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## Summary of Major Budget Issues

**School Bond Loan Refinance Deposit** – Moves the fiscal year in which the approximately \$128.3 million in School Bond Loan Fund refunding proceeds are deposited to the School Aid Fund from FY 2003-04 to FY 2002-03 to avoid closing FY 2002-03 in a deficit position.

**School Aid Stabilization Fund Deposit** – Appropriates \$20.6 million to the School Aid Fund in FY 2003-04 from the General Fund from anticipated budgetary savings.

**Reform Board Allocation** – Reduces from \$15 million to \$10 million an allocation to Detroit Public Schools.

**Class-Size Reduction Allocation** – Reduces from \$26.7 million to \$21.7 million an allocation to certain districts for the purposes of class-size reduction.

**Section 20j Hold-Harmless Allocation** – Reduces from \$55.6 million to \$50.6 million an allocation to hold-harmless districts to enable them to receive full foundation allowance increases.

**Renaissance Zone Supplemental Amount** – Appropriates an additional \$4.7 million to fund expanded utilization of the zones in the current year.

**Career Preparation System** – Eliminates the FY 2003-04 Career Preparation program, currently funded at \$1 million.

**Intermediate School District (ISD) Operations** – Reduces the appropriation for ISD operations by \$10 million to \$81.7 million.

**Freedom To Learn Grants** – Allows \$22 million in state funding for the wireless laptop program for 6<sup>th</sup> graders to lapse back to the School Aid Fund at the end of FY 2003-04.

**Partnership for Adult Learning** – Eliminates the FY 2003-04 Partnership for Adult Learning (PAL) program, currently funded at \$1 million.

	FY 2003-04	Proposed	Change from	
	YTD		FY 2003-04 YTD	
	(as of 12/15/03)		Amount	%
<b>IDG/IDT</b>	0	0	0	0
<b>Federal</b>	1,316,681,900	1,316,681,900	0	0
<b>Local</b>	0	0	0	0
<b>Private</b>	0	0	0	0
<b>Restricted</b>	11,005,287,100	10,962,387,100	(42,900,000)	(0.2)
<b>GF/GP</b>	282,100,000	302,700,000	20,600,000	16.2
<b>Gross</b>	<b>\$12,604,069,000</b>	<b>12,581,769,000</b>	<b>(22,300,000)</b>	<b>0.2</b>

NOTE: The figures in the table above do not reflect the FY 2003-04 School Aid proration.

<b><u>Major Budget Changes from Current Law Appropriations:</u></b>		<b><u>YTD</u></b>	<b><u>Change</u></b>
		<b><u>FY 2003-04</u></b>	<b><u>FY 2003-04</u></b>
<b><i>1. Reform Board Allocation</i></b>	<b>Gross</b>	<b>\$15,000,000</b>	<b>\$(5,000,000)</b>
Reduces the allocation to Detroit Public Schools from \$15 million to \$10 million.	Restricted	15,000,000	(5,000,000)
<b><i>2. Class-Size Reduction Allocation</i></b>	<b>Gross</b>	<b>\$26,650,000</b>	<b>\$(5,000,000)</b>
Reduces the allocation to various districts from \$26.6 million to \$21.0 million.	Restricted	26,650,000	(5,000,000)
<b><i>3. Section 20j Hold Harmless Allocation</i></b>	<b>Gross</b>	<b>\$55,600,000</b>	<b>\$(5,000,000)</b>
Reduces the allocation to hold harmless districts from \$55.6 million to \$50.6 million.	Restricted	55,600,000	(5,000,000)
<b><i>4. Renaissance Zone Reimbursement</i></b>	<b>Gross</b>	<b>\$25,260,000</b>	<b>\$4,700,000</b>
Increases the appropriation for Renaissance Zone reimbursements by \$4.7 million.	GF/GP	\$25,260,000	\$4,700,000
<b><i>5. Career Preparation System</i></b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$(1,000,000)</b>
Eliminates funding for the Career Preparation System.	GF/GP	\$1,000,000	(\$1,000,000)
<b><i>6. Intermediate School District Operations</i></b>	<b>Gross</b>	<b>\$91,702,100</b>	<b>\$(10,000,000)</b>
Decreases the appropriation for ISD operations by \$10 million to \$81.7 million.	Restricted	\$91,702,100	(\$10,000,000)
<b><i>7. Partnership for Adult Learning</i></b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$(1,000,000)</b>
Eliminates funding for the Partnership for Adult Learning program.	GF/GP	\$1,000,000	(\$1,000,000)

**Major Boilerplate Changes from Current Law:**

None.



## Budget Proposals

(Dollars in Millions)

	<b>Senate Passed <u>SB 556 (S-2)</u></b>	<b>House Proposal <u>SB 556 (H-1)</u></b>
<b>Current Estimated Deficit</b>	\$ (349.6)	\$ (349.6)
<b>Revenue Adjustments</b>		
Lowered Personal Property Tax Audit Estimate	\$ (11.5)	\$ (11.5)
Revised Lottery Estimate for New Games	10.0	10.0
Personal Property Tax Amnesty/Penalties	20.0	20.0
Increase Tax Collection Enforcement	28.6	28.6
Carry-Forward Balance from FY 2003	19.7	19.7
Additional Estimated Revenue from State Education Tax	40.0	40.0
General Fund Transfer	<u>45.6</u>	<u>20.6</u>
<b>Revenue Adjustments</b>	<b>\$ 152.4</b>	<b>\$ 127.4</b>
<b>Appropriation Adjustments</b>		
Elimination of Career Preparation (Sec. 68)	\$ (1.0)	\$ (1.0)
Elimination of Partnership for Adult Learning (Sec. 108)	(1.0)	(1.0)
Reduction in Class-Size Allocation	-	(5.0)
Reduction in Reform Board Allocation (Detroit)	-	(5.0)
Reduction in Section 20j Allocation	-	(5.0)
Reduction in ISD General Operations Funding (Sec. 81)	-	(10.0)
Renaissance Zone Reimbursement (Sec. 26a)	4.7	4.7
Projected Lapse of Freedom to Learn Program (Sec. 98b)	<u>(22.0)</u>	<u>(22.0)</u>
<b>Appropriation Adjustments</b>	<b>\$ (19.3)</b>	<b>\$ (44.3)</b>
<b>Estimated Year-End Balance</b>	<b>(177.9)</b>	<b>(177.9)</b>
<b>Estimated Per Pupil Proration</b>	<b>\$ 100.00</b>	<b>\$ 100.00</b>