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SFA



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Senate Bill 1107 (S-1, Draft 3 as reported)

Committee: Appropriations

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

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| 1. Proposal A Obligation Payment. Reductions in this line item 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. | (24,100,000) |
| 2. Discretionary Payment. Decreases are proposed for this line item to reflect updated pupil and taxable value estimates. | (9,200,000) |
| 3. Renaissance Zone Costs. Funding for this line is increased 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 to ensure that the State meets its mandated funding obligation of 6.0127% of necessary costs. | 1,438,300 |
| 5. Special Education (State). The Senate 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 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 6, 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. Funding is completely eliminated for FY 2001-02. | (800,000) |
| 9. Comparison to Governor's Recommendation. The Senate recommendation is \$200,000 Gross (School Aid Fund) below the Executive budget. | |

Total Changes	(\$31,551,700)
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FY 2001-02 Senate Appropriations Subcommittee Gross Appropriation	\$11,419,561,700
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Changes from FY 2001-02 Year to Date:

1. **“Trigger” Language for GF/GP Grant.** The budget 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))
2. **Foundation Allowance Guarantee.** The budget 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))
3. **Foundation Allowance Calculations.** The budget 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)
4. **Payments for Pupil Growth.** The budget deletes language that requires a GF/GP allocation sufficient to support pupil membership growth greater than 101% of the previous year's membership. (Sec. 20(15))
5. **Adjustment of Base Foundation Allowance.** The budget 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. It is calculated that this proposal benefits only the Gibraltar School District. The Senate further adds 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))
6. **Teen Health Centers.** The Governor creates a new subsection that allocates At-Risk funding for the operation of Teen Health Centers. These centers were formerly funded in the Department of Community Health budget. Funding for FY 2001-02 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). The Senate concurs, and adds language allowing for unexpended funds to be carried forward and used to minimize At-Risk proration. (Sec. 31a(6))
7. **Repeal of the All Students Achieve Program (ASAP).** The budget repeals all but one section of the ASAP components of the program, including Parent Involvement and Education (PIE) grants, Interagency Early Childhood grants, Class Size grants, and Reading Improvement grants. The only program retained is the School Readiness program. The Senate includes new language stating the intent of the Legislature to fund Sections 32b, 32c, and 32d(3) if additional revenues materialize. (Secs. 32a, 32b, 32c, 32e, and 32f) (Sec. 32d is retained)
8. **Center for Educational Performance and Information (CEPI).** The Senate adds subsections requiring the CEPI to accept February, 2002 pupil count data through a parallel submission process, provide ample opportunity for districts to make corrections to pupil count data, and require the CEPI to reimburse districts for Single Record Student Database (SRSD) costs before requiring districts to submit data using only the SRSD. (Secs. 94a(3), (4) and (5)).
9. **90% Pupil Membership Guarantee.** The Executive Recommendation deletes language that allows a district whose membership falls to less than 90% of the pupils who reside in the district to receive foundation allowance payments based on its membership being 90% of pupils who reside in the district but who are otherwise enrolled in another district. The Senate does not concur, and instead restores the language. (Sec.105(17))
10. **Educational Options for Deaf and/or Blind Students.** The Executive Recommendation deletes language that requires districts and ISDs to provide parents or legal guardians of deaf and/or blind pupils with information regarding educational placement options. The Senate does not concur, and instead restores the language. (Secs. 169a(3) and (4))

Date Completed: 2-27-02

Fiscal Analysts: Joe Carrasco
Kathryn Summers-Coty

Senate Bill 1107 (S-1, Draft 3 as reported)

Committee: Appropriations

FY 2001-02 Year-to-Date Gross Appropriation	\$11,451,113,400
Changes from FY 2001-02 Year-to-Date:	
1. School Bond Loan Redemption. This program pays the State's debt service on funds lent to school districts and was transferred from the Department of Treasury budget.	5,374,000
2. Proposal A Obligation Payment. Reductions in this line item 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.	(91,100,000)
3. Discretionary and Equity Payments. Increases are needed to pay for the \$200 increase in the basic foundation allowance, and to incorporate the one-time FY 2001-02 Equity Payment into the per-pupil payment to eligible districts. The Senate further rolled-in Class Size Reduction grants into base foundation allowance funding for the 26 recipient districts.	358,450,000
4. Adult Education and Partnership for Adult Learning (PAL). The Senate increases Adult Education by \$5,000,000, and reduces funding for the PAL program by \$15,000,000.	(10,000,000)
5. All Students Achieve Program. Funding for several components of this program is entirely eliminated, including Parent Involvement and Education (\$45,000,100), Reading Programs (\$45,000,000), and Interagency Early Childhood Grants (\$2,000,000). The Senate eliminated explicit categorical funding for the Class Size Reduction program.	(118,650,100)
6. Special Education (State and Federal). Increases in State funding of this line item reflect yearly cost increases and updated special education pupil estimates. All Federal special education funding is transferred into the K-12 budget. The Senate included new funding of \$500,000 to GVSU for developing cooperative autism programs.	90,400,000
7. Center for Educational Performance and Information (CEPI). Funding for the CEPI is increased by \$2,168,000 over FY 2001-02 appropriations, to a total of \$4,500,000.	2,168,000
8. 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
9. Local Treasurer Reimbursement. Reimbursement to local treasurers for estimated lost revenue from the five mill State Education Tax proposed for July 2003 is included.	4,600,000
10. Transfer of Department Of Education (DOE) Federal Grants. All but five DOE Federal grants are transferred to the School Aid budget beginning in FY 2002-03.	992,401,700
11. Other Changes. Increases in line items include: ISD operational funding (\$2,857,300), Court Placed Pupils (\$500,000), School Lunch programs (\$2,338,300), and Renaissance Zone reimbursement (\$3,174,000). Decreases in lines include elimination of Detroit Schools' supplemental payment (\$15,000,000), pre-funding of PPTT changes (\$2,220,000), and a reduction in Golden Apples from \$1,320,000 to \$132,000.	(9,018,400)
12. Comparison to Governor's Recommendation. The Senate recommendation is \$116,414,800 Gross (\$120,904,100 Federal) below the Governor's budget. The Senate recommendation is \$4,489,300 SAF over the Executive recommendation.	
Total Changes	\$1,227,805,200
FY 2002-03 Senate Appropriations Subcommittee Gross Appropriation	\$12,678,918,600



Changes from FY 2001-02 Year to Date:

1. **“Trigger” Language for GF/GP Grant.** The budget 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))
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6. **Teen Health Centers.** The Governor creates a new subsection that allocates At-Risk funding for the operation of Teen Health Centers. These centers were formerly funded in the Department of Community Health budget. Funding for FY 2001-02 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. The Senate concurs, and adds language allowing for unexpended funds to be carried forward and used to minimize At-Risk proration. (Sec. 31a(6))
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8. **Center for Educational Performance and Information (CEPI).** The Senate adds subsections requiring the CEPI to accept February, 2002 pupil count data through a parallel submission process, provide ample opportunity for districts to make corrections to pupil count data, and require the CEPI to reimburse districts for Single Record Student Database (SRSD) costs before requiring districts to submit data using only the SRSD. (Secs. 94a(3), (4) and (5)).
9. **Golden Apple MEAP Awards.** The Governor’s recommendation changes the award amount such that an eligible elementary school shall receive a total of \$10,000 in FY 2002-03. The Senate changes the award amount to \$1,000 per building in FY 2002-03. (Sec. 96)
10. **90% Pupil Membership Guarantee.** The Executive Recommendation deletes language that allows a district whose membership falls to less than 90% of the pupils who reside in the district to receive foundation allowance payments based on its membership being 90% of pupils who reside in the district but who are otherwise enrolled in another district. The Senate does not concur, and instead restores the language. (Sec.105(17))
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Date Completed: 2-27-02

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