

**Summary: Conference Report
House Bill 4359 (CR-1) **
FY 2007-08 SCHOOL AID**



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	FY 2006-07 YTD	Revised	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	Difference: Conf.	
		FY 2007-08 Executive	House	Senate (SB 237)	Conference	From FY 2006-07 YTD	Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,411,236,900	1,479,326,300	1,479,326,300	1,479,326,300	1,479,326,300	1,479,326,300	68,089,400	4.9
Local	0	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0	0.0
Restricted	11,561,963,200	11,876,196,700	11,796,943,700	11,299,943,600	11,493,064,200	11,493,064,200	(68,899,000)	-0.6
GF/GP	35,000,000	35,000,000	35,000,000	41,000,000	34,909,600	34,909,600	(90,400)	-0.3
Gross	\$13,008,200,100	\$13,390,523,000	\$13,311,270,000	\$12,820,269,900	\$13,007,300,100	\$13,007,300,100	(\$900,000)	-0.0

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, House, and Senate 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	Conf. 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 \$187 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.

Senate adds \$18 million to roll the FY 2006-07 equity payment of \$23 into each qualifying district's base foundation.

Conference Committee adds \$156.0 million to provide increases in foundation allowances based on a formula which will give every district an increase of at least \$48 per pupil and as high as \$96 per pupil. It also includes a one-time payment of \$40,000 to Johannesburg-Lewiston to correct an incorrect millage reduction fraction.

	FY 2006-07 YTD	Conf. Change
Gross	\$3,566,000,000	\$156,000,000
Restricted	3,566,000,000	156,000,000

Major Budget Changes from FY 2006-07 YTD Appropriations**3. Declining Enrollment (Sec. 29)**

Exec and House 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.

Senate eliminated this appropriation.

Conference Committee maintains current law funding level.

	FY 2006-07 YTD	Conf. Change
Gross	\$20,000,000	\$0
Restricted	20,000,000	0

4. Great Start Communities (ECIC) Grants (Sec. 32b)

House 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).

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$1.8 million.

Gross	\$1,000,000	\$750,000
Restricted	1,000,000	750,000

5. 0-3 Secondary Prevention Early Childhood Grants (Sec. 32c)

House increases funding by \$750,000 to \$2.5 million for interagency early childhood grants.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$2.1 million.

Gross	\$1,750,000	\$375,000
Restricted	1,750,000	375,000

6. School Readiness Program – District Grants (Sec. 32d)

Exec and House increase funding by \$4.6 million to \$83.4 million. The additional funding increases the per-child allocation from \$3,300 to \$3,500.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$80.9 million. \$2.3 million funds an increase in the per-child allocation from \$3,300 to \$3,400. Adds \$79,100 for a total of \$279,100 to continue funding the longitudinal study of the program.

Gross	\$78,800,000	\$2,379,100
Restricted	78,600,000	2,300,000
GF/GP	\$200,000	\$79,100

7. School Readiness Program – Competitive Grants (Sec. 32L)

Exec and House increase funding by \$800,000 to \$13.1 million. The additional funding increases the per-child allocation from \$3,300 to \$3,500.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$12.7 million to fund an increase in the per-child allocation from \$3,300 to \$3,400.

Gross	\$12,250,000	\$400,000
GF/GP	12,250,000	400,000

8. Intermediate District (ISD) Parent Involvement Grants (Sec. 32j)

House 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.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee maintains FY 2006-07 appropriation levels.

Gross	\$5,000,000	\$0
Restricted	5,000,000	0

Major Budget Changes from FY 2006-07 YTD Appropriations**9. Special Education Payment (Sec. 51a)**

Exec. House, and Senate increase funding by \$34.5 million to \$1.4 million to reflect changes in special education students and estimated additional costs.

	FY 2006-07 YTD	Conf. Change
Gross	\$1,396,683,000	\$34,500,000
Federal	424,700,000	0
Restricted	971,983,000	34,500,000

10. Transportation Grants (Sec. 77) - NEW

House 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.

Senate does not include this section.

Conference Committee appropriates \$1.3 million for districts with total square miles greater than 200 miles and fewer than 5.0 pupils per square mile.

Gross	N/A	\$1,275,000
Restricted	N/A	1,275,000

11. Intermediate School Districts (ISDs) General Operations (Sec. 81)

Exec increases general operations funding by 2.5% or \$2.0 million to \$82.1 million.

House provides no increase for the general operations for ISDs.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases funding by 1.0% or \$0.8 million to \$80.9 million.

Gross	\$80,110,900	\$801,100
Restricted	80,110,900	801,100

12. Michigan Virtual University (Sec. 98)

House and Senate eliminate \$500,000 in School Aid funds for the My Dream Explorer career planning software statewide collaboration.

Conference Committee maintains funding for My Dream Explorer and eliminates \$500,000 to provide online test preparation that aligns with the Michigan merit exam.

Gross	\$6,000,000	(\$500,000)
Federal	3,250,000	0
Restricted	500,000	0
GF/GP	2,250,000	(500,000)

13. Middle School Math - District Grants (Sec. 99c)

Exec, House, and Senate eliminates this grant program.

Conference Committee appropriates \$0 and adds boilerplate allowing for any funds remaining from 2006-2007 to carry forward and be spent for any purpose.

Gross	\$20,000,000	(\$20,000,000)
Restricted	20,000,000	(20,000,000)

14. MEAP Assessment Testing Costs (Sec. 104)

Exec, House, and Senate increase funding by \$10.7 million for costs associated with elementary and high school assessments required under State and Federal law.

Conference Committee appropriates \$25.4 million in School Aid funds, an increase of \$5.9 million. The appropriation does not include \$4.4 million for the end-of-course exams.

Gross	\$27,925,200	\$6,274,800
Federal	8,425,200	374,800
Restricted	19,500,000	5,900,000

15. School Bond Redemption Fund (Sec. 11j)

Exec, House, and Senate decrease funding by \$40.6 million to \$1.9 million by refinancing some of the outstanding bonds.

Gross	\$42,500,000	(\$40,600,000)
Restricted	42,500,000	(40,600,000)

16. Federal Aid (various sections of the Act)

Exec, House, and Senate increase funding by \$68.1 million to \$1.4 billion as estimated by the Department of Education for federal programs of which \$669.7 million for No Child Left Behind programs and \$424.7 million for special education programs.

Gross	\$1,411,236,900	\$68,089,400
Federal	1,411,236,900	68,089,400

<u>Major Budget Changes from FY 2006-07 YTD Appropriations</u>	<u>FY 2006-07 YTD</u>	<u>Conf. Change</u>
17. Other District Grants – NEW	Gross	N/A
Conference Committee adds one time funding totaling \$2.75 million for the following districts: Section 99i - \$300,000 for Pontiac for a Crisis Intervention Program. Section 99j - \$350,000 for Grosse Pointe and \$150,000 for Harper Woods for pilot programs. Section 99k – \$900,000 for Redford Union, \$400,000 for Pontiac, \$400,000 for Chippewa Valley, and \$250,000 for Clintondale to deal with deficits, deficit mills, and millage reductions.	Restricted	\$2,750,000 2,750,000
18 Other Categorical Eliminations	Gross	N/A
Conference Committee eliminates the Conductive Learning Center Evaluation in Section 54b and the FIRST Robotics Grants in Section 99h.	Restricted	(\$400,000) (400,000)

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. Senate provides no increase in the basic.

Conference Committee reestablishes the formula in place after Proposal A, which sets a new basic foundation allowance for FY 2007-08 at \$8,433. Districts at or above the basic will receive an increase of \$48 per pupil. Districts at the current minimum foundation of \$7,108 will receive twice that increase or \$96 per pupil. Districts in between will receive an increase on a sliding scale based on the formula between \$48 and \$96 per pupil.

Sec. 32. Early Childhood Education – NEW

Conference Committee adds intent language that if additional revenue is recognized at the January 2008 consensus revenue conference, the following additional appropriations would be allocated first: \$2.3 million to Section 32d, \$750,000 to Section 32b, \$400,000 to Section 32l, and \$375,000 to Section 32c and the per pupil allocations in Sec. 32d and 32l would increase from \$3,400 to \$3,500.

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

Conference Committee caps the funding spent under this section for PIE (Parents Involved in Education) programs at the lesser of the level spent by each district in FY 2006-07 or subsequent fiscal years.

Sec. 82. Early Intervening Model – NEW

Conference Committee allows the use of Sec. 81 (ISD operations) funds to be used for an early intervening program for grades K to 3.

Sec. 99c. Middle School Math – District Grants – REVISED

Conference Committee allows a district to carry forward unexpended funds from 2006-2007 and use those remaining funds for any purpose.

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



Sec.	Basic Foundation Allowance:	FY 2006-07	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	
		PA 6 of 2007 (SB 221) Total (5/1/07)	Executive Recommendation REVISED	HB 4359 House Passed	SB 237 Senate Passed	Conference Report HB 4359 CR-1** Change from YTD	Conference Report HB 4359 CR-1**
		\$7,085	\$7,286	\$7,208	\$7,108	\$48	\$8,433
11f	Durant - Cash Payments	\$32,000.0	\$32,000.0	\$32,000.0	\$32,000.0	\$0.0	\$32,000.0
11g	Durant - Debt Service	\$141.0	\$141.0	\$141.0	\$141.0	\$0.0	\$141.0
11j	School Bond Redemption Fund	\$42,500.0	\$1,900.0	\$1,900.0	\$1,900.0	-\$40,600.0	\$1,900.0
11m	Cash Flow Borrowing Costs	\$22,800.0	\$22,800.0	\$22,800.0	\$22,800.0	\$0.0	\$22,800.0
22a	Proposal A Obligation Payment	\$6,204,700.0	\$6,012,000.0	\$6,011,000.0	\$6,012,000.0	-\$192,700.0	\$6,012,000.0
22b	Discretionary Payment	\$3,566,000.0	\$3,875,000.0	\$3,752,800.0	\$3,584,000.0	\$156,000.0	\$3,722,000.0
22c	Equity Payment	\$20,000.0	\$0.0	\$113,500.0	\$0.0	-\$20,000.0	\$0.0
22E	Consolidation of School Services	\$0.0	\$10,000.0	\$0.0	\$0.0	\$0.0	\$0.0
24	Court-Placed Pupils	\$8,000.0	\$8,000.0	\$8,000.0	\$8,000.0	\$0.0	\$8,000.0
24a	Juvenile Detention Facility Programs	\$3,000.0	\$3,103.4	\$3,103.4	\$3,103.4	\$103.4	\$3,103.4
24c	Challenge Program	\$1,253.1	\$1,283.9	\$1,283.9	\$1,283.9	\$30.8	\$1,283.9
26a	Renaissance Zone Reimbursement	\$50,200.0	\$53,200.0	\$53,200.0	\$50,000.0	-\$200.0	\$50,000.0
26b	PILT Reimbursement	\$3,400.0	\$3,400.0	\$3,400.0	\$3,400.0	\$0.0	\$3,400.0
29	Declining Enrollment Grants	\$20,000.0	\$36,000.0	\$36,000.0	\$0.0	\$0.0	\$20,000.0
31a	"At Risk" Pupil Support	\$310,457.0	\$310,457.0	\$310,457.0	\$282,457.0	\$0.0	\$310,457.0
31a	Adolescent Health Centers	\$3,743.0	\$3,743.0	\$5,743.0	\$3,743.0	\$0.0	\$3,743.0
31a	Hearing and Vision Screening	\$5,150.0	\$5,150.0	\$5,150.0	\$5,150.0	\$0.0	\$5,150.0
31a	Mercy Education Project	\$0.0	\$0.0	\$100.0	\$0.0	\$0.0	\$0.0
31d	State School Lunch Programs	\$22,495.1	\$22,495.1	\$22,495.1	\$22,495.1	\$0.0	\$22,495.1
31d	Federal School Lunch Programs	\$322,506.0	\$332,506.0	\$332,506.0	\$332,506.0	\$10,000.0	\$332,506.0
31f	School Breakfast Program	\$9,625.0	\$9,625.0	\$9,625.0	\$9,625.0	\$0.0	\$9,625.0
31g	Amer-I-Can Grants	\$0.0	\$0.0	\$2,000.0	\$0.0	\$0.0	\$0.0
32b	ECIC Collaborative Grants	\$1,000.0	\$1,000.0	\$2,500.0	\$1,000.0	\$750.0	\$1,750.0
32c	Early Childhood Grants	\$1,750.0	\$1,750.0	\$2,500.0	\$1,750.0	\$375.0	\$2,125.0
32d	School Readiness	\$78,800.0	\$83,400.0	\$83,400.0	\$78,800.0	\$2,379.1	\$81,179.1
32E	School Readiness Full-Day Grants	\$0.0	\$194,600.0	\$43,650.0	\$0.0	\$0.0	\$0.0
32F	Universal pre-school 4 year-old	\$0.0	\$0.0	\$43,650.0	\$0.0	\$0.0	\$0.0
32j	Great Parents Great Start ISD programs	\$5,000.0	\$5,000.0	\$27,500.0	\$5,000.0	\$0.0	\$5,000.0
32l	School Readiness - Competitive	\$12,250.0	\$13,050.0	\$13,050.0	\$12,250.0	\$400.0	\$12,650.0
39a1	Federal "No Child Left Behind"	\$636,978.0	\$669,660.1	\$669,660.1	\$669,660.1	\$32,682.1	\$669,660.1
39a2	Other Federal Funding	\$4,646.4	\$32,411.0	\$32,411.0	\$32,411.0	\$27,764.6	\$32,411.0
41	Bilingual Education - State	\$2,800.0	\$2,800.0	\$2,800.0	\$2,800.0	\$0.0	\$2,800.0
41a	Bilingual Education - Federal	\$1,232.1	\$0.0	\$0.0	\$0.0	-\$1,232.1	\$0.0
51a	Special Education - Federal	\$424,700.0	\$424,700.0	\$424,700.0	\$424,700.0	\$0.0	\$424,700.0
51a	Special Education - State	\$971,983.0	\$1,007,183.0	\$1,007,883.0	\$1,009,783.0	\$34,500.0	\$1,006,483.0
54a	Special Education Evaluation Lending Library	\$250.0	\$250.0	\$250.0	\$250.0	\$0.0	\$250.0
54b	Conductive Learning Center	\$250.0	\$0.0	\$0.0	\$0.0	-\$250.0	\$0.0
57	Advanced & Accelerated Program	\$285.0	\$285.0	\$285.0	\$285.0	\$0.0	\$285.0
61a	Vocational Education	\$30,000.0	\$30,000.0	\$30,000.0	\$30,000.0	\$0.0	\$30,000.0
62	ISD Voc. Ed Millage Equalization	\$9,000.0	\$9,000.0	\$9,000.0	\$9,000.0	\$0.0	\$9,000.0
64	Health/Science Middle College Program	\$2,000.0	\$4,000.0	\$4,000.0	\$2,000.0	\$0.0	\$2,000.0
65	Precollege Engineering	\$680.1	\$680.1	\$680.1	\$680.1	\$0.0	\$680.1
65a	Post Secondary Education Attainment	\$0.0	\$0.0	\$500.0	\$0.0	\$0.0	\$0.0

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



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		PA 6 of 2007 (SB 221) Total (5/1/07)	Executive Recommendation REVISED	HB 4359 House Passed	SB 237 Senate Passed	Conference Report HB 4359 CR-1** Change from YTD	Conference Report HB 4359 CR-1**
		\$7,085	\$7,286	\$7,208	\$7,108	\$48	\$8,433
74	Bus Driver Safety Instruction	\$1,625.0	\$1,625.0	\$1,625.0	\$1,625.0	\$0.0	\$1,625.0
74	School Bus Inspections	\$1,340.0	\$1,400.8	\$1,400.8	\$1,400.8	\$60.8	\$1,400.8
77	Transportation Funding Grants	\$0.0	\$0.0	\$20,000.0	\$0.0	\$1,275.0	\$1,275.0
81	ISD General Operations Support	\$80,110.9	\$82,114.0	\$80,110.9	\$80,110.9	\$801.1	\$80,912.0
94a	Center for Educational Performance (CEPI)	\$2,350.0	\$2,435.4	\$2,435.4	\$2,435.4	\$85.4	\$2,435.4
94a	CEPI Federal	\$3,543.2	\$3,543.2	\$3,543.2	\$3,543.2	\$0.0	\$3,543.2
98	Michigan Virtual High School (MVHS)	\$2,750.0	\$2,750.0	\$2,250.0	\$2,250.0	-\$500.0	\$2,250.0
98	MVHS - Federal	\$3,250.0	\$3,250.0	\$3,250.0	\$3,250.0	\$0.0	\$3,250.0
98b	Freedom To Learn - State	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
98b	Freedom To Learn - Federal	\$1,500.0	\$0.0	\$0.0	\$0.0	-\$1,500.0	\$0.0
98d	21st Century Learning Environments	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0
99	Math/Science Centers - State	\$3,500.0	\$3,500.0	\$3,500.0	\$3,500.0	\$0.0	\$3,500.0
99	Math/Science Centers - Federal	\$4,456.0	\$4,456.0	\$4,456.0	\$4,456.0	\$0.0	\$4,456.0
99c	Middle School Math - District	\$20,000.0	\$0.0	\$0.0	\$0.0	-\$20,000.0	\$0.0
99a	Automatic External Defibrillators	\$0.0	\$0.0	\$100.0	\$0.0	\$0.0	\$0.0
99h	FIRST Robotics	\$150.0	\$150.0	\$150.0	\$0.0	-\$150.0	\$0.0
99i	Pontiac Crisis Intervention	\$0.0	\$0.0	\$0.0	\$0.0	\$300.0	\$300.0
99j	District Pilot Projects					\$500.0	\$500.0
99k	District Grants					\$1,950.0	\$1,950.0
104	MEAP Testing - State	\$19,500.0	\$29,800.0	\$29,800.0	\$29,800.0	\$5,900.0	\$25,400.0
104	MEAP Testing - Federal	\$8,425.2	\$8,800.0	\$8,800.0	\$8,800.0	\$374.8	\$8,800.0
107	Adult Education - State	\$24,000.0	\$24,000.0	\$24,000.0	\$24,000.0	\$0.0	\$24,000.0
	TOTAL APPROPRIATIONS	\$13,008,200.1	\$13,390,523.0	\$13,311,170.0	\$12,820,269.9	-\$900.0	\$13,007,300.1
	REVENUE BY SOURCE						
	Federal Aid	\$1,411,236.9	\$1,479,326.3	\$1,479,326.3	\$1,479,326.3	\$68,089.4	\$1,479,326.3
	School Aid Fund	\$11,299,963.2	\$11,876,196.7	\$11,796,843.7	\$11,299,943.6	\$193,101.0	\$11,493,064.2
	MPSER Reserve for Undistributed Investment	\$262,000.0	\$0.0	\$0.0	\$0.0	-\$262,000.0	\$0.0
	School Aid Stabilization Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	General Fund/General Purpose	\$35,000.0	\$35,000.0	\$35,000.0	\$41,000.0	-\$90.4	\$34,909.6
	TOTAL REVENUE	\$13,008,200.1	\$13,390,523.0	\$13,311,170.0	\$12,820,269.9	-\$900.0	\$13,007,300.1