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Senate Bill 183 (S-1 as passed by the Senate)

Committee: Appropriations

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 reduces foundation allowances \$470 per pupil. (568,270,300)
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. 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. Senate statutorily reduced foundation allowances by \$340 per pupil, rather than \$470.
2. **Half Funding for Half-Day Kindergarten.** Senate proposed to pay one-half of a foundation allowance for half-day kindergarten programs; current law pays a full foundation for either half- or full-day kindergarten. (175,000,000)
3. **Best Practices or Other Items.** Senate appropriated \$200.0 million to be determined as the budget process continues, but which could include "best practices", closing out MPSERS, offsetting district costs of implementing cost-saving programs, or other items. 200,000,000
4. **Elimination of District-Specific Adjustments to Foundation Allowances.** Governor eliminated all adjustments to specific districts' foundation allowances that have occurred since 1994-95. These include class size reduction adjustments and adjustments for Wayne-Westland, Gibraltar, Huron, Garden City, and Bois Blanc. Senate retained \$100 placeholders. (28,299,800)
5. **Intermediate School District (ISD) Reductions.** Governor eliminated FICA special education payments (\$15.3 million) and special education hold harmless payments to ISDS (\$1.4 million), and reduced ISD general operations funding by 5.0% (\$3.3 million). Senate did not eliminate special ed payments, but did cut operations by 5.0%. (3,268,800)
6. **Categoricals.** Governor's reductions: Declining Enrollment (\$27.0 million); Isolated District Funding (\$2.0 million); MBT Hold Harmless (\$1.8 million); Bilingual Education (\$2.8 million); Health/Science Middle College Grants (\$2.0 million); Precollege Engineering (\$0.9 million); SVSU Ag Ed (\$0.3 million); State Aid to Libraries (\$1.5 million); and Pontiac's Crisis Intervention (\$0.3 million). Senate's reductions: Declining Enrollment (\$20.0 million); Renaissance Zone and PILT (\$16.5 million); At-Risk (\$5.0 million); Court-Placed Pupils (\$500,000); Math/Science Centers (\$100,000); Bilingual/Health Science/Precollege/SVSU (total of \$6.0 million) ECIC Collaboratives (\$100,000); MBT Hold Harmless (\$1.1 million); Virtual HS (\$250,000). Senate increased isolated district funding by \$2.0 million, increased State Aid to Libraries by \$2.1 million, and School Readiness grants by \$6.0 million. Senate changed blend calculation from 75/25 to 90/10 (i.e., heavier weighting on fall count day), which saves the State \$15.0 million. (55,372,700)
7. **Technical Cost Adjustments.** Technical adjustments were included. (105,156,000)
8. **School Bus Inspections.** Governor and Senate proposed to restore the school bus inspection program to the Michigan State Police (MSP) as found in current statute, costing \$1.1 million above FY 2010-11 levels. 1,095,800
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
10. **Comparison to Governor's Recommendation.** The Senate is \$226,678,900 Gross over and \$193,900,000 GF/GP under the Governor.

Total Changes.....	(\$733,998,200)
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FY 2011-12 Senate-Passed Gross Appropriation	\$12,400,238,000
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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) Senate did not adopt.
2. **Kindergarten.** Senate proposed to reduce funding for half-day kindergarten programs. Current law pays a full foundation allowance for either a half or full day of kindergarten. Senate proposed to pay one-half of a foundation allowance for one-half day of kindergarten. (Sec. 6)
3. **Proration Language.** Governor 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)
4. **FY 2012-13.** Senate included a new section with intent to appropriate at same levels for FY 2012-13. (Sec. 12)
5. **Reporting of Health Care Bids.** Senate included a new requirement for districts and ISDs to include on their web sites the health care bids required under Section 5 of the Public Employee Health Benefits Act. (Sec. 18)
6. **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 did not include.
7. **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)) Senate retained.
8. **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) Senate rolled back funding \$340 per pupil.
9. **Best Practices or Other Items.** Senate included a new categorical of \$200.0 million for grants to districts and ISDs for best practices, retirement reform, cost saving measures, post-secondary remedial education, or other items TBD. (Sec. 22f)
10. **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. Senate concurred and reduced total appropriation by \$5.0 million. (Sec. 31a)
11. **ECIC Collaboratives Reporting Requirement.** Governor and Senate proposed eliminating the annual report on the grants awarded to ISDs. Senate also prohibited ECIC from retaining any money for direct administration. (Sec. 32b)
12. **Use of Great Start Readiness Programs for Parent (GSRP) Involvement and Education Purposes.** Governor and Senate eliminated the use of GSRP funds for what was previously the PIE program in 2001-02. (Sec. 32d)
13. **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 were eliminated by both the Governor and Senate. (Sections 32j, 40, 98, and 158b)
14. **ISD Operational Funding Guarantee.** Governor and Senate proposed to eliminate language protecting ISD operational funding from falling below certain levels paid in 1994-95. (Sec. 81(6))
15. **Adult Education Earmark to Grand Rapids Community College.** Governor and Senate proposed eliminating \$200,000 earmark to GRCC for their adult education program. (Sec. 107(6))
16. **MPERS Retirement Contribution Rate.** For employees hired before July 1, 2010, the MPERS 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 MPERS contribution rate in FY 2011-12 is 23.23% of payroll and, in FY 2012-13, the rate is 26.14%. (Sec. 147)
17. **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; Cultural Access Grants; and Basic Instructional Supplies hotline (Sec. 166c).
18. **Health Care.** Senate added a new section encouraging districts and ISDs to review the cost of medical benefits and consider additional employee cost sharing. (Sec. 166f)

Date Completed: 4-28-11

Fiscal Analyst: Kathryn Summers

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

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