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House Bill 4447 (H-1 as passed by the House)  
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 (which are declining), taxable values, and special education costs. (244,415,900)
- 2. **Fund Shift.** The House didn't adopt many of the Governor's proposed reductions outlined below, and used \$220.1 million in Federal stabilization funds to pay for SAF shortfalls. 0
- 3. **Foundation Allowance Reductions.** The Governor recommended a \$59 per pupil reduction to each district's foundation allowance, a \$10.0 million reduction to Section 20j allocations, eliminated payments in lieu of levying mills (\$0.7 million), and eliminated foundation allowance adjustments to Wayne-Westland, Garden City and Huron, and Gibraltar (totaling \$8.2 m). The House did not concur in any of the reductions. 0
- 4. **Intermediate School District (ISD) Reductions.** The Governor reduced ISD operational funding by 20% (saving \$16.3 million), eliminated ISD early childhood grants (\$5.0 million), and eliminated an earmark of vocational education funding to Oakland ISD. The House did not concur, but did reduce the vocational education earmark to Oakland ISD by 25%. (97,175)
- 5. **Elimination of Specific District Earmarks.** The Governor recommended eliminating the following non-foundation allowance earmarks to specific districts: Dearborn's At-Risk payment, Grosse Pointe/Harper Woods pilot programs, Redford Union's deficit elimination payment, Pontiac's crisis intervention funding, Clintondale's deficit mills' payment, and Chippewa Valley's payment to offset Headlee millage rollbacks. The House concurred with eliminating grants to Grosse Pointe and Harper Woods, reduced Dearborn's At-Risk payment by 25% (rather than elimination), and restored the other proposed reductions. (2,968,750)
- 6. **Reduction in Declining Enrollment Grants for Small, Rural Districts.** The Governor reduced by 50% the declining enrollment grants for small, rural districts (fewer than 1,550 pupils and fewer than 4.5 pupils per square mile). The House did not concur. 0
- 7. **Elimination of Programs.** The Governor eliminated the following programs: Bilingual Education, Great Start Ages 0-3 Child Abuse Prevention, funding for MBT cuts to out-of-formula districts, small district transportation grants, pre-college engineering, isolated districts funding, after-school pilot math program, Advanced and Accelerated, Cultural Access grants, and Newsline services for the blind. The House did not concur. 0
- 8. **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. The House reduced Adult Education by \$300,000 and concurred in the assessment changes. The House also reduced the Mi Virtual High School by \$875,000 (GF/GP). (2,116,300)
- 9. **New Programs.** The House added \$3.0 million for a new program designed to give one-time per pupil grants to encourage consolidation. The House also added a \$100 placeholder for the Great Start Strategic Fund, operated by the Early Childhood Inv Corp. 3,000,100
- 10. **Comparison to Governor's Recommendation.** The House was \$168,708,775 Gross above and \$1,175,000 GF/GP below the Governor's recommendation.

Total Changes..... (246,598,025)

**FY 2009-10 House-Passed Gross Appropriation ..... \$13,132,308,775**

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

1. **Timelines for Kindergarten Changes.** The House pushed off for two years the implementation dates for changes in Developmental Kindergarten and Kindergarten funding. Under the House proposal, full funding for Developmental kindergarten would require a full day of instruction beginning in 2011-2012, and full funding for Kindergarten would require 60% of a day of instruction in 2012-2013, and 70% of a day beginning in 2013-2014. In addition, the House added legislative intent that districts should increase time for parent-school contact. (Sec. 6(4)(r))
2. **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. (Sec. 6(6))
3. **Foundation Allowance Adjustments.** The House adjusted four individual school district's foundation allowances by building categorical funding into their base funding. The affected districts were Clintondale (\$250,000), Chippewa Valley (\$150,000), Redford Union (\$450,000), and Pontiac (\$300,000). Sec. 20(23-26)
4. **Great Start Strategic Fund.** The House added language stating the intent of the Legislature that the Department of Education and the Early Childhood Investment Corporation study the feasibility of consolidating statewide early childhood funding into a single Great Start Strategic fund and distributing that funding through a centralized process, thereby eliminating duplication of services and allowing a streamlined grant process. (Sec. 32a – NEW)
5. **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 changes in the proposal were the recommendation that the Department have the ability to promulgate rules governing the certification of teachers in the program and that the funds couldn't be spent on preschool and parenting education programs similar to ASAP-PIE funded in 2001-02. The House did not concur with either of the substantive changes, instead retaining the ability to expend funds on ASAP-PIE activities and spelling out teacher certification guidelines. (Sec. 32d, 32f, and 39)
6. **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. (Sec. 51a(7))
7. **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 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. The House concurred with the proposed changes. (Sec. 98)
8. **Education Technology Grants.** The House added a new section appropriating \$24,533,000 for 2008-09 for Education Technology grants from the American Recovery and Reinvestment Act, half of which to be distributed via formula and half to be distributed on a competitive basis. (Sec. 98a – NEW)
9. **Days of Instruction.** The House added a requirement that districts provide at least 170 days of pupil instruction, where a day is defined as at least five hours of student contact time. (Sec. 101)
10. **Adult Education.** The Governor proposed revising the Adult Education program from a formula 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 determine 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. However, the House did add a section requiring the Department to create an Adult Learning Planning Group charged with evaluating this program and making recommendations for updating this section to address the increased demand for adult education, and the need to align adult ed with postsecondary education, training, and employment. (Sec. 107)
11. **Retirement Rate.** The FY 2009-2010 retirement rate increased 0.4%, from 16.54% to 16.94%. (Sec. 147)

Date Completed: 4-9-09

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