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BILL ANALYSIS

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House Bill 4447 (as introduced)  
Committee: Appropriations

**FY 2008-09 Year-to-Date Gross Appropriation ..... \$13,378,906,800**

**Changes from FY 2008-09 Year-to-Date:**

- 1. **Technical Baseline Adjustments.** Numerous technical adjustments to the budget were made, primarily associated with changes in pupil estimates, taxable values, and special education costs. These adjustments merely reflect the changes in funding necessary to hold the budget stable from one year to the next. The costs are declining substantially overall due to the decline in pupils. (251,065,200)
  
- 2. **Foundation Allowance Reductions.** The Governor recommended a \$59 per pupil reduction (saving \$94.4 million) to each district's foundation allowance, a \$10.0 million reduction to Section 20j allocations (affecting 40 districts), the elimination of payments in lieu of levying mills (\$0.7 million), and the elimination of foundation allowance adjustments to Wayne-Westland (\$6.1 million), Garden City and Huron (\$1.2 million), and Gibraltar (\$0.9 million). (113,322,300)
  
- 3. **Intermediate School District (ISD) Reductions.** The Governor recommended reducing ISD operational funding by 20% (saving \$16.3 million), eliminating ISD early childhood grants (\$5.0 million), and eliminating an earmark of vocational education funding to Oakland ISD. (21,732,900)
  
- 4. **Elimination of Specific District Earmarks.** The Governor recommended eliminating the following non-foundation allowance earmarks to specific districts: Dearborn's At-Risk payment (\$5.9 million), Grosse Pointe/Harper Woods pilot programs (\$1.5 million), Redford Union's deficit elimination payment (\$0.5 million), Pontiac's crisis intervention funding (\$0.3 million), Clintondale's deficit mills' payment (\$0.3 million), and Chippewa Valley's payment to offset Headlee millage rollbacks (\$0.2 million). (8,525,000)
  
- 5. **Reduction in Declining Enrollment Grants for Small, Rural Districts.** The Governor recommended reducing by 50% the declining enrollment grants for small, rural districts (fewer than 1,550 pupils and fewer than 4.5 pupils per square mile). This was accomplished by changing the formula from a three-year average to a two-year average. The funding for other declining enrollment districts was not reduced, and remains at \$20.0 million. (5,300,000)
  
- 6. **Elimination of Programs.** The Governor recommended eliminating the following programs in their entirety: Bilingual Education (\$2.8 million), Great Start Ages 0-3 Child Abuse Prevention (\$2.1 million), funding for MBT cuts to out-of-formula districts (\$1.3 million), small district transportation grants (\$1.3 million), pre-college engineering (\$1.0 million), isolated districts funding (\$0.8 million), after-school pilot math program (\$0.7 million), Advanced and Accelerated (\$0.3 million), Cultural Access grants (\$0.1 million), and Newsline services for the blind (\$0.1 million). (10,420,100)
  
- 7. **Other Changes.** Other programs recommended for reduced funding are a \$4.0 million cut to Adult Education and cost adjustments for student assessments of \$941,300. (4,941,300)

Total Changes..... (\$415,306,800)

**FY 2009-10 Governor's Recommendation..... \$12,963,600,000**

**Changes from FY 2008-09 Year to Date:**

1. **Schools of Choice within DPS' Boundaries.** The Governor's budget recommended restoring the prohibition that school districts could not operate schools within the boundaries of the Detroit Public Schools, without DPS' approval. (Sec. 6(6))
2. **School Readiness Program.** Numerous language changes in the statute governing the program for at-risk four-year olds were proposed in the Governor's budget. The only substantive change in the proposal was the recommendation that the Department have the ability to promulgate rules governing the certification of teachers in the program. (Sec. 32d, 32f, and 39)
3. **Itinerant Special Education Funding Redistribution.** The Governor proposed to eliminate language requiring any special education funds that would otherwise lapse to be redistributed to districts and intermediate districts whose itinerant staffs had changed employers (and therefore changed reimbursement) since FY 2003-04. (Sec. 51a(7))
4. **Michigan Virtual University.** The Governor proposed eliminating the requirement that the MVU explore options for providing rigorous civics curricula online, modified the professional development programs developed such that they teach Michigan educators how to develop and deliver online services, and mandated that the MVU offer courses and resources in the fields of science, math, and engineering for middle and high school students as part of a comprehensive stem academy, developed in conjunction with the math and science centers and the Department of Education. The MVU also was directed to implement an "Algebra 4 All" initiative to offer online and face-to-face professional development opportunities for math teachers in grades 8-12 that promote best practices for teaching algebra to all students. (Sec. 98)
5. **Adult Education.** The Governor proposed revising the Adult Education program from a formulary grant to a competitive application process, focused on a regional partnership between a district or ISD and other entities in the community that are "position to determined the basic skills development needs of the region", which must include at least one postsecondary institution and one workforce development partner. (Sec. 107)
6. **Retirement Rate.** The bill proposed the FY 2009-2010 retirement rate to increase by 0.4%, from 16.54% to 16.94%, with an amortization period of 28 years. (Sec. 147)

Date Completed: 2-26-09

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