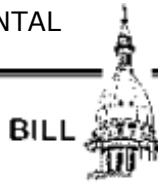




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BILL ANALYSIS

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Senate Bill 437 (Substitute S-1)
Sponsor: Senator Ron Jelinek
Committee: Appropriations

CONTENT

Senate Bill 437 (S-1) is a fiscal year (FY) 2006-07 School Aid supplemental. This bill would make several technical funding changes to the State School Aid Act driven by adjustments to pupil counts and special education costs. These changes total \$15.0 million in savings, and are reflected in a \$3.7 million reduction to Section 22a and a \$1.0 million additional cost in Section 22b (foundation allowance payments), as well as a \$12.3 million reduction in Section 51a (special education payments). After these savings are accounted for, there is estimated to be a deficit in the School Aid Fund (SAF) of \$202.8 million for the current year.

In addition to the technical changes mentioned above, the bill would appropriate \$140.3 million from the 21st Century Jobs Trust Fund into the School Aid fund to fill part of the projected SAF shortfall. The remaining projected SAF deficit of \$62.5 million would be eliminated through a pro rata reduction of an estimated \$36 per pupil beginning with the June 2007 school aid payment to districts, along with proportional cuts to intermediate school districts and other entities.

MCL 388.1611 et al.

Date Completed: 5-16-07

Fiscal Analyst: Kathryn Summers-Coty