. Those funds would be redistributed to other eligible districts. (Sec. 31a)
7. **ECIC Collaboratives Reporting Requirement.** Governor proposed eliminating the annual report on the grants awarded to ISDs from the Early Childhood Investment Corporation for early learning collaboratives. (Sec. 32b)
8. **Use of Great Start Readiness Programs for Parent (GSRP) Involvement and Education Purposes.** Governor proposed eliminating the use of GSRP funds for what was previously funded under the PIE program in 2001-02. (Sec. 32d)
9. **Other Reporting Eliminated.** Reports on ISD early childhood programs, biennial review of GSRP, Michigan Virtual High School information (schools served, courses offered, participation, etc.), and Federal Impact Aid report. (Sections 32j, 40, 98, and 158b)
10. **ISD Operational Funding Guarantee.** Governor proposed to eliminate language protecting ISD operational funding from falling below certain levels paid in 1994-95. (Sec. 81(6))
11. **Additional Reporting from Math and Science Centers.** Governor proposed requiring math/science centers to report statistical changes in pre- and post-assessment scores for students enrolled in math/science activities, and statistical changes in pre- and post-assessment scores for teachers enrolled in professional development. (Sec. 99)
12. **Adult Education Earmark to Grand Rapids Community College.** Governor proposed eliminating \$200,000 earmark to GRCC for their adult education program. (Sec. 107(6))
13. **MPSERS Retirement Contribution Rate.** For employees hired before July 1, 2010, the MPSERS contribution rate is 24.46% of payroll in FY 2011-12 and 27.37% of payroll in FY 2012-13. For employees hired on or after July 1, 2010, the MPSERS contribution rate in FY 2011-12 is 23.23% of payroll and, in FY 2012-13, the rate is 26.14%. (Sec. 147)
14. **Repealed Sections.** Governor proposed repealing numerous sections where funding was eliminated (see front page); repealed section 20j language (funding was vetoed in FY 2009-10 but language was not repealed at that time); Ages 0-3 interagency grants (funding was vetoed in FY 2009-10 but language remained); Cultural Access Grants (funding vetoed in FY 10/language remained); and Basic Instructional Supplies hotline and procedure to report lack of sufficient supplies, which was part of the education reforms enacted in early 2010 (Sec. 166c).

Date Completed: 2-25-11

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