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Senate Bill 182 (S-1 as passed by the Senate)  
 Committee: Appropriations

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

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

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| 1. <b>MPSERS Rate Cap.</b> Governor and 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). Senate added \$1.3 million for library costs.  | 274,600,000   |
| 2. <b>Great Start Readiness Program (GSRP) Grants.</b> Governor and Senate increased GSRP grants for at-risk four-year-olds by \$65.0 million Gross (SAF).   | 65,000,000    |
| 3. <b>Increase Foundation.</b> Governor proposed to provide up to a \$34-per-pupil non-base equity payment in FY 2013-14 only. Senate did not concur with the equity payment, and instead used this funding to provide a \$9 increase in the basic and \$18 increase in the minimum foundation allowance, bringing the minimum up from \$6,966 to \$6,984. | 24,500,000    |
| 4. <b>Michigan Virtual University.</b> Governor increased by \$10.0 million to expand, enhance, research, catalog, and benchmark online and blended learning opportunities. Senate added placeholders, but moved catalog and benchmark responsibilities to the Dept. of Education (MDE).   | 400           |
| 5. <b>Computer Adaptive Tests.</b> Senate funded \$18.0 million for new computer adaptive tests.   | 18,000,000    |
| 6. <b>Pupil Performance Grants.</b> Senate increased funding to \$46.4 million to fully fund grants.   | 16,400,000    |
| 7. <b>Student-Centric Grants.</b> Governor and Senate proposed \$8.0 million Gross (SAF) program to award competitive grants to districts offering student-centric learning.   | 8,000,000     |
| 8. <b>ISD Hold Harmless &amp; 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.   | 1,067,100     |
| 9. <b>Best Practices and Technology Infrastructure Funding.</b> Governor reduced best practices grants from \$80.0 million to \$25.0 million Gross (SAF) and reduced technology grants from \$50.0 million to \$13.5 million. Senate eliminated both entirely.   | (130,000,000) |
| 10. <b>Technical Cost Adjustments.</b> Governor and Senate adjusted appropriations based on newer cost data, eliminated one-time items from prior budget, and adjusted Federal funds.  | 8,507,600     |
| 11. <b>Class Size Reduction Grants.</b> Governor proposed a change in formula which would result in \$4.0 million (31%) in State savings Gross (SAF). Senate reduced by 15%.   | (2,000,000)   |
| 12. <b>Transfer of Library Payments to MDE.</b> Governor and Senate transferred State aid to library payments and library renaissance zone reimbursements to the MDE 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 and Senate reduced principal educator evaluation training grants, and added \$7,000 to pay for ISD consolidation costs. Senate increased funding for rural schools by \$559,600 and math/science centers \$125,000.   | (558,400)     |
| 15. <b>Comparison to Governor's Recommendation.</b> The Senate is \$9,547,800 Gross and \$400,000 GF/GP under the Governor.  |               |

Total Changes ..... \$280,999,900

**FY 2013-14 Senate-Passed Gross Recommendation ..... \$13,225,686,900**

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

1. **Student Membership Blend Formula.** Senate changed the blend from 90% fall plus 10% prior February to 90% fall plus 10% *current-year* February. (Sec. 6)
2. **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. Senate concurred and, in Sec. 21f, provided that districts would pay for online courses 50% upon enrollment and 50% upon successful completion. (Sec. 6 and 21f)
3. **Repeal of Intent Sections.** Governor repealed intent sections 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. Senate concurred in two, but retained intent to appropriate into the next year. (Sections 11t, 11u, and 12)
4. **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. Senate did not concur and instead reduced class size grants by 15% of their prior-year funding, saving \$2.0 million. (Sec. 20)
5. **Consolidation Incentive.** Senate included new language providing up to a \$100 per-pupil consolidation incentive grant for districts, built into the combined foundation allowance. (Sec. 20)
6. **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. Senate eliminated the section. (Sections 22f and 81)
7. **Pupil Transfer after Count Date.** Senate 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)
8. **At-Risk.** Governor and Senate 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)
9. **GSRP.** Governor 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 at least 90% of children participating are below 300% of the Federal poverty level (FPL); allowed transportation costs to be reimbursed; and established a sliding scale of tuition for students in families above 300% FPL. Senate concurred but required 100% of children to be below 300% FPL with children from the poorest families being enrolled prior to children in less poor families and removed rating system. Senate earmarked \$100 placeholder for a pilot project in Kalamazoo. (Sec. 32d)
10. **GSRP Half-Day Allotment.** Governor proposed an increase in the per-slot reimbursement for half-day programs from \$3,400 to \$3,625. Senate did not concur in this increase and retains the \$3,400 per pupil allotment. (Sec. 39)
11. **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 retained. (Sec. 51a(7))
12. **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. Senate included language to freeze Wayne RESA and Genesee ISD at current percentages in the respective sections. (Sections 56 and 62)
13. **Digital Learning Initiative/MVU.** Governor expanded the mission of the Michigan Virtual University (MVU) 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. Senate retained all language with the exception of the statewide catalog and benchmarking, which is transferred to MDE. Senate funded each new initiative with a \$100 placeholder. Senate required MVU to provide detailed budget data to the Legislature. (Sec. 98)
14. **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. Senate did not concur. (Sec. 166)

Date Completed: 4-25-13

Fiscal Analyst: Kathryn Summers

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

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