

Summary: House Recommendation
SCHOOL AID – SB 279 (H-2)
FY 2004-05 Revision

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	Current Law FY 2004-05	House Proposed	Difference: from FY 2004-05 Current Law	
			Amount	%
IDG/IDT	\$0	\$0	\$0	0.0
Federal	1,353,540,100	1,353,540,100	0	0.0
Local	0	0	0	0.0
Private	0	0	0	0.0
Restricted	10,909,200,000	10,948,322,200	39,122,200	0.4
GF/GP	165,200,000	165,200,000	0	0.0
Gross	\$12,427,940,100	\$12,467,062,300	\$39,122,200	0.3

NOTE: FY 2004-05 includes the \$99.5 million general fund reduction from E.O. 2005-7.

Overview

Executive Order 2005-7 reduced the general fund appropriation to the school aid budget by \$99.5 million. There was, however, no corresponding funding increase in school aid revenue to offset the general fund reduction. Senate Bill 279 (H-2) would make changes to match revenue and appropriations by increasing revenue by \$39.1 million and reducing appropriations by \$60.4 million. The additional revenue would come from the change in the school bond loan program and from FY 2003-04 school aid reserve. Reductions in appropriations are the result of lower pupil membership estimates and increased taxable values which are reflected in the foundation allowance payments and lower estimated costs for special education services. There would be no impact to schools from these changes.

Major Budget Changes from 2004-05 YTD Appropriations:		FY 2004-05 (Current Law)	House Change From Current Law
1. Proposal A Obligation Payment	Gross	\$6,678,977,800	(\$63,977,800)
Recommends reducing the appropriation from the current law for FY 2005 to reflect changes in taxable values and pupil membership blends.	Restricted	\$6,678,977,800	(\$63,977,800)
2. Discretionary Payment	Gross	\$2,910,300,000	\$12,900,000
Recommends increasing the appropriation from the current law for FY 2005 to reflect changes in taxable values and pupil membership blends.	Restricted	\$2,910,300,000	\$12,900,000
3. School Bond Redemption Fund	Gross	\$41,100,000	\$0
Incorporates the restructuring of the school bond loan fund by creating a revolving loan fund starting in FY 2005. By creating a revolving fund, all future borrowing for bonds and all new debt service from those bonds would be incorporated within the revolving fund. A payment of \$41.1 million in FY 2005 is made from the new revolving fund.	Restricted	0	41,100,000
	GF/GP	\$41,100,000	(\$41,100,000)
4. Special Education Funding	Gross	\$1,300,533,000	(\$9,300,000)
Recommends a decrease of \$9.3 million in restricted funds to reflect estimated costs associated with special education services.	Federal	394,850,000	0
	Restricted	\$905,683,000	(\$9,300,000)

Major Boilerplate Changes:

Sec. 11(1). *Revenue Sources* – MODIFIED

Assumes school aid revenue of \$10.9 billion and \$41.1 million in revenue from the revisions to the school bond loan program. This is an increase in revenue of \$39.1 million from current law.

Sec. 51a. *Special Education Itinerant Staff* – MODIFIED

Amends current language to restrict districts and PSAs from shifting their itinerant employees (speech therapists, physical therapists, school psychologists, etc.) to the ISD for purposes of claiming the special education reimbursement when there was no actual change in the delivery of service being provided within the district or PSA.

SCHOOL AID LINE-ITEM SUMMARY FY 2004-05
(Dollars in Thousands)



Sec.	Basic Foundation Allowance:
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11f	Durant - Cash Payments
11g	Durant - Debt Service
11j	School Bond Redemption Fund
22a	Proposal A Obligation Payment
22b	Discretionary Payment
24	Court-Placed Pupils
26a	Renaissance Zone Reimbursement
31a	"At Risk" Pupil Support
31d	State School Lunch Programs
31d	Federal School Lunch Programs
32c	Early Childhood Grants
32d	School Readiness
32j	ISD 0-5 Grants
39a1	Federal "No Child Left Behind"
39a2	Other Federal Funding
41	Bilingual Education - State
41a	Bilingual Education - Federal
51a	Special Education - Federal
51a	Special Education - State
57	Advanced & Accelerated Program
61a	Vocational Education
62	ISD Voc. Ed Millage Equalization
74	Bus Driver Safety Instruction
81	ISD General Operations Support
94a	Center for Ed. Performance
94a	CEPI Federal
98	Michigan Virtual High School
98	Mich. Virtual High School - Federal
98b	Freedom To Learn - State
98b	Freedom To Learn - Federal
99	Math/Science Centers - State
99	Math/Science Centers - Federal
107	Adult Education - State

TOTAL APPROPRIATIONS

REVENUE BY SOURCE

Federal Aid
School Aid Fund
Capitalization Proceeds from SBLF
School Aid Stabilization Fund
General Fund/General Purpose
TOTAL REVENUE

FY 2004-05		
FY 2004-05 Year-to-Date	SB 279 (H-2) Recommendation Change from FY 2004-05	SB 279 (H-2) FY 2004-05 Recommendation
\$6,700		

\$32,000.0	\$0.0	\$32,000.0
\$141.0	\$0.0	\$141.0
\$41,100.0	\$0.0	\$41,100.0
\$6,678,977.8	-\$63,977.8	\$6,615,000.0
\$2,910,300.0	\$12,900.0	\$2,923,200.0
\$8,000.0	\$0.0	\$8,000.0
\$36,200.0	\$0.0	\$36,200.0
\$314,200.0	\$0.0	\$314,200.0
\$21,095.1	\$0.0	\$21,095.1
\$289,000.0	\$0.0	\$289,000.0
\$250.0	\$0.0	\$250.0
\$72,800.0	\$0.0	\$72,800.0
\$3,326.0	\$0.0	\$3,326.0
\$637,809.7	\$0.0	\$637,809.7
\$5,427.5	\$0.0	\$5,427.5
\$2,800.0	\$0.0	\$2,800.0
\$1,232.1	\$0.0	\$1,232.1
\$394,850.0	\$0.0	\$394,850.0
\$905,683.0	-\$9,300.0	\$896,383.0
\$250.0	\$0.0	\$250.0
\$30,000.0	\$0.0	\$30,000.0
\$9,000.0	\$0.0	\$9,000.0
\$1,625.0	\$0.0	\$1,625.0
\$77,702.1	\$0.0	\$77,702.1
\$1,500.0	\$0.0	\$1,500.0
\$2,046.3	\$0.0	\$2,046.3
\$750.0	\$0.0	\$750.0
\$2,250.0	\$0.0	\$2,250.0
\$3,700.0	\$0.0	\$3,700.0
\$17,343.2	\$0.0	\$17,343.2
\$2,500.0	\$0.0	\$2,500.0
\$3,581.3	\$0.0	\$3,581.3
\$20,000.0	\$0.0	\$20,000.0
\$12,527,440.1	-\$60,377.8	\$12,467,062.3

\$1,353,540.1	\$0.0	\$1,353,540.1
\$10,909,200.0	-\$76,047.8	\$10,833,152.2
	\$41,100.0	\$41,100.0
\$0.0	\$74,070.0	\$74,070.0
\$165,200.0	\$0.0	\$165,200.0
\$12,427,940.1	\$39,122.2	\$12,467,062.3