



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-2768

Fax: (517) 373-1986

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2016-17 YEAR-TO-DATE	FY 2017-18 CONFERENCE	CHANGES FROM FY 2016-17 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	597.5	603.5	6.0	1.0
GROSS	331,975,200	350,539,500	18,564,300	5.6
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS.....	331,975,200	350,539,500	18,564,300	5.6
Less:				
Federal Funds.....	239,821,900	254,084,700	14,262,800	5.9
Local and Private	7,591,400	7,851,500	260,100	3.4
TOTAL STATE SPENDING.....	84,561,900	88,603,300	4,041,400	4.8
Less:				
Other State Restricted Funds.....	8,380,700	8,567,600	186,900	2.2
GENERAL FUND/GENERAL PURPOSE.....	76,181,200	80,035,700	3,854,500	5.1
PAYMENTS TO LOCALS	19,176,000	14,367,700	(4,808,300)	(25.1)

FY 2016-17 Year-to-Date Gross Appropriation	\$331,975,200
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Changes from FY 2016-17 Year-to-Date:

Items Included by the Senate and House

- 1. Child Development and Care External Support.** The **Governor/House/Senate/Conference** increased Federal funding to external support. Of the total, \$1,365,500 is to monitor and support 'license exempt' providers who are giving care in their own home or related child's home, and \$800,000 is for Licensing and Regulatory Affairs to review the background check results that come from the FY 2016-17 supplemental request. The increase is part of the reauthorization agreement of the Federal discretionary block grant. 2,165,500
- 2. Building Occupancy Charges Fund Shift.** The **Governor/House/Senate/Conference** included a fund shift due to the Federal funds becoming unavailable to support Building Occupancy Charges within the Hannah Building and replaced those funds with \$56,700 GF/GP. 0
- 3. Drinking Water Declaration of Emergency.** The **Governor/House/Senate/Conference** removed the Federal funding from the Drinking Water Declaration of Emergency line item in one-time appropriations. The \$100 Drinking Water Declaration of Emergency Reserve Fund place holder is still included to allow transfers of additional funding in the event that it is needed in FY 2017-18. (8,050,000)
- 4. Removal of FY 2016-17 One-Time.** The **Governor/House/Senate/Conference** removed FY 2016-17 one-time appropriations, which included \$4.5 million for statewide school drinking water testing reimbursement, which was transferred to School Aid under the Governor's recommendation, and \$500,000 for certification fee support. This funding was all GF/GP. (5,000,000)
- 5. Renaissance Zone Reimbursement.** The **Governor/House/Senate/Conference** reduced Renaissance Zone Reimbursement due to the phase out and expiration of existing zones over the past few years resulting in significant lapses at the end of each year. This funding is all GF/GP. (2,000,000)
- 6. Federal State Assessment Funding.** The **Governor/House/Senate/Conference** reduced funding as a result of a \$2.0 million in reduction in Federal funding for the Office of Assessment and Accountability. This reduction was partially offset by a \$1.0 million Federal grant to improve State assessments to measure student growth and achievement. (1,000,000)

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| 7. Lump Sum Removal. The Governor/House/Senate/Conference included a lump-sum removal from Information Technology, Michigan Administrative Hearing System, and Child Care and Development Fund, of which \$123,500 of the decrease was GF/GP. | (667,900) |
| 8. FTE Increase and Transfer. The Governor/House/Senate/Conference increased the Field Office by 2.0 FTEs for a Nonpublic Schools Ombudsman and a Foster Care Liaison due to requirements under the Federal Every Student Succeeds Act. No funding was included with the FTE increase. 5.0 FTEs and their corresponding funding moved from the Office of Improvement and Innovation to the Michigan Schools for Deaf and Blind operations line item. | 0 |
| 9. Economic Adjustments. Gross economic increase of \$1,494,900 and \$329,500 GF/GP. | 1,494,900 |

Conference Agreement on Items of Difference

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| 10. Child Development and Care Public Assistance. The Governor/House increased appropriations in order to increase child care provider reimbursement rates to the 75th percentile of the market rate. Of the total increase, \$18.8 million is Federal funding and \$8.4 million is GF/GP. The Senate increased appropriations \$3.4 million Gross (\$1.3 million GF/GP) less than the Governor due to increasing the reimbursement rates based on star quality instead of flat increases. Of the total increase, \$1.0 million in Federal dollars is appropriated to the TEACH scholarship program. The Conference increased Gross appropriations \$22.9 million (\$8.4 GF/GP) to reflect a modified tiered reimbursement rate and May, 2017 CREC. | 22,930,000 |
| 11. TEACH Scholarship. The Conference included \$1.0 million in Federal funds for the TEACH scholarship program, which gives scholarships to employees of early childcare providers. | 1,000,000 |
| 12. Child Development and Care Entry Threshold. The Senate/Conference increased the child development and care unit using Federal funds to increase the entry threshold from 125% to 130% of the Federal Poverty Level. | 5,500,000 |
| 13. State Aid to Libraries. The Senate increased total State aid to libraries to \$12,726,000 GF/GP. This represents a 29% increase that brings the per capita payments from \$0.32 to over \$0.40. The Conference increase total state aid to libraries to \$11,067,700 GF/GP, which represents a 12% increase and the per capita payment around \$0.36 | 1,191,700 |
| 14. State Assessment Support. The Governor increased GF/GP to the Assessment and Accountability Office by \$2.55 million to fill 10 currently vacant positions as a result of declining Federal dollars in the Assessment and Accountability Office over the past decade. The Senate/Conference increased GF/GP \$1.55 million less than the Governor to only cover the Federal losses projected for FY 2017-18. | 1,000,000 |
| 15. Partnership District Support/Academic Early Warning and Intervention. The Governor created this office with 4.0 FTEs, funded from GF/GP, to support partnership liaisons to work with districts to identify need, develop intervention plans, and coordinate public, private, and non-profit resources to drive school improvement. The Senate placed \$641,700 GF/GP into Academic Early Warning and Intervention for use outlined in Section 1030. The Conference included a \$100 placeholder and 4.0 FTEs. | 100 |

Total Changes	\$18,564,300
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FY 2017-18 Conference Report Ongoing/One-Time Gross Appropriation	\$350,539,500
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Amount Over/(Under) GF/GP Target: \$0
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Boilerplate Changes from FY 2016-17 Year-to-Date:Items Included by the Senate and House

1. **Deleted Sections.** The **Governor/House/Senate/Conference** deleted a number of sections, which include: 1010 (drinking water declaration of emergency funding work project), 1102 (voluntary water testing reimbursement), and 1201 (legislative intent for second year appropriations).

2. **Reports Deleted by the Governor and Retained by Senate/House.** The **Governor** deleted and the **Senate/House** retained a number of sections related to reporting, which include: 223 (retention of all reports), 227 (responding to requests from the Leg. and report dates within 30 days), and 1003 (Early Childhood Investment Corporation report revised to include the RFP).
3. **Other Sections Deleted by the Governor and Retained by the Senate.** The **Governor** deleted a number of other sections that the **Senate/House** retained, which include: 219 (identify GSRP student on the kindergarten entry exam), 221 (sexual misconduct retention), 222 (protects employees who testify to the Legislature), 302 (State Board travel expenditure cap), 325 (notification of grants received), 502 (allow substitute teaching hours to qualify for teaching credit), and 803 (legislative intent to keep the Library of Michigan whole).
4. **Child Development and Care External Support.** The **Governor/House/Senate/Conference** included a new section that specifies that increasing funding to child development and care external support be used to work with the Department of Licensing and Regulatory Affairs to provide finger printing services and background checks on all employees of child care providers as required by new requirements from the Federal grant. (Sec. 1005)
5. **Technical Modifications.** The Governor/Senate/House made a number of modifications that include date changes, spending changes to reflect part 1 appropriations, legacy cost estimates, and standardized section language. (Sec. 201, 207, 212, 214, 503, 801, 804)

Conference Agreement on Items of Difference

6. **Section Deleted by the Governor and Retained by the Conference:** The **Governor** deleted and **Conference** retained a number of sections, which include: 229 (notification of entering \$1.0 million contracts and Federal accountability plans, 230 (nonpublic school mandate report), 1001 (child care provider report, revised to annual average).
7. **Deleted Sections.** The **Conference** deleted a number of sections, which include: 216 (appeals to Adequate Yearly Progress status), 228 (requires consideration of issuing a request for information prior to issuing a request for proposals for contracts over \$1.0 million), and 1101 (drinking water declaration of emergency).
8. **Special Education Taskforce.** The **Governor** and **Senate** modified the special education taskforce section to change distributing information to parents of newly identified students with special needs instead of all parents annually. The **House/Conference** retained current law. (Sec. 350)
9. **At-Risk Funding Report.** The **Governor/House** changed the report on implementation of multi-tiered systems of support for schools that receive at-risk funding from K-3 to grades K-8. The **Senate/Conference** required the report to include implementation of multi-tiered systems of support for grades 4 to 8, and reading intervention services for grades K to 3 in accordance with the 3rd grade reading requirements passed in PA 306 of 2016. (Sec. 701)
10. **Child Development and Care Public Assistance - Reimbursement Rate Increase.** The **Governor/House** proposed a broad outline to use the increased child development and care public assistance funding to increase the child care reimbursement rate. The **Senate** proposed language on \$23.8 million of the program to be used for the following: \$1.0 million toward the TEACH scholarship program, with the remaining funding to provide increases in the reimbursement rate in accordance with the tiered reimbursement system that is aligned with the quality star rating system. The section also requires that the Department publish the new reimbursement rates on the web. The **Conference** included a revised tiered reimbursement rate and the TEACH scholarship. (Sec. 1002 & 1004)
11. **Child Development and Care Public Assistance - Entry Threshold.** The **Senate/Conference** increased the entry threshold from 125% to 130% of the Federal poverty Level using \$5.5 million in Federal funds. (Sec. 1009)
12. **Provider Licensor Activity Report.** The **Governor/House** modified the provider licensor activity report to average activity during the year instead of individual FTE activity. The **Senate/Conference** only modified the activity report to include the number of providers that have improved their quality rating by each regional prosperity zone. (Sec. 1007)
13. **Academic Early Warning and Intervention.** The **Senate** included a new section that requires that funds can only be used if they are transferred to the partnership district support. The **Conference** did not include (Sec. 1030)
14. **Grant Info.** The **Conference** included a new section that requires that the Department to list all grants in the school aid act on the Department's webpage and ensure an open application process for all grants. (Sec. 225)

Date Completed: 6-8-17

Fiscal Analyst: Cory Savino

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