

Senate Fiscal Agency
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FY 2001-02 Year-to-Date Gross Appropriation	\$11,451,113,400
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Changes from FY 2001-02 Year-to-Date:

Items Included by the Senate and House

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| 1. Proposal A Obligation Payment. The Conference Report makes reductions in this line item that are necessary due to changes in updated pupil and taxable value estimates. Also, pre-funding of costs associated with changes in the personal property tax tables (PPTTs) is eliminated, due to the fact that these proposed changes are currently under litigation. | (20,100,000) |
| 2. Discretionary Payment. The Conference Report decreases this line item to reflect updated pupil and taxable value estimates. | (9,200,000) |
| 3. Renaissance Zone Costs. Funding for this line is increased in the Conference Report by \$1,800,000 due to the use of revised cost estimates. | 1,800,000 |
| 4. School Lunch Programs. Funding for this line is increased in the Conference Report to ensure that the State meets its mandated funding obligation of 6.0127% of necessary costs. | 1,438,300 |
| 5. Special Education (State). The Conference Report increases this line item (by \$200,000 less than the Governor) to reflect higher than previously estimated costs due to updated special education pupil and cost estimates. | 1,580,000 |
| 6. Vocational Education Millage Equalization. Reductions in this line in the Conference Report are due to not pre-funding costs associated with changes in the PPTTs. Intermediate school districts (ISDs) will continue to be reimbursed for standard vocational education millage equalization. | (1,380,000) |
| 7. ISD Taxable Value Changes. Similar to items 1 and 5, earmarked ISD funding is eliminated from the budget that relates to the pre-funding of costs associated with PPTT changes. | (890,000) |
| 8. Golden Apple MEAP Incentive. The Conference Report completely eliminates funding for FY 2001-02. | (800,000) |

Conference Agreement on Items of Difference

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| 9. Teen Health Centers. The Conference Agreement includes \$2,400,000 to fund Teen Health Centers out of At-Risk funding projected to lapse at the end of FY 2001-02. | 0 |
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Total Changes	(\$27,551,700)
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FY 2001-02 Enacted Gross Appropriation	\$11,423,561,700
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Changes from FY 2001-02 Year-to-Date:Items Included by the Senate and House

1. **Foundation Allowance Guarantee.** The Conference Report adds language stating that districts (i.e., Public School Academies) that began operations after 1994-95 shall receive a guaranteed Section 22b payment equal to the FY 1994-95 foundation allowance of the district in which they are located. (Sec. 11(3))
2. **Foundation Allowance Calculations.** The Conference Report sets the basic foundation allowance at \$6,700 per pupil for FY 2002-03. This is also the minimum foundation allowance for this fiscal year. (Sec. 20)
3. **Adjustment of Base Foundation Allowance.** The Conference Report adds new language that provides an additional \$250 per pupil to be added to the foundation allowance base of a district who had a tax abatement on an industrial facility benefitting only the Gibraltar School District. The Senate further adds and the Conference Report concurs in a new subsection "rolling-in" State Class Size Reduction grants into base foundation allowance funding for the 26 recipient districts. (Sec. 20 (17) and (18))
4. **Educational Options for Deaf and/or Blind Students.** The Conference Report restores language that requires districts and ISDs to provide parents or legal guardians of deaf and/or blind pupils with information regarding educational placement options. (Secs. 169a(3) and (4))

Conference Agreement on Items of Difference

5. **Declining Enrollment.** The Conference Report extends the Declining Enrollment program into FY 2002-03. (Sec. 6(4)(y))
6. **Pupils From a Closed Charter School.** The Conference Report allows a resident district to count pupils that previously attended a charter school that closed at the end of the school year at 100% in the Fall (current law allows 80%). (Sec. 6(4)(z))
7. **Broadband Survey.** The Conference Report inserts new language requiring the ISDs to conduct a technology assessment survey by November 1, 2002, regarding broadband infrastructure and services. (Sec. 8c)
8. **"Trigger" Language for GF/GP Grant.** The Conference Report includes language stating that the GF/GP grant to the School Aid Fund will be reduced by \$79,500,000 in FY 2002-03 if legislation authorizing the transfer of this amount from the Michigan Employment Security Act Contingent Fund is not enacted. (Sec. 11(1))
9. **Pupil Growth.** The Conference Report retains language requiring the GF/GP contribution to the SAF be sufficient to support pupil membership growth in excess of 101% of the previous year's membership. (Sec. 20(15))
10. **Litigation Costs.** The Conference Report includes new language stating that any current or future litigation costs will be paid out of available discretionary funds, up to \$1,000,000. Also states that any lawsuit settlement awards, including Medicaid Title XIX lawsuits, shall be paid from available discretionary funds. (Sec. 22b(4), (5), (6), (7), and (9))
11. **Dearborn Schools and At-Risk Funding.** The Conference Report increases Dearborn Schools' funding percentage from (current law) 5.75% of its foundation allowance to 11.5%. (Sec. 31a)
12. **Expenditure of Certain ASAP Program Funding.** The Conference Report allows recipients of Parent Involvement and Education (PIE) grants and Reading grants to expend their grant funds without regard to a deadline. (Secs. 32b, 32f)
13. **Teen Health Centers.** Funding for FY 2001-02 provided in the Conference Report is to fund the remainder of the fiscal year for centers currently in existence. Funding for FY 2002-03 will be for competitive grants to be approved jointly by the Department of Education and the Department of Community Health (DCH). (Sec. 31a)
14. **Center for Educational Performance and Information (CEPI).** The Conference Report replaces this section entirely with new authorization language for CEPI, including responsibilities, advisory committees, and appropriations. (Sec. 94a)
15. **Schools of Choice Membership Guarantee.** The Conference Report phases out payments over three years to districts that are compensated for resident pupil membership losses due to schools of choice. (Current law provides a funding guarantee of 90% of a district's resident pupil memberships.) (Sec. 105(17))

Date Completed: 5-15-02

Fiscal Analyst: Joe Carrasco
Kathryn Summers-Coty

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

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FY 2001-02 Year-to-Date Gross Appropriation	\$11,451,113,400
Changes from FY 2001-02 Year-to-Date:	
<u>Items Included by the Senate and House</u>	
1. School Health Curriculum Grants. Funding for this program, to promote the Michigan Model for Comprehensive School Health, was previously in the DCH budget.	3,180,000
2. Local Treasurer Reimbursement. The Conference Report includes the reimbursement to local treasurers for estimated lost revenue from the five mill State Education Tax proposed for July 2003 is included.	4,600,000
3. Transfer of Department Of Education (DOE) Federal Grants. The Conference Report agrees to transfer all but five DOE Federal grants to the School Aid budget beginning in FY 2002-03.	975,882,900
<u>Conference Agreement on Items of Difference</u>	
4. Center for Educational Performance and Information (CEPI). The Conference Report provides funding for the CEPI at an increase of \$4,525,600 over FY 2001-02 appropriations, to a total of \$6,857,600.	4,525,600
5. Proposal A Obligation Payment. The Conference Report agreed to reductions in this line item that are necessary due to changes in updated pupil and taxable value estimates.	(89,100,000)
6. Discretionary and Equity Payments. The Conference Report agreed to increases that are needed to pay for the \$200 increase in the basic foundation allowance, to incorporate the one-time FY 2001-02 Equity Payment into the per-pupil payment to eligible districts, and to roll-in Class Size Reduction grants into base foundation allowance funding for the 26 recipient districts.	358,800,000
7. All Students Achieve Program. Funding for two components of this program are entirely eliminated; Parent Involvement and Education (\$45,000,100) and Reading Programs (\$45,000,000). The Conference Report eliminates explicit categorical funding for the Class Size Reduction program(\$26,650,000).	(116,650,100)
8. Wireless Technology/Michigan Virtual High School. The Conference Report includes \$3,500,000 for at least five pilot projects for developing ways to use wireless technology to improve academic achievement as well as \$6,584,700 in Federal Funds.	10,084,700
9. Special Education (State and Federal). The Conference Report transferred all Federal special education funding into the K-12 budget. The Conference Committee also agreed to include new funding of \$500,000 to GVSU for developing cooperative autism programs.	90,400,000
10. Golden Apples. The Conference Report includes funding for the Golden Apples Program at \$1,320,000 for FY 2002-03.	520,000
11. School Bond Loan Redemption. The Conference Report agreed to include this program to pay for the State's debt service on funds lent to school districts and is transferred from the Department of Treasury for FY 2002-03 only.	5,374,000
12. Other Changes. Increases in line items include: ISD operational funding (\$2,857,300), Court Placed Pupils (\$500,000), School Lunch programs (\$2,338,300), Renaissance Zone reimbursement (\$3,174,000), and Adult Education (\$2,500,000). Decreases in lines include elimination of Detroit Schools' supplemental payment (\$15,000,000), ISD Vocational Education Millage Equalization (\$1,330,000), taxable value changes (\$890,000) and Accreditation Assistance (\$1,000,000).	(6,850,400)
Total Changes	\$1,240,766,700
FY 2002-03 Enacted Gross Appropriation	\$12,691,880,100

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Changes from FY 2001-02 Year-to-Date:Items Included by the Senate and House

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Conference Agreement on Items of Difference

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Date Completed: 5-14-02

Fiscal Analyst: Joe Carrasco
Kathryn Summers-Coty

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