



Senate Fiscal Agency
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BILL ANALYSIS

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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 CONFERENCE	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	603.5	614.5	11.0	1.8
GROSS	352,181,200	400,815,000	48,633,800	13.8
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	352,181,200	400,815,000	48,633,800	13.8
Less:				
Federal Funds	254,084,700	298,074,500	43,989,800	17.3
Local and Private	7,851,500	7,888,600	37,100	0.5
TOTAL STATE SPENDING	90,245,000	94,851,900	4,606,900	5.1
Less:				
Other State Restricted Funds	8,567,600	8,668,200	100,600	1.2
GENERAL FUND/GENERAL PURPOSE	81,677,400	86,183,700	4,506,300	5.5
PAYMENTS TO LOCALS	14,367,700	14,567,700	200,000	1.4

*As of May 3, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$352,181,200
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Changes from FY 2017-18 Year-to-Date:

Items Included by the Senate and House

- Early Literacy Implementation.** The **Governor/Senate/House/Senate** transferred the funding for implementation of the early literacy program from the School Aid Budget to the Department of Education budget. The GF/GP was transferred from Section 35 of the School Aid Act to School Support Services. 1,000,000
- Project UNIFY Transfer.** The **Governor/Senate/House/Senate** transferred funding for Project UNIFY from the Department of Health and Human Services to the Department of Education. The funding provides grants to the Special Olympics programs. The funding is all supported by GF/GP. 500,000
- Child Development and Care External Support.** The **Governor/Senate/House/Senate** made a technical adjustment increase to account for economic adjustments made in the Department of Licensing and Regulatory Affairs and the Department of Health and Human Services. The increase was supported by Federal funds. 380,700
- Braille Textbook Production Expansion.** The **Governor/Senate/House/Senate** increased the Low-Incidence Outreach Program to expand production of Braille textbooks. The increase was paid for with funds from the Low-Incidence Outreach Fund. 300,000
- Supplemental Removal.** The **Governor/Senate/House/Senate** removed FY 2017-18 supplemental funding for school drinking water education. (1,000,000)
- Renaissance Zone Reimbursement.** The **Governor/Senate/House/Senate** decreased appropriations to account for declines in projected reimbursements. The decline is due to Personal Property Tax changes and the expiration of Renaissance Zones. (800,000)
- State Restricted Fund Adjustment.** The **Governor/Senate/House/Senate** reduced appropriations to various State Restricted funds to align with current revenue projections. The reductions were not replaced with other fund sources resulting in a gross appropriation reduction. (300,200)

8. **Local Revenue Removal.** The **Governor/Senate/House/Senate** removed Local District Service Fee revenue from the Department, because the fund has not generated revenue in the last 10 budget cycles. The reduction was not replaced with another fund source resulting in a gross appropriation reduction. (11,700)
9. **Economic Adjustments.** Includes \$1,506,300 Gross and \$455,300 GF/GP for total economic adjustments, of which an estimated \$166,200 Gross and \$39,600 GF/GP is for legacy retirement costs (pension and retiree health). 1,506,300

Conference Agreement on Items of Difference

10. **Child Development and Care Public Assistance.** The **Senate** included \$62.3 million in Federal funds to implement a biweekly reimbursement system (\$36.5 million) and increase the income entry threshold from 130% to 150% of the FPL (\$25.8 million). This is the result of a significant increase in the Federal Child Development and Care Block Grant. The **Conference** included \$32.1 million to align appropriations with the May, 2018 CREC (\$24.6 million) and to implement a biweekly block reimbursement system (\$15.0 million). The Gross increase is all supported by Federal funds. 39,603,900
11. **Child Development and Care Public Assistance.** The **Senate** included \$10,650,000 in Federal funds to increase the hourly reimbursement rate of licensed empty and one-star providers by \$0.50, licensed two-star providers by \$0.25, and unlicensed tier one providers by \$0.50. The **Conference** did not include. 0
12. **TEACH Scholarship.** The **Senate/Conference** included \$2.5 million in Federal funds for the TEACH scholarship program. Of the total increase, \$1.5 million is to replace expiring Race-To-The-Top funding and \$1.0 million is to increase the program. Boilerplate language requires \$5.0 million in total appropriation to go towards the TEACH scholarship program. 2,500,000
13. **Office of Great Start Operations.** The **Senate** rolled out the TEACH scholarship and contracted services from the operations line item. The **Conference** rolled out the line items and included an additional \$603,800 in the operations line item to ensure sufficient funding for staff and operations. The increase is all supports by Federal funds. 603,800
14. **School Reform Office.** The **Governor/House/Conference** transferred FTEs and funding for the School Reform Office from the DTMB to finalize Executive Order 2017-5. Of the total FTEs and funding, 9.0 FTEs and \$2,853,400 GF/GP were transferred to Partnership District Support while 2.0 FTEs and \$497,600 GF/GP were transferred to State Board/Superintendent Operations. The **Senate** transferred all the FTEs and funding except \$1,000,000 GF/GP. 3,351,000
15. **State Aid to Libraries.** The **Senate/Conference** increased State Aid to Libraries by \$1.0 million GF/GP, which translate to a 9% increase and brings the per capita payments from \$0.36 to \$0.39. 1,000,000
16. **\$100 Placeholders.** The **Senate/Conference** included a \$100 placeholder line item that was supported by GF/GP. The placeholder replaces a Federal reduction in funds from the Federal Department of Health and Human Services - Centers for Disease Control and Prevention for adolescent and school health education. The placeholder was rolled out of the school support line item. 0
17. **FY 2018-19 One-Time Gross Appropriations.** A \$100 placeholder for the drinking water declaration of emergency line item is included in one-time appropriations.

Total Changes	\$48,633,800
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FY 2018-19 Conference Report Ongoing/One-Time Gross Appropriation	\$400,815,000
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Amount Over/(Under) GF/GP Target:	\$0
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Boilerplate Changes from FY 2017-18 Year-to-Date:Items Included by the Senate and House

1. **Sections Deleted by the Governor and Retained by the Senate/House/Conference.** The **Governor** deleted and **Senate/House/Conference** retained a number of sections throughout the budget, which include: 222 (protects employees who testify to the Legislature), 223 (retention of all reports), 227 (responding to requests from the Legislature and report due dates within 30 days), 229 (notification when entering in contracts above \$1.0 million or amendments to Federal accountability plans), 230 (nonpublic school mandate report), 302 (State Board travel expenditure cap), 325 (notification of grants received), 803 (legislative intent to keep the Library of Michigan whole), 1005 (LARA funding requirements), and retained section 1101 (Drinking Water Declaration of Emergency, CDC pilot program).
2. **New Early Literacy Implementation Section.** The **Governor/Senate/House/Conference** included a new section that was transferred from the School Aid Act that corresponds to the \$1.0 million transferred from the School Aid Act to School Support Services. The section requires that up to \$1.0 million in School Support Services be used to implement early literacy programs funded in School Aid Section 35a. (Sec. 601)
3. **Technical Modifications.** The **Governor/Senate/House/Conference** made a number of modifications that include date changes, spending changes to reflect Part 1 appropriations, legacy cost estimations, and standardized section language. (Sec. 201, 203, 212, 214, 225, 226, 407, 701, 804, 1007)

Conference Agreement on Items of Difference

4. **Deleted Sections.** The **Governor** deleted and the **Senate** and/or **House** deleted or retained a number of sections throughout the budget, which include: 1001 (child care provider report), 1021 (ACT contract renegotiations), and 1101 (Drinking Water Declaration of Emergency, CDC pilot program). The **Conference** deleted section 1001 (child care provider report) and 1021 (ACT contract renegotiations).
5. **Child Development and Care - Public Assistance.** The **Senate/House** modified a number of sections that were deleted by the **Governor**, which include: 1002 (increase the Child Development and Care hourly reimbursement rate to the Senate proposed increase), 1004 (appropriate \$5.0 million to the TEACH scholarship program), and 1009 (Implements the Child Development and Care Expansion). The **Conference** included the **House** language on section 1002 and 1009, included the **Senate** language for section 1004 and included a new section 1011 to implement the new biweekly reimbursement system.
6. **Child Development and Care Notification.** The **Senate/Conference** included a new notification requirement on Federal changes to the Child Development and Care program that must include at least the following: changes to the amount of Federal matching funds awarded to the State, the amount of additional State funds necessary to draw down total Federal matching funds, changes to the Federal block grant award amount, and changes to Federal requirements that would require the appropriation of additional dollars to implement. (Sec. 1010)
7. **Grant Awards.** The **Senate** modified grant posting and processing to include that grants must be awarded by December 1st. The **House** modified grant posting and awarding dates and included a 5% penalty on superintendent operations, unclassified salaries, school support, and field services for failure to meet those deadlines. The **Conference** modified the language to include a 2.5% penalty on superintendent operations, unclassified salaries, school support, and field services for failure to meet the deadlines specified in section 17c of the School Aid Act. (Sec. 225)
8. **Special Education Funding Modification.** The **Governor/House/Conference** modified the special education requirements to include a cap of \$100,000 for distributing informational materials to parents or guardians of students with disabilities, and removed the requirement for annual training of mediators with information of Federal and State mandated protections of students with disabilities, the Federal Individuals with Disabilities Education Act, and Michigan Administrative Rules and Codes for special education program. The **Senate** maintained the current language. (Sec. 350)
9. **Michigan School for the Deaf and Blind.** The **Senate/Conference** included a new section that requires State Administrative Law Judges to consider designating the Michigan School for the Deaf and Blind as the least restrictive environment under Federal law for a parent's child who is deaf, deaf-blind, or hard of hearing. (Sec. 409)

10. **Sexual Assault Report.** The **Senate/Conference** included a new section that requires the Department to submit the sexual assault task force recommendation report to all ISDs, schools, and charter schools. Also, the Department shall collect and report on each ISD, school district, and charter school that has implemented a policy specified in PA 593 of 2012. (Sec. 231)
11. **In-Demand Occupation Report.** The **Senate/Conference** included a new section that requires the Department to submit the annual DTMB report on in-demand occupations to all high schools at each ISD, school district, and charter school. (Sec. 232)
12. **Teacher Recruitment Program.** The **Senate/Conference** included a new section that creates a teacher recruitment program that is targeted at engaging high school students towards careers in teaching. (Sec. 233)
13. **Administrative Rules.** The **Conference** included a new section that restricts the department from promulgating new, revised, or deleted administrative rules until after a permanent superintendent is selected by the state board of education. The section does allow the department to promulgate rules through the administrative rules process that have been requested prior to enactment of the budget bill. (Sec. 234)
14. **\$100 Placeholders.** The **Senate/Conference** included a new boilerplate section related to the \$100 placeholder. Section 602 appropriates the \$100 placeholder towards replacing federal reductions from the Federal Department of Health and Human Services - Centers for Disease Control and Prevention in the Department and School Aid Act. (Sec. 602)

Date Completed: 6-7-18

Fiscal Analyst: Cory Savino

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