

**Summary: As Passed Full Committee
House Bill 4359 (H-1)
FY 2007-08 SCHOOL AID**



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	FY 2006-07 YTD	Revised FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Enacted	Difference: House From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	0.0
Federal	1,411,236,900	1,479,326,300	1,479,326,300			68,089,400	4.9
Local	0	0	0			0	0.0
Private	0	0	0			0	0.0
Restricted	11,561,963,200	11,876,196,700	11,796,943,700			233,180,500	2.0
GF/GP	35,000,000	35,000,000	35,000,000			0	0.0
Gross	\$13,008,200,100	\$13,390,523,000	\$13,311,270,000			\$303,069,900	2.3

Note: FY 2006-07 figures include the results of supplementals and Executive Order (EO) actions through June 1, 2007.

Overview

The School Aid budget makes appropriations to the state's 552 local school districts, 229 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Department of Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes from FY 2006-07 YTD Appropriations

1. Proposal A Obligation Payment (Sec. 22a)

Exec and House provide a reduction from FY 2006-07 to reflect changes in taxable values, pupil membership blends, and includes estimated additional costs for Midland tax appeals.

	FY 2006-07 YTD	House Change
Gross	\$6,204,700,000	(\$192,700,000)
Restricted	6,204,700,000	(192,700,000)

2. Discretionary Payment (Sec. 22b)

Exec adds \$309.0 million to reflect an increase of 2.5% which is equal to \$178 per pupil increase in the foundation allowance for FY 2007-08 and rolls the FY 2006-07 equity payment of \$23 per pupil into each qualifying district's base foundation.

House adds \$184 million to reflect an increase of 1.4% which is equal to \$100 per pupil increase in the foundation allowance for FY 2007-08 and rolls the FY 2006-07 equity payment of \$23 per pupil into each qualifying district's base foundation. The recommendation also includes foundation allowance adjustments of \$500,000 for Clintondale and \$800,000 for Pontiac for mills levied in 1993 to finance an operating deficit, \$800,000 for a foundation allowance adjustment for Chippewa Valley for a millage reduction in 1993 of 4.91 mills, a one-time payment of \$40,000 to Johannesburg-Lewiston to correct an incorrect millage reduction fraction and one-time payment of \$1.8 million to Southfield for a board resolution that reduced a hold harmless millage on homestead property.

Gross	\$3,566,000,000	\$185,800,000
Restricted	3,566,000,000	185,800,000

3. Equity Payment (Sec. 22c)

House includes an increase of \$93.5 million to a total of \$113.5 million for equity payment of up to \$100 per pupil for districts with a FY 2007-08 foundation of \$7,669 or less.

Gross	\$20,000,000	\$93,500,000
Restricted	20,000,000	93,500,000

Major Budget Changes from FY 2006-07 YTD Appropriations

		FY 2006-07 YTD	House Change
4. Declining Enrollment (Sec. 29)	Gross	\$20,000,000	\$16,000,000
<u>Exec and House</u> include an increase of \$16.0 million to a total of \$36.0 million for declining enrollment grants to local districts (not including charters) with two years of consecutive pupil membership decline. The payment would equal the district's 3-year pupil membership average minus the actual pupil membership times the district's foundation allowance. If insufficient funds are available the funding will be prorated.	Restricted	20,000,000	16,000,000
5. School Readiness Program – Full-Day Grants – NEW (Sec. 32e)	Gross	N/A	\$43,650,000
<u>Exec</u> creates a new full-day preschool program for at-risk children to districts funded with a foundation allowance for up to 26,000 children at a cost of \$194.6 million. <u>House</u> provides for up to 11,000 children at a cost of \$43.7 million. Assumes programs won't start until second half of the school year.	Restricted	N/A	43,650,000
6 Universal Pre-School 4-year-old program – NEW (Sec. 32f)	Gross	N/A	\$43,650,000
<u>House</u> creates a new universal full-day preschool program for any district funded with a foundation allowance for up to 11,000 children at a cost of \$43.7 million. Assumes programs won't start until second half of the school year.	Restricted	N/A	43,650,000
7. School Readiness Program – District Grants (Sec. 32d)	Gross	\$78,800,000	\$4,600,000
<u>Exec and House</u> increase funding by \$4.6 million to \$83.4 million. The additional funding increases the per-child allocation from \$3,300 to \$3,500.	Restricted	78,600,000	4,600,000
	GF/GP	\$200,000	\$0
8. School Readiness Program – Competitive Grants (Sec. 32L)	Gross	\$12,250,000	\$800,000
<u>Exec and House</u> increase funding by \$800,000 to \$13.1 million. The additional funding increases the per-child allocation from \$3,300 to \$3,500.	GF/GP	12,250,000	800,000
9. 0-3 Secondary Prevention Early Childhood Grants (Sec. 32c)	Gross	\$1,750,000	\$750,000
<u>House</u> increases funding by \$750,000 to \$2.5 million for interagency early childhood grants.	Restricted	1,750,000	750,000
10. Intermediate District (ISD) Parent Involvement Grants (Sec. 32j)	Gross	\$5,000,000	\$22,500,000
<u>House</u> increases gross funding by \$22.5 million to \$27.5 million. Maintains \$5.0 million for the 0-5 parent involvement grants run by ISDs. Adds \$22.5 million for comprehensive services grants for children, from age 0 through three years of age, and their families.	Restricted	5,000,000	22,500,000
11. Great Start Communities (ECIC) Grants (Sec. 32b)	Gross	\$1,000,000	\$1,500,000
<u>House</u> increases funding by \$1.5 million to \$2.5 million for competitive grants awarded to eligible ISDs in amounts determined by the Early Childhood Investment Corporation (ECIC).	Restricted	1,000,000	1,500,000
12. Intermediate School Districts (ISDs) General Operations (Sec. 81)	Gross	\$80,110,900	\$0
<u>Exec</u> increases general operations funding by 2.5% or \$2.0 million to \$82.1 million. <u>House</u> provides no increase for the general operations for ISDs.	Restricted	80,110,900	0

Major Budget Changes from FY 2006-07 YTD Appropriations		FY 2006-07 YTD	House Change
13. 21st Century Learning Environments (Sec. 98d) - NEW <u>House</u> creates a place holder and appropriates \$100 to create a statewide initiative with new learning environments to create academic content and knowledge in digital forms. Funding shall be used to provide professional development, create a statewide content repository, coordinate efforts with other programs, and assist districts in obtaining innovative content creation and distribution tools.	Gross	N/A	\$100
	Restricted	N/A	100
14. Transportation Grants (Sec. 77) - NEW <u>House</u> appropriates \$20 million for qualified districts for costs associated with transporting pupils to and from school. Allocates \$15 million to districts with total square miles greater than 156 and \$5 million to districts with fewer than 5.0 pupils per square mile. Payments for each would equal around \$98 per pupil.	Gross	N/A	\$20,000,000
	Restricted	N/A	20,000,000
15. Middle School Math - District Grants (Sec. 99c) <u>Exec and House</u> eliminate this grant program.	Gross	\$20,000,000	(\$20,000,000)
	Restricted	20,000,000	(20,000,000)
16. Consolidation of Business, Administrative, and Instructional Services - NEW <u>Exec</u> provides \$10.0 million for incentive payments to districts that consolidate services with their Intermediate School Districts. <u>House</u> does not include this section.	Gross	N/A	\$0
	Restricted	N/A	0
	GF/GP	N/A	\$0
17. MEAP Assessment Testing Costs <u>Exec and House</u> increase funding by \$10.7 million for costs associated with elementary and high school assessments required under State and Federal law.	Gross	\$27,925,200	\$10,674,800
	Federal	8,425,200	374,800
	Restricted	19,500,000	10,300,000
18. Health/Science Middle College Program (Sec. 64) <u>Exec and House</u> include an increase of \$2.0 million for a total of \$4.0 million in grant funding for ISDs or Detroit Public Schools that are in consortium with a community college or state university and a hospital to create a middle college focused on health sciences. Limits the grant to four years with recipients receiving 100% of their prior year grant amount for the second year, and 50% of their prior year grant amount for each year after. <u>House</u> allows for current grant recipients to apply for another grant.	Gross	\$2,000,000	\$2,000,000
	Restricted	2,000,000	2,000,000
19. Amer-I-Can Grants (Sec. 31g) - NEW <u>House</u> includes two new grants for the Amer-I-Can training curriculum in life-management skills, designed to raise self-esteem and teach students how to empower themselves. Grants to Detroit for \$1.5 million and Grand Rapids for \$500,000.	Gross	N/A	\$2,000,000
	Restricted	N/A	2,000,000
20. Post Secondary Education Attainment (Sec. 65a) - NEW <u>House</u> includes new grant of \$500,000 to Macomb ISD for the purpose of establishing a pilot program to facilitate access by students of all ages to information regarding post secondary opportunities.	Gross	N/A	\$500,000
	Restricted	N/A	500,000
21. Freedom to Learn (Sec. 98b) <u>Exec and House</u> eliminate this program as the Federal carry forward funding supporting this program will expire.	Gross	\$1,500,000	(\$1,500,000)
	Federal	1,500,000	(1,500,000)
22. Michigan Virtual University (Sec. 98) <u>House</u> eliminates \$500,000 in School Aid funds for the My Dream Explorer career planning software statewide collaboration.	Gross	\$6,000,000	(\$500,000)
	Federal	3,250,000	0
	Restricted	2,250,000	(500,000)
	GF/GP	500,000	0

<u>Major Budget Changes from FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>House Change</u>	
23. Child and Adolescent Health Centers		Gross	\$3,743,000	\$2,000,000
<u>House</u> increases funding by \$2 million to \$5.7 million for additional Adolescent Health Centers.	Restricted	3,743,000	2,000,000	
24. Other Categorical Grants - NEW		Gross	N/A	\$300,000
<u>House</u> maintains funding Automatic External Defibrillators grant (Sec. 99a) and Mercy Education Project (Sec. 31a(17)) at \$100,000 each. Appropriates \$100,000 Wayne State University for the SEMAA (science, engineering, mathematics, aerospace academy) (Sec. 99i).	Restricted	N/A	300,000	

Major Boilerplate Changes from FY 2006-07

Sec. 20(1). Basic Foundation Allowance – REVISED

Exec increases the basic per-pupil foundation allowance by \$178 plus the \$23 equity payment from FY 2006-07, bringing it to \$7,286 for FY 2007-08. House increases the basic per-pupil foundation allowance by \$100 plus the \$23 equity payment from FY 2006-07, bringing it to \$7,208 for FY 2007-08.

Sec. 51a. Special Education Itinerant Staff – MAINTAINED

Exec deletes.

House maintains language that allows funding that would otherwise lapse from this section to pay affected districts or ISDs on a FY 2003-04 basis for FY 2006-07 only; if sufficient excess funds are not available to pay on FY 2003-04 basis, then proration of the excess funds will occur on an equal percentage basis.

Sec. 32. Early Childhood Education – NEW

House provides intent that by 2011-2012, all districts will provide universal full-day preschool for 4-year-olds. Also provides intent that at least 11% of the total appropriation spent on 4-year-old preschool programs be appropriated for 0-3 and 0-5 early childhood programs.

Sec. 32d. School Readiness – District Grants – REVISED

Exec and House delete the provisions that allow school readiness funds to be used for programs formerly funded under the All Students Achieve Program-Parents Involved in Education (ASAP-PIE) and that allow funds to be used for full-day preschool programs. Also revises to require programs to use an educational curriculum approved by the State Board of Education.

Sec. 107. Adult Education Program – REVISED

Exec the distribution of payments to districts for funding adult education students from 90% for enrollment and 10% for completion to 75% for enrollment and 25% for completion

House changes the distribution to 90% for enrollment and 10% for completion.

Exec and House also require grantees to submit all information requested by DLEG to administer this program and eliminate language providing funding for new programs.

Sec. 147. MPSERS Contribution Subsidy – REVISED

Exec and House propose revaluing the Michigan Public School Employee Retirement System (MPSERS) assets to their fair market value, thus allowing the rate charged to districts to decline from 17.74% of payroll in FY 2006-07 to 16.72% in FY 2007-08.

SCHOOL AID LINE-ITEM SUMMARY FY 2006-07 AND FY 2007-08
(Dollars in Thousands)



		FY 2006-07	FY 2007-08		FY 2007-08	
		PA 6 of 2007 (SB 221) Total (5/1/07)	Executive Rec Change from REVISED	Executive Recommendation REVISED	HB 4359 (H-1) As Passed House Appropriations Change from YTD	HB 4359 (H-1) As Passed House Appropriations Recommendation
Sec.	Basic Foundation Allowance:	\$7,085	\$178	\$7,286	\$100	\$7,208
11f	Durant - Cash Payments	\$32,000.0	\$0.0	\$32,000.0	\$0.0	\$32,000.0
11g	Durant - Debt Service	\$141.0	\$0.0	\$141.0	\$0.0	\$141.0
11j	School Bond Redemption Fund	\$42,500.0	-\$40,600.0	\$1,900.0	-\$40,600.0	\$1,900.0
11m	Cash Flow Borrowing Costs	\$22,800.0	\$0.0	\$22,800.0	\$0.0	\$22,800.0
22a	Proposal A Obligation Payment	\$6,204,700.0	-\$192,700.0	\$6,012,000.0	-\$192,700.0	\$6,012,000.0
22b	Discretionary Payment	\$3,566,000.0	\$309,000.0	\$3,875,000.0	\$185,800.0	\$3,751,800.0
22c	Equity Payment	\$20,000.0	-\$20,000.0	\$0.0	\$93,500.0	\$113,500.0
22E	Consolidation of School Services	\$0.0	\$10,000.0	\$10,000.0	\$0.0	\$0.0
24	Court-Placed Pupils	\$8,000.0	\$0.0	\$8,000.0	\$0.0	\$8,000.0
24a	Juvenile Detention Facility Programs	\$3,000.0	\$103.4	\$3,103.4	\$103.4	\$3,103.4
24c	Challenge Program	\$1,253.1	\$30.8	\$1,283.9	\$30.8	\$1,283.9
26a	Renaissance Zone Reimbursement	\$50,200.0	\$3,000.0	\$53,200.0	\$3,000.0	\$53,200.0
26b	PILT Reimbursement	\$3,400.0	\$0.0	\$3,400.0	\$0.0	\$3,400.0
29	Declining Enrollment Grants	\$20,000.0	\$16,000.0	\$36,000.0	\$16,000.0	\$36,000.0
31a	"At Risk" Pupil Support	\$310,457.0	\$0.0	\$310,457.0	\$0.0	\$310,457.0
31a	Adolescent Health Centers	\$3,743.0	\$0.0	\$3,743.0	\$2,000.0	\$5,743.0
31a	Hearing and Vision Screening	\$5,150.0	\$0.0	\$5,150.0	\$0.0	\$5,150.0
31a	Mercy Education Project	\$0.0	\$0.0	\$0.0	\$100.0	\$100.0
31d	State School Lunch Programs	\$22,495.1	\$0.0	\$22,495.1	\$0.0	\$22,495.1
31d	Federal School Lunch Programs	\$322,506.0	\$10,000.0	\$332,506.0	\$10,000.0	\$332,506.0
31f	School Breakfast Program	\$9,625.0	\$0.0	\$9,625.0	\$0.0	\$9,625.0
31g	Amer-I-Can Grants	\$0.0	\$0.0	\$0.0	\$2,000.0	\$2,000.0
32b	ECIC Collaborative Grants	\$1,000.0	\$0.0	\$1,000.0	\$1,500.0	\$2,500.0
32c	Early Childhood Grants	\$1,750.0	\$0.0	\$1,750.0	\$750.0	\$2,500.0
32d	School Readiness	\$78,800.0	\$4,600.0	\$83,400.0	\$4,600.0	\$83,400.0
32E	School Readiness Full-Day Grants	\$0.0	\$194,600.0	\$194,600.0	\$43,650.0	\$43,650.0
32F	Universal pre-school 4 year-old	\$0.0	\$0.0	\$0.0	\$43,650.0	\$43,650.0
32j	Great Parents Great Start ISD programs	\$5,000.0	\$0.0	\$5,000.0	\$22,500.0	\$27,500.0
32l	School Readiness - Competitive	\$12,250.0	\$800.0	\$13,050.0	\$800.0	\$13,050.0
39a1	Federal "No Child Left Behind"	\$636,978.0	\$32,682.1	\$669,660.1	\$32,682.1	\$669,660.1
39a2	Other Federal Funding	\$4,646.4	\$27,764.6	\$32,411.0	\$27,764.6	\$32,411.0
41	Bilingual Education - State	\$2,800.0	\$0.0	\$2,800.0	\$0.0	\$2,800.0
41a	Bilingual Education - Federal	\$1,232.1	-\$1,232.1	\$0.0	-\$1,232.1	\$0.0
51a	Special Education - Federal	\$424,700.0	\$0.0	\$424,700.0	\$0.0	\$424,700.0
51a	Special Education - State	\$971,983.0	\$35,200.0	\$1,007,183.0	\$35,900.0	\$1,007,883.0
54a	Special Education Evaluation Lending Library	\$250.0	\$0.0	\$250.0	\$0.0	\$250.0
54b	Conductive Learning Center	\$250.0	-\$250.0	\$0.0	-\$250.0	\$0.0
57	Advanced & Accelerated Program	\$285.0	\$0.0	\$285.0	\$0.0	\$285.0
61a	Vocational Education	\$30,000.0	\$0.0	\$30,000.0	\$0.0	\$30,000.0
62	ISD Voc. Ed Millage Equalization	\$9,000.0	\$0.0	\$9,000.0	\$0.0	\$9,000.0
64	Health/Science Middle College Program	\$2,000.0	\$2,000.0	\$4,000.0	\$2,000.0	\$4,000.0
65	Precollege Engineering	\$680.1	\$0.0	\$680.1	\$0.0	\$680.1

SCHOOL AID LINE-ITEM SUMMARY FY 2006-07 AND FY 2007-08
(Dollars in Thousands)



Sec.	Basic Foundation Allowance:
65a	Post Secondary Education Attainment
74	Bus Driver Safety Instruction
74	School Bus Inspections
77	Transportation Funding Grants
81	ISD General Operations Support
94a	Center for Educational Performance (CEPI)
94a	CEPI Federal
98	Michigan Virtual High School (MVHS)
98	MVHS - Federal
98b	Freedom To Learn - Federal
98d	21st Century Learning Environments
99	Math/Science Centers - State
99	Math/Science Centers - Federal
99c	Middle School Math - District
99a	Automatic External Defibrillators
99e	Financial Emergency District Funding
99h	FIRST Robotics
99i	SEMAA Grant
104	MEAP Testing - State
104	MEAP Testing - Federal
107	Adult Education - State
TOTAL APPROPRIATIONS	
REVENUE BY SOURCE	
Federal Aid	
School Aid Fund	
MPSER Reserve for Undistributed Investment	
School Aid Stabilization Fund	
General Fund/General Purpose	
TOTAL REVENUE	

FY 2006-07
PA 6 of 2007 (SB 221) Total (5/1/07)
\$7,085
\$0.0
\$1,625.0
\$1,340.0
\$0.0
\$80,110.9
\$2,350.0
\$3,543.2
\$2,750.0
\$3,250.0
\$1,500.0
\$0.0
\$3,500.0
\$4,456.0
\$20,000.0
\$0.0
\$125.0
\$150.0
\$0.0
\$19,500.0
\$8,425.2
\$24,000.0
\$13,008,200.1
\$1,411,236.9
\$11,299,963.2
\$262,000.0
\$0.0
\$35,000.0
\$13,008,200.1

FY 2007-08	
Executive Rec Change from REVISED	Executive Recommendation REVISED
\$178	\$7,286
\$0.0	\$0.0
\$0.0	\$1,625.0
\$60.8	\$1,400.8
\$0.0	\$0.0
\$2,003.1	\$82,114.0
\$85.4	\$2,435.4
\$0.0	\$3,543.2
\$0.0	\$2,750.0
\$0.0	\$3,250.0
-\$1,500.0	\$0.0
\$0.0	\$0.0
\$0.0	\$3,500.0
\$0.0	\$4,456.0
-\$20,000.0	\$0.0
\$0.0	\$0.0
\$0.0	\$125.0
\$0.0	\$150.0
\$0.0	\$0.0
\$10,300.0	\$29,800.0
\$374.8	\$8,800.0
\$0.0	\$24,000.0
\$382,322.9	\$13,390,523.0
\$68,089.4	\$1,479,326.3
\$576,233.5	\$11,876,196.7
-\$262,000.0	\$0.0
\$0.0	\$0.0
\$0.0	\$35,000.0
\$382,322.9	\$13,390,523.0

FY 2007-08	
HB 4359 (H-1) As Passed House Appropriations Change from YTD	HB 4359 (H-1) As Passed House Appropriations Recommendation
\$100	\$7,208
\$500.0	\$500.0
\$0.0	\$1,625.0
\$60.8	\$1,400.8
\$20,000.0	\$20,000.0
\$0.0	\$80,110.9
\$85.4	\$2,435.4
\$0.0	\$3,543.2
-\$500.0	\$2,250.0
\$0.0	\$3,250.0
-\$1,500.0	\$0.0
\$0.1	\$0.1
\$0.0	\$3,500.0
\$0.0	\$4,456.0
-\$20,000.0	\$0.0
\$100.0	\$100.0
\$0.0	\$125.0
\$0.0	\$150.0
\$100.0	\$100.0
\$10,300.0	\$29,800.0
\$374.8	\$8,800.0
\$0.0	\$24,000.0
\$303,069.9	\$13,311,270.0
\$68,089.4	\$1,479,326.3
\$496,980.5	\$11,796,943.7
-\$262,000.0	\$0.0
\$0.0	\$0.0
\$0.0	\$35,000.0
\$303,069.9	\$13,311,270.0