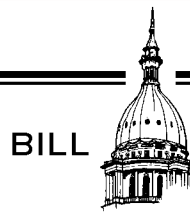




**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**



# BILL ANALYSIS

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Senate Bill 182 (as introduced)

Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 222](#)

<b>FY 2012-13 Year-to-Date Gross Appropriation .....</b>	<b>\$12,944,687,000</b>
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**Changes from FY 2012-13 Year-to-Date:**

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|--|--------------|
| 1. <b>MPSERS Rate Cap.</b> Governor included a \$273.3 million Gross School Aid Fund (SAF) increase in spending to pay the difference between the total MPSERS contribution rate and the capped contribution rate paid for by local school employers (equal to about 4.6% of payroll, or a cost containment of roughly \$250 per pupil on average).  | 273,300,000  |
| 2. <b>Great Start Readiness Program (GSRP) Grants.</b> Governor increased GSRP grants for at-risk four-year-olds by \$65.0 million Gross (SAF), to provide an additional 16,000 slots and an increase in the per-pupil allotment from \$3,400 to \$3,625.  | 65,000,000   |
| 3. <b>One-Time Non-Base Equity Payment.</b> Governor proposed to provide up to a \$34-per-pupil payment to bring minimum funding up from \$6,966 to \$7,000 in FY 2013-14 only.  | 24,000,000   |
| 4. <b>Michigan Virtual University Digital Learning Initiative.</b> Governor proposed a \$10.0 million GF/GP increase to MVU to expand, enhance, research, catalog and benchmark online and blended learning opportunities (\$5.0 million ongoing, \$5.0 million one-time).   | 10,000,000   |
| 5. <b>Student-Centric Grants.</b> Governor proposed a new one-time \$8.0 million Gross (SAF) program to award competitive grants to districts offering student-centric learning.   | 8,000,000    |
| 6. <b>Reduction in Best Practices Funding.</b> Governor proposed to reduce best practices grants from \$80.0 million to \$25.0 million Gross (SAF).  | (55,000,000) |
| 7. <b>Reduction in Technology Infrastructure Funding.</b> Governor proposed to reduce infrastructure technology grants from \$50.0 million to \$13.5 million Gross (SAF).  | (36,500,000) |
| 8. <b>Elimination of One-Time Items.</b> Governor proposed not to continue \$10.0 million for consolidation incentive grants and not to appropriate another \$41.0 million to the MPSERS reforms reserve fund, both funded from the SAF.   | (51,000,000) |
| 9. <b>Federal Grants.</b> Governor increased anticipated Federal funding by \$63.4 million.  | 63,379,900   |
| 10. <b>Technical Cost Adjustments.</b> Governor adjusted various appropriations based on newer cost data, including increases for School Bond Loan Fund debt service (\$11.3 million), cash flow borrowing (\$2.8 million), payments in lieu of taxes (\$0.7 million), Durant bonds debt service (\$0.5 million), and decreases in Promise Zone reimbursement (\$0.1 million), school breakfast payments (\$4.0 million), and foundation costs (\$14.0 million). | (2,872,300)  |
| 11. <b>Class Size Reduction Grants.</b> Governor proposed a change in formula which would result in \$4.0 million in State savings Gross (SAF).  | (4,000,000)  |
| 12. <b>Transfer of Library Payments to MDE Budget.</b> Governor proposed to transfer State aid to library payments (\$1.3 million GF/GP) and library renaissance zone reimbursements (\$1.5 million GF/GP) to the Department of Education budget.  | (2,804,300)  |
| 13. <b>Economic Adjustments.</b> Includes \$287,500 Gross and \$216,700 GF/GP.   | 287,500      |
| 14. <b>Other Changes.</b> Governor proposed to reduce principal educator evaluation training grants by \$1.3 million due to anticipated cost levels, and proposed \$7,000 additional for ISD operations to pay for consolidation costs between Oceana and Mason Lake ISDs.   | (1,243,000)  |

Total Changes .....	\$290,547,800
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<b>FY 2013-14 Governor's Recommendation .....</b>	<b>\$13,235,234,800</b>
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**Changes from FY 2012-13 Year-to-Date:**

1. **Online Learning.** Governor proposed changes to pupil definitions and proposed 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. (Sec. 6 and 21f)
2. **Repeal of Intent Sections.** Governor repealed sections stating legislative intent to rename the School Aid Fund, to examine categorical aid, and to appropriate in FY 2013-14 the same funding as in FY 2012-13. (Sections 11t, 11u, and 12)
3. **Class Size Grants.** Governor proposed a change in the formula for class size grants, resulting in \$4.0 million savings. The grant would provide either \$50 per pupil or \$100 per pupil based on foundation allowance. (Sec. 20)
4. **Best Practices.** Governor amended best practices criteria to allow a 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. (Sections 22f and 81)
5. **At-Risk.** Governor proposed an expansion of the allowable uses of at-risk grants to include preschool programs under the Great Start Readiness Program (GSRP), and to allow any district to use at-risk funds for class size reduction without first submitting a waiver application. (Sec. 31a)
6. **GSRP.** Governor proposed an expansion of the program and the following: elimination of the use of funds for parenting programs formerly funded under Sec. 32b; aligning the age eligibility to kindergarten eligibility; restricting grants to providers with at least three stars under the tiered rating system; ensuring at least 90% of children participating are below 300% of the Federal poverty level (FPL); allowing transportation costs to be reimbursed; and establishing and charging a sliding scale of tuition for students in families above 300% FPL. (Sec. 32d)
7. **GSRP Half-Day Allotment.** Governor proposed an increase in the per-slot reimbursement for half-day programs from \$3,400 to \$3,625. (Sec. 39)
8. **Itinerant Reimbursement.** Governor proposed eliminating the reimbursement to ISDs for itinerant staff, adversely affected by changes in special education funding implemented in FY 2003-04. (Sec. 51a(7))
9. **ISD Millage Equalization.** Governor restored formulas in place prior to FY 2012-13 that return to a guaranteed amount per mill levied, rather than freezing the reimbursements at prior-year levels. (Sections 56 and 62)
10. **Digital Learning Initiative/MVU.** Governor proposed an expansion in the mission of the Michigan Virtual University to include cataloguing online courses offered by local districts, benchmarking those courses against best practices, providing expanded professional development to instructors, and developing a teacher credential that focuses on online and/or blended learning. (Sec. 98)
11. **Repeal of Section 166.** Governor proposed a repeal of this section which provides a 5% financial penalty for provision or referral for family planning medications, or referral for abortion. (Sec. 166)

Date Completed: 2-12-13

Fiscal Analyst: Kathryn Summers