



Senate Fiscal Agency
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Senate Bill 147 (S-1 as reported)
 Committee: Appropriations

Throughout this document Senate means Appropriations Committee.

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 SEN. FULL COMM.	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	597.5	603.5	6.0	1.0
GROSS	331,975,200	353,009,500	21,034,300	6.3
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	331,975,200	353,009,500	21,034,300	6.3
Less:				
Federal Funds.....	239,821,900	255,554,700	15,732,800	6.6
Local and Private	7,591,400	7,851,500	260,100	3.4
TOTAL STATE SPENDING	84,561,900	89,603,300	5,041,400	6.0
Less:				
Other State Restricted Funds.....	8,380,700	8,567,600	186,900	2.2
GENERAL FUND/GENERAL PURPOSE	76,181,200	81,035,700	4,854,500	6.4
PAYMENTS TO LOCALS	19,176,000	16,026,000	(3,150,000)	(16.4)

FY 2016-17 Year-to-Date Gross Appropriation **\$331,975,200**

Changes from FY 2016-17 Year-to-Date:

- 1. Child Development and Care Public Assistance.** The **Governor** increased appropriations in order to increase child care provider reimbursement rates to the 75th percentile of the market rate, which is the Federally-recommended rate. Of the total increase, \$18.8 million is Federal funding and \$8.4 million is GF/GP. The **Senate** increased appropriations \$3.4 million Gross (\$1.3 million GF/GP) less than the Governor due to increasing the reimbursement rates based on star quality instead of flat increases. Of the total increase, \$1.0 million in Federal dollars is appropriated to the TEACH scholarship program. 23,800,000
- 2. Child Development and Care Entry Threshold.** The **Senate** increased the child development and care unit using Federal funds to increase the entry threshold from 125% to 130% of the Federal Poverty Level. 5,800,000
- 3. State Aid to Libraries.** The **Senate** increased total State aid to libraries to \$12,726,000 GF/GP. This represents a 29% increase that brings the per capita payments from \$0.32 to over \$0.40. 2,850,000
- 4. State Assessment Support.** The **Governor** increased GF/GP to the Assessment and Accountability Office by \$2.55 million to fill 10 currently vacant positions as a result of declining Federal dollars in the Assessment and Accountability Office over the past decade. The **Senate** increased GF/GP \$1.55 million less than the Governor to only cover the Federal losses projected for FY 2017-18. 1,000,000

<p>5. Child Development and Care External Support. The Governor and Senate increased Federal funding to external support. Of the total, \$1,365,500 is to monitor and support 'license exempt' providers who are giving care in their own home or related child's home, and \$800,000 is for Licensing and Regulatory Affairs to review the background check results that come from the FY 2016-17 supplemental request. The increase is part of the reauthorization agreement of the Federal discretionary block grant.</p>	<p>2,165,500</p>
<p>6. Partnership District Support/Academic Early Warning and Intervention. The Governor created this office with 4.0 FTEs, funded from GF/GP, to support partnership liaisons to work with districts to identify need, develop intervention plans, and coordinate public, private, and non-profit resources to drive school improvement. The Senate placed \$641,700 GF/GP into Academic Early Warning and Intervention for use outlined in Section 1030.</p>	<p>641,800</p>
<p>7. Building Occupancy Charges Fund Shift. The Governor and Senate included a fund shift due to the Federal funds becoming unavailable to support Building Occupancy Charges within the Hannah Building and replaced those funds with \$56,700 GF/GP.</p>	<p>0</p>
<p>8. Drinking Water Declaration of Emergency. The Governor and Senate removed the Federal funding from the Drinking Water Declaration of Emergency line item in one-time appropriations. The \$100 Drinking Water Declaration of Emergency Reserve Fund place holder is still included to allow transfers of additional funding in the event that it is needed in FY 2017-18.</p>	<p>(8,050,000)</p>
<p>9. Removal of FY 2016-17 One-Time. The Governor and Senate removed FY 2016-17 one-time appropriations, which included \$4.5 million for statewide school drinking water testing reimbursement, which was transferred to School Aid under the Governor's recommendation, and \$500,000 for certification fee support. This funding was all GF/GP.</p>	<p>(5,000,000)</p>
<p>10. Renaissance Zone Reimbursement. The Governor and Senate reduced Renaissance Zone Reimbursement due to the phase out and expiration of existing zones over the past few years resulting in significant lapses at the end of each year. This funding is all GF/GP.</p>	<p>(2,000,000)</p>
<p>11. Federal State Assessment Funding. The Governor and Senate reduced funding as a result of a \$2.0 million in reduction in Federal funding for the Office of Assessment and Accountability. This reduction was partially offset by a \$1.0 million Federal grant to improve the quality, validity, and reliability of State assessments to measure student growth and achievement.</p>	<p>(1,000,000)</p>
<p>12. Lump Sum Removal. The Governor and Senate included a lump-sum removal from Information Technology, Michigan Administrative Hearing System, and Child Care and Development Fund, of which \$123,500 of the decrease was GF/GP.</p>	<p>(667,900)</p>
<p>13. FTE Increase and Transfer. The Governor and Senate increased the Field Office by 2.0 FTEs for a Nonpublic Schools Ombudsman and a Foster Care Liaison due to requirements under the Federal Every Student Succeeds Act. No funding was included with the FTE increase. The Governor also moved 5.0 FTEs and their corresponding funding from the Office of Improvement and Innovation to the Michigan Schools for Deaf and Blind operations line item.</p>	<p>0</p>
<p>14. Economic Adjustments. Gross economic increase of \$1,494,900 and \$329,500 GF/GP.</p>	<p>1,494,900</p>
<p>15. Comparison to Governor's Recommendation. The Senate is \$3.7 Gross and Federal funds above the Governor due to changes to the child care reimbursement rate and increasing the entry threshold. The General Fund total is equal to the Governor.</p>	
<p>Total Changes</p>	<p>\$21,034,300</p>
<p>FY 2017-18 Senate Appropriations Committee Gross Appropriation</p>	<p>\$353,009,500</p>

Boilerplate Changes from FY 2016-17 Year-to-Date:

1. **Deleted Sections.** The **Governor** and **Senate** deleted a number of sections, which include: 230 (nonpublic school mandate report), 325 (notification of grants received), 1001 (child care provider report), 1010 & 1101 (drinking water declaration of emergency funding), 1102 (voluntary water testing reimbursement), and 1201 (legislative intent for second year appropriations).

2. **Reports Deleted by the Governor and Retained by Senate.** The **Governor** deleted and the **Senate** retained a number of sections related to reporting, which include: 223 (retention of all reports), 227 (responding to requests from the Legislature and report due dates within 30 days), 228 (requires consideration of issuing a request for information prior to issuing a request for proposals for contracts over \$1.0 million), 229 (notification of entering \$1.0 million contracts and submitted Federal accountability plans), and 1003 (Early Childhood Investment Corporation report).
3. **Other Sections Deleted by the Governor and Retained by the Senate.** The **Governor** deleted a number of other sections that the **Senate** retained, which include: 216 (appeals to Adequate Yearly Progress status), 219 (identify GSRP student on the kindergarten entry exam), 221 (sexual misconduct retention), 222 (protects employees who testify to the Legislature), 302 (State Board travel expenditure cap), 502 (allow substitute teaching hours to qualify for teaching credit), and 803 (legislative intent to keep the Library of Michigan whole).
4. **Special Education Taskforce.** The **Governor** and **Senate** modified the special education taskforce section to change distributing information to parents of newly identified students with special needs instead of all parents annually. (Sec. 350)
5. **At-Risk Funding Report.** The **Governor** changed the report on implementation of multi-tiered systems of support for schools that receive at-risk funding from K-3 to grades K-8. The **Senate** required the report to include implementation of multi-tiered systems of support for grades 4 to 8, and reading intervention services for grades K to 3 in accordance with the 3rd grade reading requirements passed in PA 306 of 2016. (Sec. 701)
6. **Child Development and Care Public Assistance - Reimbursement Rate Increase.** The **Governor** proposed a broad outline to use the increased child development and care public assistance funding to increase the child care reimbursement rate. The **Senate** proposed language on \$23.8 million of the program to be used for the following: \$1.0 million toward the TEACH scholarship program, with the remaining funding to provide increases in the reimbursement rate in accordance with the tiered reimbursement system that is aligned with the quality star rating system. The section also requires that the Department publish the new child reimbursement rates on the webpage. (Sec. 1004)
7. **Child Development and Care Public Assistance - Entry Threshold.** The **Governor** deleted the section referencing increasing the entry threshold from 121% to 125%. The **Senate** retained and increased the entry threshold from 125% to 130% of the Federal poverty Level using \$5.8 million of the total increase in the line item. (Sec. 1009)
8. **Child Development and Care External Support.** The **Governor** and **Senate** included a new section that specifies that increasing funding to child development and care external support be used to work with the Department of Licensing and Regulatory Affairs to provide finger printing services and background checks on all employees of child care providers as required by new requirements from the Federal grant. (Sec. 1005)
9. **Provider Licensor Activity Report.** The **Governor** modified the provider licensor activity report on total average activity during the year instead of individual FTE activity. The **Senate** only modified the activity report to include the number of providers that have improved their quality rating by each regional prosperity zone. (Sec. 1007)
10. **Academic Early Warning and Intervention.** The **Senate** included a new section that requires that funds can only be used if they are transferred to the partnership district support. (Sec. 1030)
11. **Technical Modifications.** The **Governor** made a number of modifications that include date changes, spending changes to reflect part 1 appropriations, legacy cost estimates, and standardized section language. (Sec. 201, 207, 212, 214, 503, 801, 804)

Date Completed: 4-27-17

Fiscal Analyst: Cory Savino

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