



**Senate Fiscal Agency**  
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 Lansing, Michigan 48909-7536

**BILL ANALYSIS**



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**FY 2012-13 Year-to-Date Gross Appropriation ..... \$12,944,687,000**

**Changes from FY 2012-13 Year-to-Date:**

Items Included by the Senate and House

- 1. **MPSERS Rate Cap.** \$273.3 million School Aid Fund increase to pay for the cost of the rate cap (average value \$250 per pupil). Conference added \$1.3 million for library costs. 274,600,000
- 2. **Pupil Performance Grants.** House and Senate increased funding to fully fund grants. 16,400,000
- 3. **Technical Cost Adjustments.** Appropriations were adjusted based on newer cost data, and were adjusted for anticipated Federal funds. One-time items were removed. (22,993,200)
- 4. **Transfer of Library Payments to MDE.** Payments were transferred to the MDE budget. (1,304,300)
- 5. **Student-Centric Grants.** New competitive grants for student-centric learning. 8,000,000
- 6. **Economic Adjustments.** Includes \$287,500 Gross and \$216,700 GF/GP. 287,500

Conference Agreement on Items of Difference

- 7. **Great Start Readiness Program (GSRP) Grants.** Conference concurred with Governor and Senate to increase grants for at-risk four-year-olds by \$65.0 million (SAF). 65,000,000
- 8. **Increase Per-Pupil Spending.** Conference added a \$30 increase in the basic foundation allowance and a \$60 increase in the minimum foundation allowance (to \$7,026). Also, an equity payment is provided for districts with foundation allowances below \$7,076. 116,000,000
- 9. **Michigan Virtual University.** Conference concurred with one-half of the Governor's proposed increase to expand the role of MVU in online learning activities and support. 5,000,000
- 10. **Best Practices, Tech, Class Size.** Conference restored Governor's \$55.0 million reduction in best practices. Other items not reduced are tech grants and class size grants. Also, Conference retained \$5.0 million (of \$10.0 million currently) for district consolidation. (5,000,000)
- 11. **MPSERS Offset.** Conference reduced MPSERS offset by \$55.0 million to \$100.0 million. (55,000,000)
- 12. **Hold Harmless & Communities in Schools.** Conference concurred with Senate to add \$1.1 million to hold ISDs to no more than a 25% loss in equalization funding. Conference added \$6.0 million to ensure districts receive at least a \$5 increase in per-pupil funding. 7,067,000
- 13. **Bilingual Education.** House included \$1.3 million for bilingual education grants. Senate did not include. Conference included \$1.2 million. 1,200,000
- 14. **Center for Educational Performance and Information Pupil Transfer Process.** House added \$99,800 to develop a pupil transfer application. Conference concurred at \$100,000. 100,000
- 15. **Items Not Included.** Conference did not include computer adaptive tests, education reserve fund, communities in schools, or math/science pilot coalitions. 0
- 16. **Other Changes.** Conference concurred with Senate to increase rural schools by \$559,600 and math/science centers \$125,000. Conference added \$3.0 million for FIRST Robotics; \$1.0 million for CTE centers to integrate Michigan Merit Curriculum in STEM areas; \$1.0 million for partnerships between districts and postsecondary to develop articulation and transfer agreements; and a \$1.7 million increase for library Renaissance Zone funding. 7,759,600

Total Changes ..... **\$417,116,600**

**FY 2013-14 Conference Report Ongoing/One-Time Gross Appropriation ..... \$13,361,803,600**

**Amount Over/(Under) GF/GP Target: \$0**

**Changes from FY 2012-13 Year-to-Date:**Items Included by the Senate and House

1. **Consolidation Incentive.** Senate and House included new language providing up to a \$100 per-pupil consolidation incentive grant for districts, built into the combined foundation allowance. (Sec. 20)
2. **Pupil Transfer after Count Date.** Senate and House included new language requiring the development of a pupil transfer application process to allow for funding to follow a student that transfers districts after count date. (Sec. 25e)
3. **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. Senate and House kept. (Sec. 51a(7))

Conference Agreement on Items of Difference

4. **Student Membership Blend.** Senate and Conference changed the blend from 90% fall plus 10% *prior* February to 90% fall plus 10% *current-year* February. House blend was 80% fall plus 20% *current-year* February. (Sec. 6)
5. **Online Learning.** Conference 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; legislative intent to study increasing the cap for pupils that demonstrate success in online courses. Districts would be required to pay for online courses 80% upon enrollment and 20% upon completion. Conference 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. Conference allowed home district to determine granting of academic credit based upon successful completion. (Sec. 6 and 21f)
6. **Online Course Foundation.** House 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. Conference did not include the House change. (Sec. 20)
7. **Education Achievement Authority (EAA) Spending.** Senate prohibited the EAA from expending any funds from any sources unless the funds are appropriated by the Legislature. Conference did not include (Sec. 22b)
8. **Best Practices.** Conference 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; to offer health or physical education (without meeting State Board standards, as found in current law); and to include in the dashboard projections of revenues and expenditures, debt service, and total outstanding debt. (Section 22f)
9. **Technology Infrastructure Grants.** Conference retained technology infrastructure competitive grants based on need and limited uses to technology infrastructure, shared service consolidation of technology and data, and hardware. Also, Conference earmarked \$5.0 million out of the \$50.0 million total appropriation for a competitive bid for provision of 'whole-school' technology. (Sec. 22i)
10. **Great Start Readiness Program.** Conference 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 90% of children participating are below 250% of the Federal poverty level (FPL), with children from the poorest families being enrolled prior to children in less poor families; established a sliding scale of tuition for students in families above 250% FPL; and allowed transportation costs to be reimbursed. Half-day per-slot reimbursement was increased from \$3,400 to \$3,625. (Sec. 32d and Sec. 39).
11. **Michigan Virtual University.** Conference included most of the new initiatives recommended by the Governor, including the expansion of statewide professional development and training for at least 500 teachers; establishing an internet platform to create and implement student-centric learning tools and resources; establish a public statewide catalog of online courses offered by public schools; and providing leadership for the state's system of online learning. (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. Conference concurred. (Sec. 101)

Date Completed: 5-23-13

Fiscal Analyst: Kathryn Summers



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

Line Item Description	Revised Rec Appropriations FY 2012-13	Gov's Rec Adjusted for Consensus/Perf.		Senate-Passed		House-Passed		Conference - SB 182 (CR-1)*	
		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	FY 2013-14 Conf 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	\$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	\$131,660.0	\$0.0
Sec. 11m Cash Flow Borrowing Costs	\$3,200.0	\$800.0	\$4,000.0	\$6,000.0	\$2,000.0	\$6,000.0	\$2,000.0	\$4,000.0	\$0.0
Sec. 11s Deposit to Education Reserve Fund - NEW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Sec. 20F Hold Harmless in Per-Pupil Funding - NEW	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6,000.0	\$6,000.0
Sec 22a Proposal A Obligation Payment	\$5,630,000.0	(\$89,000.0)	\$5,542,000.0	\$5,558,000.0	\$16,000.0	\$5,558,000.0	\$16,000.0	\$5,534,000.0	(\$8,000.0)
Sec. 22b Discretionary Payment - State	\$3,215,000.0	\$73,000.0	\$3,290,000.0	\$3,329,500.0	\$39,500.0	\$3,304,000.0	\$14,000.0	\$3,373,700.0	\$83,700.0
Sec. 22c Equity Payment	\$0.0	\$24,000.0	\$24,000.0	\$0.0	(\$24,000.0)	\$36,000.0	\$12,000.0	\$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	\$2,584.6	\$559.6
Sec. 22f Best Practices	\$80,000.0	(\$55,000.0)	\$25,000.0	\$0.0	(\$25,000.0)	\$0.1	(\$24,999.9)	\$80,000.0	\$55,000.0
Sec. 22g Consolidation Innovation Grants	\$10,000.0	(\$10,000.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5,000.0	\$5,000.0
Sec. 22i Technology Infrastructure and iSchool	\$50,000.0	(\$36,500.0)	\$13,500.0	\$0.0	(\$13,500.0)	\$50,000.0	\$36,500.0	\$50,000.0	\$36,500.0
Sec. 22j Pupil Performance	\$30,000.0	\$16,400.0	\$46,400.0	\$46,400.0	\$0.0	\$46,400.0	\$0.0	\$46,400.0	\$0.0
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)	\$8,000.0	\$0.0
Sec. 22m Computer Adaptive Tests - NEW	\$0.0	\$0.0	\$0.0	\$18,000.0	\$18,000.0	\$0.0	\$0.0	\$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	\$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	\$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	\$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	\$29,500.0	\$3,200.0
Sec. 26b PILT Reimbursement	\$3,328.0	\$681.5	\$4,009.5	\$4,009.5	\$0.0	\$4,009.5	\$0.0	\$4,009.5	\$0.0
Sec. 26c Promise Zone	\$209.4	(\$81.6)	\$266.2	\$224.0	(\$42.2)	\$224.0	(\$42.2)	\$266.2	\$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	\$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	\$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	\$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	\$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	\$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	\$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)	\$174,575.0	\$0.0
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	\$10,900.0	\$0.0
Sec. 32Q Communities in Schools	\$0.0	\$0.0	\$0.0	\$0.1	\$0.1	\$0.0	\$0.0	\$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	\$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	\$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	\$1,200.0	\$1,200.0
Sec. 51c Special Education Headlee - State Share	\$642,000.0	\$19,200.0	\$662,200.0	\$662,500.0	\$300.0	\$662,500.0	\$300.0	\$662,200.0	\$0.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$251,000.0	\$7,100.0	\$257,800.0	\$258,300.0	\$500.0	\$258,300.0	\$500.0	\$257,800.0	\$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	\$1,000.0	\$0.0
Sec. 51a(11) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$4,300.0	(\$1,300.0)	\$4,300.0	\$4,500.0	\$200.0	\$4,500.0	\$200.0	\$4,300.0	\$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	\$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	\$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	\$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	\$37,758.1	\$877.0
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	\$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	\$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	\$27,611.3	\$1,000.0
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	\$9,190.0	\$190.0
Sec. 64a District and Postsecondary Articulation/Transfer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$1,000.0	\$1,000.0
Sec. 74 Bus Driver Safety Instruction	\$1,625.0	\$0.0	\$1,625.0	\$1,625.0	\$0.0	\$1,625.0	\$0.0	\$1,625.0	\$0.0
Sec. 74 School Bus Inspections	\$1,634.9	\$39.1	\$1,674.0	\$1,674.0	\$0.0	\$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	\$62,115.0	\$0.0
Sec. 81(7) ISD Best Practices	\$2,000.0	\$0.0	\$2,000.0	\$0.0	(\$2,000.0)	\$0.0	(\$2,000.0)	\$2,000.0	\$0.0
Sec. 93 State Aid to Libraries	\$1,304.3	(\$1,304.3)	\$0.0	\$0.0	\$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	\$9,535.1	\$100.0
Sec. 94a Center for Educ. Perf. and Information - Federal	\$193.5	\$0.0	\$193.5	\$193.5	\$0.0	\$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	\$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)	\$9,387.5	(\$5,000.0)



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Sec. 99 Math/Science Centers - State	\$2,725.0	\$0.0	\$2,725.0	\$2,850.0	\$125.0	\$2,725.1	\$0.1	\$3,225.0	\$500.0
Sec. 99 Math/Science Centers - Federal	\$5,249.3	\$0.0	\$5,249.3	\$5,249.3	\$0.0	\$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	\$0.0	\$0.0
Sec. 99h FIRST Robotics	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3,000.0	\$3,000.0
Sec. 104 MEAP Testing - State Share	\$26,694.4	\$0.0	\$26,694.4	\$26,694.4	\$0.0	\$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	\$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	\$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	\$100,000.0	(\$55,000.0)
Sec. 147b MPSERS Reserve for Retirement Obligation Reform	\$41,000.0	(\$41,000.0)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$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	\$404,600.0	\$1,300.0
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	\$38,000.5	\$0.0
<b>TOTAL SCHOOL AID APPROPRIATIONS</b>	<b>\$12,912,055.6</b>	<b>\$310,358.0</b>	<b>\$13,218,677.0</b>	<b>\$13,225,686.9</b>	<b>\$7,009.9</b>	<b>\$13,236,535.0</b>	<b>\$17,858.0</b>	<b>\$13,361,803.6</b>	<b>\$143,126.6</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	\$1,764,421.3	\$0.0
School Aid Fund (SAF)	\$10,928,614.2	\$149,378.1	\$11,074,255.7	\$11,081,665.6	\$7,409.9	\$11,092,113.6	\$17,857.9	\$11,217,382.3	\$143,126.6
General Fund/General Purpose	\$282,400.0	(\$52,400.0)	\$230,000.0	\$229,600.0	(\$400.0)	\$230,000.1	\$0.1	\$230,000.0	\$0.0
MPSERS Reforms Fund	\$0.0	\$150,000.0	\$150,000.0	\$150,000.0	\$0.0	\$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	\$0.0	\$0.0
<b>TOTAL REVENUE</b>	<b>\$12,912,055.6</b>	<b>\$310,358.0</b>	<b>\$13,218,677.0</b>	<b>\$13,225,686.9</b>	<b>\$7,009.9</b>	<b>\$13,236,535.0</b>	<b>\$17,858.0</b>	<b>\$13,361,803.6</b>	<b>\$143,126.6</b>