



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

BILL



ANALYSIS

Telephone: (517) 373-2768

Fax: (517) 373-1986

[House Bill is H.B. 4228](#)


---

<b>FY 2013-14 Senate-Passed Gross Appropriation.....</b>	<b>\$13,225,686,900</b>
--	-------------------------

---

**House Changes to Senate-Passed:**

- |  |              |
|--|--------------|
| 1. <b>Best Practices and Technology Infrastructure Funding.</b> Senate eliminated \$80.0 million best practices grants and \$50.0 million technology infrastructure grants. House reduced best practices grants to a \$100 placeholder and retained technology grants.   | 50,000,100   |
| 2. <b>Great Start Readiness Program (GSRP) Grants.</b> Senate increased GSRP grants for at-risk four-year-olds by \$65.0 million Gross (SAF). House instead increased by \$38.0 million.   | (27,000,000) |
| 3. <b>Computer Adaptive Tests.</b> Senate funded \$18.0 million for new computer adaptive tests. House did not include.  | (18,000,000) |
| 4. <b>Foundation Allowance and Equity Payments.</b> Senate included \$24.0 million for a \$9 increase in the basic and \$18 increase in the minimum foundation allowance. House did not include foundation increase, instead included \$36.0 million in equity payments to districts in FY 2013-14 only, a maximum one-time payment of \$50 per pupil. | 12,000,000   |
| 5. <b>Isolated Districts and Class Size Reduction Grants.</b> Senate increased funding for isolated districts by \$559,600. House did not include. Senate continued class size grants at 85% of their FY 2012-13 levels. House continued at 70% of FY 2012-13 levels.  | (2,059,600)  |
| 6. <b>Intermediate School District (ISD) Best Practices.</b> Senate rolled \$2.0 million for ISD best practices into base funding and removed best practices language. House reduced to \$100 placeholder.   | (1,999,900)  |
| 7. <b>MPSERS Rate Cap.</b> Senate included a \$273.3 million SAF increase to pay the difference between the total MPSERS contribution rate and the capped rate paid for by school employers (average \$250 per pupil), and added \$1.3 million for library costs. House included library costs in Department of Education budget.                      | (1,300,000)  |
| 8. <b>Bilingual Education.</b> House included \$1.3 million for bilingual education grants. Senate did not include.  | 1,300,000    |
| 9. <b>ISD Hold Harmless and Communities in Schools.</b> Senate added \$1.1 million to hold ISDs to no more than a 25% loss in equalization funding and \$100 placeholder for Communities in Schools. House did not include.  | (1,067,100)  |
| 10. <b>Student-Centric Grants.</b> Senate included \$8.0 million Gross (SAF) to award competitive grants to districts offering student-centric learning. House included \$7.0 million.   | (1,000,000)  |
| 11. <b>Math and Science Centers.</b> Senate increased funding for math and science centers by \$125,000. House instead included \$200 Gross (\$100 GF/GP) in placeholders for Science, Technology, Engineering and Mathematics (STEM) professional development and STEM coalition pilot grants.  | (124,800)    |
| 12. <b>Center for Educational Performance and Information (CEPI) Pupil Transfer Process.</b> Senate and House included \$216,700 (GF/GP) in economic increases for CEPI operations. House added \$99,800 to develop a pupil transfer application.  | 99,800       |
| 13. <b>Michigan Virtual University (MVU).</b> Senate added \$100 placeholders to expand, enhance, and research online and blended learning opportunities. House generally retained current law.  | (400)        |

---

Total Changes .....	\$10,848,100
---------------------	--------------

---

<b>FY 2013-14 House-Passed Gross Appropriation.....</b>	<b>\$13,236,535,000</b>
---	-------------------------

---

**Changes from FY 2013-14 Senate-Passed:**

1. **Student Membership Blend Formula.** Senate changed the blend from 90% fall plus 10% prior February to 90% fall plus 10% *current-year* February. House changed blend to 80% fall plus 20% *current-year* February. (Sec. 6)
2. **Online Learning.** Senate changed pupil definitions and included a new section (21f) regarding online learning. Students enrolling in a district offering online learning under Sec. 21f need not obtain permission from the resident district first. Students in grades 5 to 12 could enroll in up to two online courses; if the student had demonstrated proficiency in online learning and it was determined that taking additional courses would be in the best interest of the pupil, the cap would be removed. Districts would be required to pay for online courses 50% upon enrollment and 50% upon successful completion. House revised to grades 7 to 12, did not include two online course offering language, and did not include requirements regarding *when* districts pay; rather, House included restrictions on *how much* districts pay for an online course, capped at 1/12 of foundation allowance per semester or 1/18 per trimester. (Sec. 6 and 21f)
3. **Spending and Audit Requirements.** Senate retained designation of allowable uses of funds and required yearly financial and pupil audits, and clarified reporting language to provide more standardized reporting by districts of per-pupil costs of online learning. House deleted online learning costs report altogether. (Sec. 18)
4. **Class Size Grants and Online Course Foundation.** House reduced class size grants by 30% of their prior-year funding and changed the foundation allowance for a cyber school or for pupils attending a district under a seat-time waiver for a 100% online model to 85% of the foundation allowance of the district in which it is located. Senate reduced class size grants by 15% of their prior-year funding and did not include online course foundation allowance language. (Sec. 20)
5. **Education Achievement Authority (EAA) Spending.** Senate included language prohibiting the EAA from expending any funds from any sources unless the funds are appropriated by the Legislature. House did not include (Sec. 22b)
6. **Best Practices.** House amended best practices criteria to allow a Voluntary Employees Beneficiary Association (VEBA) to qualify as policy holder; to require a comparison of competitive bids to exclude the cost of unfunded accrued liabilities; to require a district to publish online course syllabi for each online course offered; and to include in the dashboard projections of revenues and expenditures, debt service, and total outstanding debt. Senate eliminated the section. House also reduced best practices grants funding to a \$100 placeholder. Senate repealed best practices. (Sections 22f and 81)
7. **Technology Infrastructure Grants.** House limited uses to technology infrastructure, shared service consolidation of technology and data, and hardware. Senate repealed. (Sec. 22i)
8. **GSRP.** Senate expanded the program and eliminated the use of funds for parenting programs formerly funded under Sec. 32b; aligned the age eligibility to kindergarten eligibility; restricted grants to providers with at least three stars under the tiered rating system; ensured 100% of children participating are below 300% of the Federal poverty level (FPL), with children from the poorest families being enrolled prior to children in less poor families and removed rating system; allowed transportation costs to be reimbursed; and earmarked \$100 placeholder for a pilot project in Kalamazoo. (Sec. 32d). House maintained current law but revised to serve families with incomes below 200% of the FPL; revised such that 80% of participating children must live in families with income less than that level; and included different requirements of ISDs than the Senate.
9. **Early Childhood Block Grants.** House provided for the Department to determine a distribution formula to be used for FY 2013-14. Senate retained current law. (Sec. 32p)
10. **GSRP Half-Day Allotment.** House increased the per-slot reimbursement for half-day programs from \$3,400 to \$3,500. Senate retained current law. (Sec. 39)
11. **Digital Learning Initiative/MVU.** Senate expanded the mission of the MVU to include providing expanded professional development to instructors, and developing a teacher credential that focuses on online and/or blended learning. Senate funded each new initiative with a \$100 placeholder. House generally retained current law. (Sec. 98)
12. **Instructional Days and Hours.** House deleted provision allowing for 38 hours of professional development to be counted towards the 1,098 minimum number of instruction hours required, and increased minimum number of days required from 170 to 175. Senate retained current law.

Date Completed: 5-9-13

Fiscal Analyst: Cameron S. Mock

---

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

14k12hilite\_ds



**Revised Recommendation for FY 2012-13 and  
Governor, Senate, and House Recommendations for FY 2013-14  
(Dollars in Thousands)**

Line Item Description	Revised Rec Appropriations FY 2012-13	Governor's Recommendations		Senate-Passed		House-Passed	
		Change from FY 13 Revised Rec	FY 2013-14 Gov Appropriations	FY 2013-14 Senate Recommendation	Diff from Gov's Recommendation	FY 2013-14 House Recommendation	Diff from Gov's Recommendation
Sec. 11g Durant Non-plaintiff Debt Service	\$39,000.0	\$500.0	\$39,500.0	\$39,500.0	\$0.0	\$39,500.0	\$0.0
Sec. 11j School Bond Loan Fund Payments - Debt Service	\$120,390.0	\$11,270.0	\$131,660.0	\$131,660.0	\$0.0	\$131,660.0	\$0.0
Sec. 11m Cash Flow Borrowing Costs	\$3,200.0	\$2,800.0	\$6,000.0	\$6,000.0	\$0.0	\$6,000.0	\$0.0
Sec. 11s Deposit to Education Reserve Fund - NEW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sec 22a Proposal A Obligation Payment	\$5,631,000.0	(\$73,000.0)	\$5,558,000.0	\$5,558,000.0	\$0.0	\$5,558,000.0	\$0.0
Sec. 22b Discretionary Payment - State	\$3,217,000.0	\$87,000.0	\$3,304,000.0	\$3,329,500.0	\$25,500.0	\$3,304,000.0	\$0.0
Sec. 22c Equity Payment	\$0.0	\$24,000.0	\$24,000.0	\$0.0	(\$24,000.0)	\$36,000.0	\$12,000.0
Sec. 22d Isolated Districts Funding	\$2,025.0	\$0.0	\$2,025.0	\$2,584.6	\$559.6	\$2,025.0	\$0.0
Sec. 22f Best Practices	\$80,000.0	(\$55,000.0)	\$25,000.0	\$0.0	(\$25,000.0)	\$0.1	(\$24,999.9)
Sec. 22g Consolidation Innovation Grants	\$10,000.0	(\$10,000.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 22i Technology Infrastructure	\$50,000.0	(\$36,500.0)	\$13,500.0	\$0.0	(\$13,500.0)	\$50,000.0	\$36,500.0
Sec. 22j Pupil Performance	\$30,000.0	\$0.0	\$30,000.0	\$46,400.0	\$16,400.0	\$46,400.0	\$16,400.0
Sec. 22k Competitive Student-Centric Grants - NEW	\$0.0	\$8,000.0	\$8,000.0	\$8,000.0	\$0.0	\$7,000.0	(\$1,000.0)
Sec. 22m Computer Adaptive Tests - NEW	\$0.0	\$0.0	\$0.0	\$18,000.0	\$18,000.0	\$0.0	\$0.0
Sec. 24 Court-Placed Pupils	\$8,000.0	\$0.0	\$8,000.0	\$8,000.0	\$0.0	\$8,000.0	\$0.0
Sec. 24a Juvenile Detention Facilities	\$2,135.8	\$31.7	\$2,167.5	\$2,167.5	\$0.0	\$2,167.5	\$0.0
Sec. 24c Challenge Program	\$1,500.0	\$0.0	\$1,500.0	\$1,500.0	\$0.0	\$1,500.0	\$0.0
Sec. 26a Renaissance Zone Costs	\$27,800.0	(\$1,500.0)	\$26,300.0	\$26,300.0	\$0.0	\$26,300.0	\$0.0
Sec. 26b PILT Reimbursement	\$3,328.0	\$681.5	\$4,009.5	\$4,009.5	\$0.0	\$4,009.5	\$0.0
Sec. 26c Promise Zone	\$347.8	(\$123.8)	\$224.0	\$224.0	\$0.0	\$224.0	\$0.0
Sec. 31a "At Risk" Pupil Support	\$308,988.2	\$0.0	\$308,988.2	\$308,988.2	\$0.0	\$308,988.2	\$0.0
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$0.0	\$5,150.0	\$5,150.0	\$0.0	\$5,150.0	\$0.0
Sec. 31a Child and Adolescent Health Centers	\$3,557.3	\$0.0	\$3,557.3	\$3,557.3	\$0.0	\$3,557.3	\$0.0
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$0.0	\$22,495.1	\$22,495.1	\$0.0	\$22,495.1	\$0.0
Sec. 31d School Lunch Programs - Federal Share	\$402,506.0	\$60,694.0	\$463,200.0	\$463,200.0	\$0.0	\$463,200.0	\$0.0
Sec. 31f School Breakfast	\$9,625.0	(\$4,000.0)	\$5,625.0	\$5,625.0	\$0.0	\$5,625.0	\$0.0
Sec. 32d Great Start - School Readiness	\$109,575.0	\$65,000.0	\$174,575.0	\$174,575.0	\$0.0	\$147,575.0	(\$27,000.0)
Sec. 32p Great Start Early Childhood Block Grants	\$10,900.0	\$0.0	\$10,900.0	\$10,900.0	\$0.0	\$10,900.0	\$0.0
Sec. 32Q Communities in Schools	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	\$0.0
Sec. 39a(1) NCLB Federal DOE Grants	\$812,328.5	(\$500.0)	\$811,828.5	\$811,828.5	\$0.0	\$811,828.5	\$0.0
Sec 39a(2) Other Non-NCLB Federal DOE Grants	\$33,514.1	(\$1,814.1)	\$31,700.0	\$31,700.0	\$0.0	\$31,700.0	\$0.0
Sec. 41 Bilingual Education	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,300.0	\$1,300.0
Sec. 51c Special Education Headlee - State Share	\$643,000.0	\$19,500.0	\$662,500.0	\$662,500.0	\$0.0	\$662,500.0	\$0.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$250,700.0	\$7,600.0	\$258,300.0	\$258,300.0	\$0.0	\$258,300.0	\$0.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000.0	\$0.0	\$1,000.0	\$1,000.0	\$0.0	\$1,000.0	\$0.0
Sec. 51a(11) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$5,600.0	(\$1,100.0)	\$4,500.0	\$4,500.0	\$0.0	\$4,500.0	\$0.0
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$0.0	\$2,200.0	\$2,200.0	\$0.0	\$2,200.0	\$0.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$13,500.0	\$0.0	\$13,500.0	\$13,500.0	\$0.0	\$13,500.0	\$0.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$0.0	\$1,688.0	\$1,688.0	\$0.0	\$1,688.0	\$0.0
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$36,881.1	\$0.0	\$36,881.1	\$37,758.1	\$877.0	\$36,881.1	\$0.0
Sec. 51a Special Education - Federal IDEA	\$365,000.0	\$5,000.0	\$370,000.0	\$370,000.0	\$0.0	\$370,000.0	\$0.0
Sec. 51d Special Education - Other Federal	\$74,000.0	\$0.0	\$74,000.0	\$74,000.0	\$0.0	\$74,000.0	\$0.0
Sec. 61a Vocational Education	\$26,611.3	\$0.0	\$26,611.3	\$26,611.3	\$0.0	\$26,611.3	\$0.0
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,000.0	\$0.0	\$9,000.0	\$9,190.0	\$190.0	\$9,000.0	\$0.0
Sec. 74 Bus Driver Safety Instruction	\$1,625.0	\$0.0	\$1,625.0	\$1,625.0	\$0.0	\$1,625.0	\$0.0



**Revised Recommendation for FY 2012-13 and  
Governor, Senate, and House Recommendations for FY 2013-14  
(Dollars in Thousands)**

Line Item Description	Revised Rec Appropriations FY 2012-13	Governor's Recommendations		Senate-Passed		House-Passed	
		Change from FY 13 Revised Rec	FY 2013-14 Gov Appropriations	FY 2013-14 Senate Recommendation	Diff from Gov's Recommendation	FY 2013-14 House Recommendation	Diff from Gov's Recommendation
Sec. 74 School Bus Inspections	\$1,634.9	\$39.1	\$1,674.0	\$1,674.0	\$0.0	\$1,674.0	\$0.0
Sec. 81 ISD General Operations Support	\$62,115.0	\$0.0	\$62,115.0	\$64,115.0	\$2,000.0	\$62,115.1	\$0.1
Sec. 81(7) ISD Best Practices	\$2,000.0	\$0.0	\$2,000.0	\$0.0	(\$2,000.0)	\$0.0	(\$2,000.0)
Sec. 93 State Aid to Libraries	\$1,304.3	(\$1,304.3)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 94a Center for Educ. Perf. and Information - State Share	\$9,218.4	\$216.7	\$9,435.1	\$9,435.1	\$0.0	\$9,534.9	\$99.8
Sec. 94a Center for Educ. Perf. and Information - Federal	\$193.5	\$0.0	\$193.5	\$193.5	\$0.0	\$193.5	\$0.0
Sec. 95 Principal Educator Evaluation Training	\$1,750.0	(\$1,250.0)	\$500.0	\$500.0	\$0.0	\$500.0	\$0.0
Sec. 98 Michigan Virtual High School - State	\$4,387.5	\$10,000.0	\$14,387.5	\$4,387.9	(\$9,999.6)	\$4,387.5	(\$10,000.0)
Sec. 99 Math/Science Centers - State	\$2,725.0	\$0.0	\$2,725.0	\$2,850.0	\$125.0	\$2,725.1	\$0.1
Sec. 99 Math/Science Centers - Federal	\$5,249.3	\$0.0	\$5,249.3	\$5,249.3	\$0.0	\$5,249.3	\$0.0
Sec. 99b Math/Science STEM Program	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1
Sec. 104 MEAP Testing - State Share	\$26,694.4	\$0.0	\$26,694.4	\$26,694.4	\$0.0	\$26,694.4	\$0.0
Sec. 104 MEAP Testing - Federal Share	\$8,250.0	\$0.0	\$8,250.0	\$8,250.0	\$0.0	\$8,250.0	\$0.0
Sec. 107 Adult Education - State	\$22,000.0	\$0.0	\$22,000.0	\$22,000.0	\$0.0	\$22,000.0	\$0.0
Sec. 147a MPSERS District Reimbursement	\$155,000.0	\$0.0	\$155,000.0	\$155,000.0	\$0.0	\$155,000.0	\$0.0
Sec. 147b MPSERS Reserve for Retirement Obligation Reform	\$41,000.0	(\$41,000.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 147c MPSERS Rate Cap (Section 41 of MPSERS Act)	\$160,500.0	\$242,800.0	\$403,300.0	\$404,600.0	\$1,300.0	\$403,300.0	\$0.0
Sec. 152. Adair v State of Michigan	\$38,000.5	\$0.0	\$38,000.5	\$38,000.5	\$0.0	\$38,000.5	\$0.0
<b>TOTAL SCHOOL AID APPROPRIATIONS</b>	<b>\$12,917,194.0</b>	<b>\$326,915.8</b>	<b>\$13,235,234.8</b>	<b>\$13,225,686.9</b>	<b>(\$9,547.9)</b>	<b>\$13,236,535.0</b>	<b>\$1,300.2</b>
<b>TOTAL REVENUE</b>							
Federal Aid	\$1,701,041.4	\$63,379.9	\$1,764,421.3	\$1,764,421.3	\$0.0	\$1,764,421.3	\$0.0
School Aid Fund (SAF)	\$10,933,752.6	\$165,935.9	\$11,090,813.5	\$11,081,665.6	(\$9,147.9)	\$11,092,113.6	\$1,300.1
General Fund/General Purpose	\$282,400.0	(\$52,400.0)	\$230,000.0	\$229,600.0	(\$400.0)	\$230,000.1	\$0.1
MPSERS Reforms Fund	\$0.0	\$150,000.0	\$150,000.0	\$150,000.0	\$0.0	\$150,000.0	\$0.0
Withdrawal from MPSERS Escrow	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>TOTAL REVENUE</b>	<b>\$12,917,194.0</b>	<b>\$326,915.8</b>	<b>\$13,235,234.8</b>	<b>\$13,225,686.9</b>	<b>(\$9,547.9)</b>	<b>\$13,236,535.0</b>	<b>\$13,236,535.0</b>