



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



BILL ANALYSIS

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

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

Changes from FY 2010-11 Year-to-Date:

Items Included by the Senate and House

- | | |
|--|---------------|
| 1. Technical and Caseload Cost Adjustments. Senate and House both included technical cost adjustments in pupils, special education, and taxable value totaling \$180.0 million in savings, and additional debt service cost of \$88.4 million. Other adjustments affecting education costs at Department of Human Services facilities and Federal special education funding were included. Both budgets included the noncontinuation of \$316.3 million in Federal Ed Jobs Funds. | (399,065,600) |
| 2. Bus Inspections. House and Senate included full funding for the Michigan State Police to continue conducting school bus inspections. | 1,095,800 |
| 3. Categoricals. House and Senate eliminated declining enrollment grants, bilingual education, middle college grants, precollege engineering grants, agriculture education funding at SVSU, and Pontiac's crisis intervention. House and Senate also reduced intermediate school district operational funding by 5.0%, or \$3.3 million. | (29,573,900) |

Conference Agreement on Items of Difference

- | | |
|---|---------------|
| 4. Foundation Allowance. Conference concurred with Governor to reduce foundation allowances by \$470 per pupil. This is a combination of rebasing the foundation allowance for the existing \$170 per-pupil reduction in State aid, along with an additional \$300 per-pupil reduction. | (452,500,000) |
| 5. Half Funding for Half-Day Kindergarten. Conference did not include the Senate's proposal to reduce funding for half-day kindergarten programs in FY 2011-12. However, Conference included language making this change for FY 2012-13. | 0 |
| 6. District-Specific Adjustments. Conference reduced foundation allowance adjustments for Wayne-Westland, Gibraltar, Huron, and Garden City by 50.0%. The Governor had eliminated these adjustments in their entirety. Conference added language stating the adjustments would be eliminated in FY 2012-13. Conference also eliminated class size reduction adjustments on an ongoing basis but restored 68.5% as a one-time adjustment – see item 8. | (24,000,000) |
| 7. Other Categoricals. Conference concurred with House not to reduce Renaissance Zone or Court-Placed Pupils. A technical adjustment for PILT was concurred in, and ISD special education FICA payments were eliminated. Conference further reduced ECIC/ISD Collaboratives grants by \$100,000 but increased Great Start Readiness grants by \$6.0 million. Conference retained \$700,000 in funding for MBT hold harmless grants and Section 6(4)(y) declining enrollment grants for small, rural districts. Conference retained isolated district funding at current-year levels. Conference changed the pupil membership formula from 75/25 to 90/10 (weighting on fall of current year plus spring of prior year). State Aid to Libraries was reduced \$195,700 in this budget. | (26,619,600) |
| 8. FY 2011-12 One-Time Appropriations. Conference included four target agreement one-time funding items totaling \$455.5 million. These include \$154.0 million for a financial "best practices" categorical to pay \$100 per pupil to eligible districts, and \$155.0 million for payments to districts to partially offset MPERS costs. Also, Conference included \$133.0 million for a reserve for MPERS retirement obligation reform. The fourth item was funding class size reduction grants at 68.5% of FY 2010-11 amounts, or \$13.5 million. | |

Total Changes	(\$930,663,300)
---------------------	-----------------

FY 2011-12 Conference Report Gross Appropriation	\$12,203,572,900
---	-------------------------

Amount Over/(Under) GF/GP Target: \$0

Changes from FY 2010-11 Year to Date:Items Included by the Senate and House

1. **Proration Language.** Governor, House, and Senate 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. 11)
2. **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)) Senate and House did not include.
3. **ISD Operational Funding Guarantee.** Governor, House, and Senate proposed to eliminate language protecting ISD operational funding from falling below certain levels paid in 1994-95. (Sec. 81(6))
4. **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)

Conference Agreement on Items of Difference

5. **Pupil Count Day.** Conference concurred with the Governor and Senate to change the pupil count day from the last Wednesday in September to the first Wednesday in October. House did not include this change. (Sec. 6)
6. **Half-Day Kindergarten.** Senate included a change in funding for kindergarten such that programs that operate half day would receive half funding, rather than current-law full funding. The Senate made this change effective for the upcoming school year, FY 2011-12. House included this change, but made it effective in FY 2012-13. Conference concurred with the House to make the change effective in FY 2012-13. (Sec. 6(4)(r))
7. **Counting Certain Vocational Education Pupils in Membership.** Senate included language allowing educating districts to count certain vocational education pupils in membership, without the approval of the district of residence. Conference did not include these definitions. (Sec. 6 (6)(p)(q) and (r))
8. **FY 2012-13 Appropriations.** Senate included language stating the intent of the Legislature to appropriate funding in FY 2012-13 at FY 2011-12 levels, adjusted for caseload and cost factors. House included actual FY 2012-13 appropriations, throughout the bill. Conference concurred with Senate. (Sec. 12)
9. **Reporting of Health Care Bids.** Senate included a new requirement that districts post the health care bids required under the Public Employees' Health Benefit Act to their web sites. Conference concurred. (Sec. 18)
10. **Best Practices Incentive Grants.** Senate included \$200.0 million for FY 2011-12 for best practices incentive grants. House included the grant, but without an appropriation. Conference appropriated \$154.0 million to provide \$100 per-pupil one-time grants to districts meeting four of five criteria: providing a dashboard with indicators, obtaining competitive bids on non-instructional services, charging employees at least 10% of health costs, holding the policy for medical benefit plans (if directly employing staff), and continuing to implement consolidation plans. (Sec. 22f)
11. **Dearborn and Baldwin At-Risk Earmarks.** Conference concurred with Governor to remove Dearborn and Baldwin from the list of districts eligible for At-Risk funding. The funding tied to those two districts (totaling \$5.0 million) will remain and be redistributed to remaining eligible grantees. (Sec. 31a)
12. **Early Childhood Language.** House included numerous changes to various sections of early childhood funding, including intent to consolidate funding into a block grant in FY 2012-13, changing fiduciary agents, maintaining the use of GSRP funds for Parents in Education programming, not including the definition of full-day GSRP programming, and other items. Conference concurred with House. (Sections 32b, 32d, 32j)
13. **MPSERS Reserve for Retirement Obligation Reform.** Conference included a new section allocating from the FY 2010-11 estimated year-end balance \$133.0 million to the MPSERS reserve for retirement obligation reform. Conference included language stating the intent of the legislature to appoint a workgroup to examine potential reforms. (Sec. 147b)
14. **Health Care Costs.** Senate included language encouraging districts to review their health care costs and consider additional employee cost sharing. House did not include this language. Conference did not include. (Sec. 166f)

Date Completed: 5-24-11

Fiscal Analyst: Kathryn Summers