



Senate Fiscal Agency
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BILL ANALYSIS

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FY 2004-05 Year-to-Date Gross Appropriation	\$12,467,062,300
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Changes from FY 2004-05 Year-to-Date:

Items Included by the Senate and House

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| 1. Non-Durant Debt Service Payments. The Conference Report (C.R.) concurs with the Governor to resume increased debt service payments for FY 2005-06. | 34,820,000 |
| 2. School Bond Loan Fund Debt Service Payments. The C.R. concurs with the Governor to increase payments for the debt service on behalf of school districts. | 3,400,000 |
| 3. Payment in Lieu of Taxes (PILT) Reimbursement. The C.R. concurs with the Governor to reimburse school districts that lose local revenue due to PILT. | 2,400,000 |
| 4. School Lunch Programs. The C.R. concurs with the Governor to increase total funding for this line item by \$18,590,000 (\$1,400,000 State; \$17,190,000 Federal). | 18,590,000 |
| 5. School Readiness to Non-Districts. The C.R. adds new funding for School Readiness programs for non-district recipients formerly funded in the Department of Education budget. | 12,250,000 |
| 6. Special Education. The C.R. concurs with the Governor to increase funding. State funding increases by \$59,500,000 while Federal funding increases by \$16,000,000. | 75,500,000 |

Conference Agreement on Items of Difference

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| 7. Proposal A Obligation Payment. Changes in pupil counts, taxable value, and consensus revenue estimates lower the required appropriation for FY 2005-06. | (156,000,000) |
| 8. Discretionary Payments. The C.R. concurs with the Governor to increase the FY 2005-06 foundation allowance for all school districts by \$175 per pupil to \$6,875 but does not include the \$50 per high school pupil grants nor the \$15 million supplemental for Detroit schools. | 274,536,800 |
| 9. Detroit Transition Grant. The C.R. adds a new section to make a one-time grant to the Detroit Public Schools to aid in their transition back to an elected school board. | 7,000,000 |
| 10. Lending Library. The C.R. adds new funding to provide for a lending library to be located at Central Michigan University to provide special education assessment tools. | 250,000 |
| 11. Center for Educational Performance and Information (CEPI). The C.R.'s increase in funding is less than what the Governor recommended. The State share of funding is increased by \$500,000 and the Federal portion of funding is increased by \$1,496,900. | 1,996,900 |
| 12. Freedom to Learn. The C.R. does not concur with the Governor to eliminate this program. Instead, the C.R. includes State funding of \$250,000 for administration and Federal funding reductions totaling \$11,843,200. | (15,293,200) |
| 13. Competitive Math Grants. The C.R. provides new funding for ISDs to receive an estimated \$10 per pupil for each 6 th to 8 th grade pupil enrolled to assist with MEAP math assessments. | 3,850,000 |
| 14. Other Changes. Several other line items are changed. Items increased include: Renaissance Zones (\$8,800,000), Federal "No Child Left Behind (NCLB) Grants" (\$15,109,900), Michigan Virtual High School (2,000,000), Advanced and Accelerated (35,000), Math and Science Centers (\$874,700), and Adult Education (\$1,000,000). Items that are decreased include: Non-NCLB Federal Grants (\$781,100). | 27,038,500 |
| 15. Comparison to Governor's Recommendation. The C.R. is \$51,380,600 Gross below and \$42,514,000 GF/GP above the Governor's revised recommendation. | |

Total Changes	\$290,339,000
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FY 2005-06 Conference Report Gross Appropriation	\$12,757,401,300
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Amount Over/(Under) GF/GP Target: \$0

Items Included by the House and Senate**Changes from FY 2004-05 Year to Date:**

1. **Court-Placed Pupils.** The C.R. concurs with the Governor to add new language which phases in, over four years, the funding recommendations of the Court-Placed Pupils Task Force. The payment method would change from an added cost basis to a per-pupil allocation. (Sec. 24)
2. **School Readiness Program.** The C.R. retains current language eliminated by the Governor allowing School Readiness funds to be used for preschool and parenting programs previously funded under former Sec. 32b. The C.R. concurs with the Governor's new language that restricts administrative funding to not more than 10% of the total grant. (Sec. 32d)
3. **Priority of School Readiness Funding.** The C.R. concurs with the Governor to eliminate the provision giving funding priority to districts with more than 50 eligible children, except over those that have received funding in one of the two immediately preceding fiscal years. (Sec. 39(2))
4. **Adult Education.** The C.R. adds language to allow a district that formerly had a financial manager in place to receive adult education funding. (Sec. 107 (3) (b))
5. **Pilot Adult Learning Program.** The C.R. does not concur with the Governor to keep the pilot adult learning program, thus, it is eliminated. (Current law Sec. 107b)
6. **Public School Employees' Retirement Rate.** The C.R. concurs with the Governor and the estimated FY 2005-06 retirement rate is 16.34%, up from 14.87% in FY 2004-05. (Sec. 147)

Conference Agreement on Items of Difference

7. **Developmental Kindergarteners.** The Conference Report (C.R.) adds intent language stating that beginning in FY 2006-07, payments for developmental kindergarten pupils will be paid on an actual cost basis. (Sec. 6(4)(r))
8. **Average Daily Attendance.** The C.R. adds new language to allow a public school academy that is wholly contained within a county juvenile detention facility to use the prior year's average daily attendance to count pupils if definitive documentation is provided to the auditing ISD. (Sec. 6(4)(cc))
9. **Expelled Students.** The C.R. concurs with the Governor and Senate to add new language allowing an expelled student to be counted in membership if the student returns to school within 45 days of the count day. (Sec. 6(7))
10. **At-Risk Security.** The C.R. concurs with the Senate and changes from 10% to 15% the amount of At-Risk funds that may be used for providing school security. (sec. 31a (4))
11. **Early Childhood Full-Day Programs.** The C.R. adds new language allowing districts to use their original funding level to provide either a half-day or full-day program, or some combination of the two programs, but will not receive additional dollars for running the full-day program. (Sec. 39(6))
12. **Itinerant (Non-Classroom) Special Education Staff.** The C.R. retains current law requiring districts who reported staff costs in FY 2003-04 to continue being the cost reporting entities in future years, even if the employers of those staffs change as long as the districts continue counting those special education pupils in membership. In addition, language is added stating that any lapsing special education funds would be used to pay districts and ISDs impacted by the itinerant language change using the allocation process in 2003-04.(Sec. 51a(7))
13. **Advanced and Accelerated.** Changes the current program to a grant program allowing ISDs to apply for \$5,000 grants for summer institutes. ISDs may form consortia to run the program. (Sec. 57)
14. **Center for Educational Performance and Information (CEPI).** The C.R. concurs with the Governor's new language directing CEPI to develop and implement a comprehensive K-12 student tracking system. Also, concurs with the Governor's language to allow CEPI to enter into agreements to develop custom data analyses, and other reporting to outside departments, state agencies, local units of government, and outside organizations, and to charge for such services. (Sec. 94a(8), (9) and (11))
15. **Michigan Virtual University (MVU).** The C.R. concurs with the Governor to eliminate language which states that the Department of Education may operate the Virtual High School (MVHS) or other functions of MVU if MVU ceases to operate. Also, the MVU is charged with examining math and science curricular needs, developing online courses, evaluate existing practices, and developing a web-based practice MEAP assessment for grades 3-8. (Sec. 98)

Date Completed: 09-20-05

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