



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



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

FY 2008-09 Year-to-Date Gross Appropriation \$13,259,806,800

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

Items Included by the House and Senate

- 1. **District-Specific Grants.** The House and Senate eliminated grants to Inkster (\$125,000), Grosse Pointe and Harper Woods (\$1.5 million), and Redford Union, Chippewa Valley, and Clintondale (\$850,000). (2,475,000)
- 2. **Economic Adjustments.** The House and Senate agreed to negative adjustments for Juvenile Justice facilities' educational costs and Federal Michigan Educational Assessment Program adjustments. (504,500)

Conference Agreement on Items of Difference

- 3. **Per-Pupil Reductions in State Aid to Schools.** The Senate had reduced per-pupil funding to schools by \$110; Conference reduced state aid to schools \$165 per pupil. (263,000,000)
- 4. **Reductions to Intermediate School District Operations.** The Senate had reduced ISD operations funding by 5%; Conference reduced the funding 20%. (16,344,300)
- 5. **Early Childhood Programs.** The Senate had reduced various early childhood programs by \$111.4 million; Conference reduced the programs by \$8.9 million (of which \$7.6 million was for non-school based School Readiness programs; \$750,000 was to ECIC; and the remaining \$531,200 was for interagency grants for prevention of child abuse). (8,877,100)
- 6. **Grant Eliminations.** The Senate eliminated: Declining Enrollment; Small High Schools; Isolated Districts, Bilingual Education, Bus Inspections, CMU's Lending Library, and Newline. Conference eliminated Small High Schools (\$8.0 m), CMU's Lending Library (\$0.1 m), Newline (\$80,000), Bus Inspections (\$1.4 m), and After School Math (\$0.7 m). (10,308,500)
- 7. **Grant Reductions.** Conference reduced Child and Adolescent Health Centers (\$1.2 m); Dearborn's At-Risk payment (\$1.5 m); Michigan Virtual University (\$562,500); Math and Science Centers (\$875,000), and Youth Challenge Academy (\$642,300). Senate had eliminated all funding. (4,734,300)
- 8. **ISD Voc Ed and Special Ed Millage Equalization.** The Senate had eliminated grants to ISDs for vocational and special education millage equalization; Conference did not eliminate these grants. 0
- 9. **Vocational Education and Adult Education.** The Senate reduced both programs 10%. Conference reduced Voc Ed by 10% (\$3.0 million) and Adult Ed by 8.3% (\$2.0 million). (5,000,000)
- 10. **MEAP and Merit Exam.** The Senate had reduced funding for the MEAP by \$2.6 million to reflect the restrictions of no social studies exam, no pattern scoring, and no assessments developed by the Department, along with funding with EXPLORE exam. Conference reduced funding by \$1.5 million, and didn't include Senate changes, but did require use of the EXPLORE exam if it could replace the MEAP social studies test. The other \$734,200 was a technical cost adjustment. (2,242,100)
- 11. **Technical Cost Adjustments.** Numerous cost adjustments were included by Conference, affecting debt service, foundation allowance, Renaissance Zones, and special education. (68,757,500)

Total Changes..... (\$382,243,300)

FY 2009-10 Conference Report Gross Appropriation \$12,877,563,500

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

Changes from FY 2008-09 Year to Date:Items Included by the House and Senate

1. **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. The House did not concur, and retained the language, as did the Senate. (Sec. 51a(7))
2. **Retirement Rate.** The FY 2009-2010 retirement rate increased 0.4%, from 16.54% to 16.94%. (Sec. 147)

Conference Agreement on Items of Difference

3. **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. The House amended this language to prohibit any district from operating an instructional site outside of the district's boundaries, without the approval of the resident district, for programs established after 2008-09. The Senate struck the language, clarifying that any district can go into any other and open an instructional site. Conference concurred with the House, although changed the date to 2009-10. (Sec. 6(6))
4. **Per-Pupil State Aid Reductions.** Conference added a section reducing State Aid to districts by \$165 per pupil, with language explicitly stating that, if districts agree to develop a service consolidation plan to reduce school operating costs within Departmental guidelines, districts could absorb those cuts in other programmatic areas, except for sections funded under 11g, 22a, 31d, 51a(12), 51c, and 53a, which are obligations. (Sec. 11d)
5. **Financial Information Requirements.** Conference added language requiring districts and ISDs to provide on their web sites two expenditure pie charts, details of superintendents' compensation, and lobbying and association fees, and links to bargaining agreements, health care benefit plans, and annual financial audits. (Sec. 18)
6. **ARRA Reporting Requirements.** Conference added language to require districts to comply with data requested by the Center for Educational Performance and Information (CEPI) and CEPI was required to collect any data necessary to maximize potential ARRA and other Federal statutory funding. (Sections 19 and 94a)
7. **Days of Instruction.** The House required that districts provide at least 170 days of pupil instruction, where a day is defined as at least five hours of student contact time. The Senate required 165 days in 2010-11 and 2011-12, and at least 170 days beginning in 2012-13. The Senate also added a requirement that districts not provide fewer days of instruction than were provided in 2008-09, and did not define the length of a day of instruction, and added language requiring the Department to approve certain full-time online learning programs as meeting requirements for hours of instructional time. Conference concurred with Senate language, but pushed the 2008-09 date to 2009-10 and allowed for delaying of implementation until existing contracts expired, if those contracts were in conflict. (Sec. 101)
8. **MEAP and Merit Exam Changes.** The Senate added language prohibiting exam funding to be spent on an expanded social studies exam, pattern scoring, or any assessments developed by the Department for the purposes of Sections 1278a and 1278b of the Revised School Code. Intent language also was added that the Department replace its current MEAP for grades 3-8 with the Iowa Test or a similar exam, and the allocation was included for the "Explore" exam in grades 8 or 9. Conference added language requiring the Department to use the EXPLORE exam if it is at least as robust as the MEAP social studies test, and requiring the Department to seek a waiver to replace the MEAP with an off-the-shelf exam. (Sec. 104 and 104b)
9. **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. The House did not concur with these changes, and instead retained the traditional Adult Education language and added a section requiring the Department to create an Adult Learning Planning Group charged with evaluating this program. The Senate concurred with the majority of the House's changes, with minor adjustments. The Senate decreased the per-pupil reimbursement from \$2,850 to \$2,550, and capped a district at 90% of the prior year's allocation. Conference concurred mostly with the House, without caps on the prior year's allocation, though did adopt many of the Senate's mainly technical changes to the language. Conference added a cap on the allocations to districts, saying grants may not exceed 93.5% of what was received in FY 2008-09 (reflecting the 8.3% reduction in funding). (Sec. 107)

Date Completed: 10-8-09

Fiscal Analyst: Kathryn Summers

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