



Senate Fiscal Agency  
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BILL ANALYSIS



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Senate Bill 221 (H-3) (as passed)

**FY 2006-07 Year-to-Date Gross Appropriation ..... \$13,093,745,100**

**House Changes to Senate-Passed:**

- 1. **Restructuring Debt Service.** The House concurred with a proposal to push off two years' debt service payments on *Durant* bonds (\$34,820,000) and on School Loan Revolving Fund bonds (\$5,500,000). (40,320,000)
  
- 2. **Technical Foundation Allowance Adjustments.** The House concurred with current estimates of costs for paying district foundation allowances. Costs have declined due to fewer pupils than originally estimated and adjustments in taxable values. (21,250,000)
  
- 3. **Technical Special Education Cost Adjustments.** The House concurred with current estimates of paying special education costs. The appropriation is reduced due to program costs in the prior year being lower than originally estimated. (20,000,000)
  
- 4. **Elimination of 10 "On-Hold" Categoricals".** The House concurred with a proposal to eliminate 10 categoricals new in fiscal year 2006-07 that had been placed "on-hold" by the Executive branch. These grants are Children of Incarcerated Parents, Web-Based Testing, Book-a-Month, Early Intervening, School Building Security Mapping, Positive Behavioral Support, International Baccalaureate, Mercy Education Project, Automated External Defibrillators, and Pre-College Engineering for Kalamazoo. (4,975,000)
  
- 5. **Fund Shift.** The House concurred with a recommendation to replace \$262.0 million School Aid Fund dollars with Michigan School Employees' Retirement System (MPSERS) Reserve Account funds, in support of foundation allowance payments. 0
  
- 6. **PILT Costs.** The House concurred with the current estimated costs to fully meet PILT reimbursements as outlined in statute. 1,000,000

Total Changes..... (\$85,545,000)

**FY 2006-07 House-Passed Gross Appropriation ..... \$13,008,200,100**

**Changes from FY 2006-07 Year-to-Date:**

1. **Definition of "District".** The House substitute corrects a technical mistake in PA 342 of 2006. A district means a public school academy, unless otherwise stated. PA 342 of 2006 was supposed to exclude public school academies from the definition of district for the purposes of making declining enrollment payments, but inadvertently did not include that provision. (Sec. 3)
2. **Payment Schedule.** Current statute provides for State Aid payments to be made on the 20<sup>th</sup> of each month, October through August. If the 20<sup>th</sup> falls on a non-business day, the payment is made on the *prior* business day. The House version of SB 221 changes this provision such that if the 20<sup>th</sup> falls on a non-business day, then the payment shall be made on the *following* business day. (Sec. 17b)
3. **Requirements of Intermediate School Districts (ISDs).** The House concurs with a proposal to require ISDs to comply with fingerprinting and high school curriculum/graduation requirements, and employ persons with skills in rules and regulations pertaining to student-level data in order to receive operational funding. (Sec. 81)
4. **Retirement.** The House concurs with a proposal that upon enactment of legislation reducing retirement contributions otherwise due, the director of the DMB shall direct the retirement system to issue credits to districts and ISDs not to exceed \$276,000,000 (of which \$262,000,000 million are State funds). Credits issued on behalves of districts shall be considered to be a payment on behalf of the district for the purposes of calculating payments under Section 22b, to meet pension obligations. (Sec. 147)

Date Completed: 4-23-07

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