

**Summary: Conference Report
FY 2002-03 School Aid
SB 1107 (CR-1)**

	Gross	Federal	Local	State Restricted	GF/GP
2001-02 YTD	\$11,451,113,400	\$203,000,000	\$0	\$11,049,699,900	\$198,413,500
Executive	\$12,795,333,400	\$1,348,305,800	\$700,000	\$11,247,914,100	\$198,413,500
Exec Change from YTD	\$1,344,220,000	\$1,145,305,800	\$700,000	\$198,214,200	\$0
Exec % Change from YTD	11.7%	564.2%	N/A	1.8%	0.0%
Senate	12,677,287,600	1,227,401,700	0	11,247,729,400	202,156,500
Senate Change form YTD	1,226,174,200	1,024,401,700	0	198,029,500	3,743,000
Senate % change from YTD	10.7%	504.6%	0.0%	1.8%	1.9%
House	12,693,057,600	1,227,401,700	0	11,267,242,400	198,413,500
House Change form YTD	1,241,944,200	1,024,401,700	0	217,542,500	0
House % change from YTD	10.8%	504.6%	0.0%	2.0%	0.0%
Conference	12,691,880,100	1,219,825,200	700,000	11,272,941,400	198,413,500
Conference Change form YTD	1,240,766,700	1,016,825,200	700,000	223,241,500	0
Conference % change from YTD	10.8%	500.9%	NA	2.0%	0.0%

OVERVIEW

The Executive recommended funding the basic foundation allowance at \$6,700, as created in P.A. 297 of 2000, and the Senate and House concurred. SB 1107 includes over \$1.0 billion in additional federal funds, most of which are currently appropriated in the Department of Education budget. In order for the budget to be fully funded in FY 2002-03, legislation must be enacted that would move the collections of the State Education Tax forward from FY 2003-04 to FY 2002-03. Also, a Budget Stabilization Fund transfer of \$350 million to School Aid is necessary to fully fund FY 2001-02 and to provide sufficient carryover to fund FY 2002-03. The general fund contribution to schools is made contingent upon a \$79.5 million transfer from the Michigan Employment Security Fund.

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
1. Foundation Allowance Increase	Gross	\$336,000,000	\$336,000,000	\$336,000,000	\$336,000,000
Conference Committee: Allocates per pupil basic foundation allowance increases of \$200 to \$6,700 per student.	Restr	336,000,000	336,000,000	336,000,000	336,000,000
	GF/GP	\$0	\$0	\$0	\$0
2. Elimination of Personal Property Tax Depreciation Table Funding	Gross	(\$93,400,000)	(\$93,400,000)	(\$93,400,000)	(\$93,400,000)
Conference Committee: Removes all funding associated with the revisions to the personal property tax depreciation table. Total estimated savings from sections 22a, 56, 62, and 81 is \$93.4 million.	Restr	(93,400,000)	(93,400,000)	(93,400,000)	(93,400,000)
	GF/GP	\$0	\$0	\$0	\$0
3. Federal Funding—"No Child Left Behind" and Other Federal Funding	Gross	\$779,201,600	\$657,933,500	\$657,933,500	\$641,414,700
Conference Committee: Appropriates federal grant funds (using revised dollar amount) usually appropriated from the Department of Education budget, as well as new federal education funding, for a variety of school programs.	Federal	779,201,600	657,933,500	657,933,500	641,414,700
	GF/GP	\$0	\$0	\$0	\$0
4. Small Class Size Grants	Gross	(\$26,650,000)	\$0	\$0	\$0
The Executive eliminates all funding for this program, the Senate would instead fund small class-size programs under Sec. 20, and the House appropriates \$26.65 million under Section 32e.	Restr	(26,650,000)	0	0	0
	GF/GP	\$0	\$0	\$0	\$0
Conference Committee: Concurs with the Senate to roll grants into the foundation allowance.					
5. At-Risk Grants	Gross	\$0	\$0	\$3,500,000	\$0
The Executive recommends funding at \$314.2 million. This funding level will result in an estimated proration of \$24 per eligible student. The Senate keeps funding at the FY 2001-02 level, while the House increases funding to \$317.7 million.	Restr	0	0	3,500,000	0
	GF/GP	\$0	\$0	\$0	\$0
Conference Committee: Keeps executive recommendation, but adds language carrying forward any unexpended funds from FY 2002 into FY 2003.					
6. Teen Health Centers	Gross	\$2,343,000	\$2,343,000	(\$2,400,000)	\$1,343,000
The Executive allocates full-year funding for this program of \$3.7 million from At-Risk grants. This program was transferred from the Department of Community Health (DCH). The Senate would fund the centers from new General Funds. The House did not include funding for FY 2003.	Restr	2,343,000	0	(2,400,000)	1,343,000
	GF/GP	\$0	\$2,343,000	\$0	\$0
Conference Committee: Funds teen centers at \$3.7 million in FY 2003 out of At-Risk funds.					
7. School Health Curriculum Grants	Gross	\$3,180,000	\$3,180,000	\$3,180,000	\$3,180,000
Conference Committee: Appropriates \$3.2 million for a program currently in the DCH budget. DCH will continue to be the lead department of the program.	Restr	3,180,000	3,180,000	3,180,000	3,180,000
	GF/GP	\$0	\$0	\$0	\$0
8. State Education Tax (SET) Local Treasurer Payment	Gross	\$4,600,000	\$4,600,000	\$4,600,000	\$4,600,000
Conference Committee: Reimburses local treasurers for the implementation of a SET collection schedule change. A portion of the fee will be given to local treasurers for the 1 mill reduction and another portion will be given to those treasurers who do not have a summer tax collection.	Restr	0	0	0	0
	GF/GP	\$4,600,000	\$4,600,000	\$4,600,000	\$4,600,000

Major Budget Changes from FY 2001-02 YTD Appropriations:

		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
9. School Bond Loan Redemption Fund	Gross	\$5,374,000	\$0	\$0	\$5,374,000
Transfers funding for this program from the Department of Treasury. The House and Senate did not concur with the Executive to include this section.	Local	700,000	0	0	700,000
Conference Committee: Concurs with Executive.	GF/GP	\$4,674,000	\$0	\$0	\$4,674,000
10. Center for Educational Performance and Information (CEPI)	Gross	\$2,168,000	\$2,168,000	\$2,168,000	\$4,525,600
The Executive, Senate, and House transfer funding for this program of \$4.5 million to the Department of Information Technology. Of this appropriation, \$2.5 million will go for the Standard and Poor's Contract.	Federal	0	0	0	2,357,600
Conference Committee: Transfers funding for the program to the Department of Management and Budget and makes the CEPI part of this department.	GF/GP	\$2,168,000	\$2,168,000	\$2,168,000	\$2,168,000
11. Adult Education	Gross	\$0	\$5,000,000	\$5,000,000	\$2,500,000
Senate recommends an additional increase of \$5 million to \$80 million. The House concurred with the Senate.	Restr	0	5,000,000	5,000,000	2,500,000
Conference Committee: Appropriates \$77.5 million.	GF/GP	\$0	\$0	\$0	\$0
12. Partnership for Adult Learning	Gross	\$0	(\$15,000,000)	\$0	\$0
Executive appropriates \$20 million for grants to workforce development boards for adult education. Senate appropriated \$5 million. House recommended funding at \$20 million.	Restr	0	0	0	0
Conference Committee: Concurs with House.	GF/GP	0	(\$15,000,000)	\$0	\$0
13. GVSU Autism Grant	Gross	\$0	\$500,000	\$1,000	\$500,000
Funding for GVSU for developing cooperative programs with area districts and ISDs to provide services.	Restr	0	500,000	1,000	500,000
Conference Committee: Funds the grant at \$500,000.	GF/GP	\$0	\$0	\$0	\$0
14. School Consolidation Grants	Gross	\$0	\$0	\$1,000,000	\$1,000,000
House appropriates \$1.0 million to be given to districts at \$350 per pupil if the consolidation of districts is before December 31, 2002.	Restr	0	0	1,000,000	1,000,000
Conference Committee: Removes House language, but includes new language in Sec. 20(10) to increase the foundation allowance of districts that consolidate to the level of the highest foundation allowance plus \$50 capped at the "hold harmless" state maximum.	GF/GP	\$0	\$0	\$0	\$0
15. Golden Apple	Gross	\$1,320,000	\$132,000	\$132,000	\$1,320,000
Executive recommends \$1.3 million for grants of \$10,000 per eligible building. House and Senate appropriate \$132,000 and grants of \$1,000.	Restr	1,320,000	132,000	132,000	1,320,000
Conference Committee: Concurs with Executive.	GF/GP	\$0	\$0	\$0	\$0
16. Early Childhood Grants	Gross	(\$2,000,000)	(\$2,000,000)	\$0	\$0
House restores funding at the FY 2002 level of \$2 million.	Restr	0	0	0	0
Conference Committee: Retains the program at \$2 million.	GF/GP	(\$2,000,000)	(\$2,000,000)	\$0	\$0

<u>Major Budget Changes from FY 2001-02 YTD Appropriations:</u>		<u>Executive</u>	<u>Senate</u>	<u>House</u>	<u>Conference</u>
17. Michigan Virtual University/Wireless Study	Gross	\$0	\$0	\$1,000	\$10,084,700
House adds new appropriation of \$1,000 for pilot projects to develop ways to use wireless technology to improve academic achievement.	Federal	0	0	1,000	6,584,700
	GF/GP	\$0	\$0	\$0	3,500,000

Conference Committee: Appropriates \$11.6 million to the MVU for federal grant programs (6.6 million) a study of wireless technology (\$3.5 million) and program operations (\$1.5 million).

Major Boilerplate Changes from FY 2001-02:

Sec. 6(4)(y) Declining Enrollment Districts

House recommends language to allow districts with less than 1,550 pupils and 4.5 miles per student to use a 3-year average when calculating their section 20 foundation allowance payment.

Conference Committee: Limits eligibility to districts in the lower peninsula.

Sec. 6(4)(Z) Pupils from a Closed Charter School

Conference Committee: Language that allows a local district to count pupils in the fall membership count at 100% if they were previously enrolled in a public school academy that closed at the end of the school year.

Sec. 8b. Public School Academy District Codes

Conference Committee: Requires the Department of education to assign a district code to a public school academy authorized pursuant to the Revised School Code for the purposes of making state aid payments and allows the Department of Treasury to do so if the DOE does not.

Sec. 8c. Broadband Survey

Conference Committee: Requires ISDs to conduct a technology assessment survey of their constituent school districts by November 1, 2002 regarding broadband infrastructure and services.

Sec. 11(3) Proration Language

Conference Committee: Protects the foundation allowances of charter schools at the 1994-95 level if there is a proration caused by insufficient School Aid Fund revenues.

Sec. 20(3) Foundation Allowance Hold-Harmless Districts

The House adds language to allow hold-harmless districts to get the same percent increase in their foundation allowance as the percentage increase in the state maximum foundation allowance. This language requires amending the school code.

Conference Committee: Does not include.

Sec. 22b. Litigation Language

Conference Committee: Adds several subsections relating to litigation: gives the state the right to pay for up to \$1,000,000 in litigation costs out of discretionary funds; Allows the state to escrow discretionary funds from Sec. 22b to satisfy an amount that may be owed due to litigation; requires the state to make payments out of Sec. 22b funding if the state is found to be in violation of the Headlee amendment; allows the state to expedite reviews and remove an action to the Court of Appeals; allows the state to set aside 50% of lapsed funds for Medicaid Title XIX lawsuits and to stop future Medicaid Title XIX reimbursements if sued.

Sec. 31i Additional School Aid Revenue

Conference Committee: Adds intent language that if School Aid Fund revenue increases from January to May, the additional funding shall go to parenting grants, early childhood grants, full-day school readiness grants, and reading grants.

Sec. 32b/32f. Parenting Grants and Reading Grants

Conference Committee: Grant recipients who received funding under sections 32b (Parenting grants) and 32f (Reading grants) may carry forward any unspent allocations until they are expended.

Major Boilerplate Changes from FY 2001-02:

Sec. 94a. Center for Educational Performance and Information (CEPI)

Senate and House amend language to allow districts to submit the February 2002 pupil count data via the Education Data Network (EDN). Districts would also be allowed to submit corrections or adjustments to their pupil count data. Requires CEPI to pay districts for costs incurred with the creation of the single record student database (SRSD) system prior to mandating that pupil counts be done through the SRSD system.

Conference Committee: Transfers funding for the program to the Department of Management and Budget and makes the CEPI part of this department. Adds new language authorizing CEPI, including defining its responsibilities, requiring the creation of an advisory committee to oversee the organization, and specifying its appropriations. Requires CEPI to pay \$2 per pupil to ISDs and constituent districts for the SRSD system. Allows February and September 2002 counts to be sent using the EDN if determined non-auditable.

Secs. 94b/94c/94d CEPI Data Collection and Reports

Restricts CEPI from collecting additional data on school personnel beyond what is required under federal guidelines. Requires CEPI to make payments to districts at \$2 per pupil on the first payment date following enactment of this legislation to reimburse for costs of the SRSD. Requires CEPI to pay districts \$2.00 per employee for the costs of inputting data to the Registry of Educational Personnel. Requires that reports issued by CEPI or by groups contracted by CEPI (e.g. Standard and Poor's) to be provided to districts and ISDs before being released to the public or media.

Conference Committee: Does not include.

Sec. 98. Michigan Virtual University

Conference Committee: Adds new language for the Michigan Virtual University stating the goals, duties, and responsibilities of the organization, including setting up 5 pilot sites to study the effectiveness of wireless technology and coordinating certain activities related to expending federal grant funds.

Sec. 101(8) Travel Time

The House amends current law language to delete the set number of hours of travel time to be counted as instructional time for pupils in cooperative education or special education programs.

Conference Committee: Changes allowed time for travel from 2.5 hour per week to 3 hours per week.

Sec. 105 Schools of Choice

The Executive eliminates language that protects school districts from losing more than 10% of their pupil membership to other school districts through schools of choice. The House revises this language to phase out payments under this subsection.

Conference Committee: Phases funding out by giving districts 75% of their FY 2003 allocation in FY 2003, 50% in FY 2004, 25% in FY 2005, with the funding discontinued in FY 2006.

Various Sections of the Act. Reporting Requirements and State Aid

Removes language making the receipt of state aid contingent upon the reporting of certain data and removes the requirement to report data to the Department of Information Technology. (See Secs. 8, 18, 19, 31a, and 101.)

Conference Committee: Does not remove reporting requirements.

Supplemental for FY 2001-02:

1. Adjustments for revised pupil/taxable value/special education estimates

Conference Committee: Revises sections 22a, 22b, 51a, and 51c to align with the latest estimates for pupil memberships, taxable values, special education costs and revenue projections. Funding from the BSF was set at \$350 million, separate legislation is required.

Gross	(\$27,551,700)
Restr	(377,551,700)
BSF	350,000,000
GF/GP	\$0

2. Teen Health Centers

House funds this program at \$2.4 million from At-Risk grants to allow school-based health clinics to continue through Fall of 2002. This program was transferred from the Department of Community Health. The FY 2001 appropriation was \$3.7 million.

Conference Committee: Concurs with House.

Gross	\$2,400,000
Restr	2,400,000
GF/GP	\$0