STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

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GOVERNOR

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SUPERINTENDENT OF
PUBLIC INSTRUCTION

October 9, 2009

MEMORANDUM

TO: State Board of Education

FROM: Michael P. Flanagan, Chairperson

SUBJECT: State and Federal Legislative Update

STATE

Last night, the House and Senate reached agreement on a School Aid budget. In short, the per pupil cuts were mitigated (some through use of more American Recovery and Reinvestment Act (ARRA) funds) so the per pupil cut is $165. The intermediate school districts were cut by 20 percent. This is significantly less that the 44 percent cut originally proposed. A fiscal analysis is attached.

Policy legislation likely will begin moving now. Given the timeline to apply for Race to the Top (RTTT) and meet the ARRA assurances, legislation addressing some of those requirements will need to move quickly. As mentioned in previous reports, there currently is legislation being drafted to address the administrator certification issue.

As presented at the State Board's September 9, 2009 meeting, low performing schools will be addressed through legislation spearheaded by Representative Tim Melton and Senator Wayne Kuipers. It is unclear what form these bills will take at this point. While there is legislation beginning to move, it is likely to change significantly. Summaries for the current versions are available at the following links:

- HBs 4787-4789 AS PASSED THE HOUSE - http://legislature.mi.gov/doc.aspx?2009-HB-4787
- SBs 636-639 AS REPORTED FROM COMMITTEE - http://legislature.mi.gov/doc.aspx?2009-SB-0636

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SBE LEGISLATIVE COMMITTEE

The State Board of Education Legislative Committee met and discussed the amount of school instruction time each year and limitations on such.

Currently there is in statute (MCL 380.1284b - http://legislature.mi.gov/doc.aspx?mcl-380-1284b) a requirement that the school year begin after the Labor Day weekend.

> "…..the board of a school district or intermediate school district or board of directors of a public school academy shall ensure that the district's or public school academy's school year does not begin before Labor day."

The State Board of Education Legislative Committee recommends that this limitation to the start time of the school year be eliminated and that the State Board reiterate its desire for a minimum of 180 days of instruction as moved at its April 14, 2009 meeting.

FEDERAL

Secretary of Education Arne Duncan recently has pushed for reauthorization of the Elementary and Secondary Education Act (ESEA), also known as NCLB, as soon as possible. Up until now, many have thought the reauthorization would not occur or even begin until next year or later.

While Congress is still debating health care, national associations and education departments across the states are looking at the U.S. Department of Education's (USED) guidance on the ARRA funds as a guide to what the USED may be pushing for in the reauthorization. The MDE staff is working within various federal associations to identify areas within ESEA that can be improved, altered, or outright changed. The MDE staff is also gathering information from a variety of federal sources on the reauthorization in an effort to be ready to engage Congressional delegation when a proposal is put forth.

If you have any questions or concerns regarding these or other legislative issues, please contact Lisa Hansknecht, Legislative Director, at 517-335-4913.

SCHOOL AID
Summary of FY 2009-10
HB 4447 (CR-2): Conference Report

Analysts: Mary Ann Cleary and Bethany Wicksall

	FY 2008-09 YTD	FY 2009-10 Executive	FY 2009-10 House	FY 2009-10 Senate	FY 2009-10 Conference	*Difference: Conference From FY 2008-09 YTD* Amount	%
IDG/IDT	$0	$0	$0	$0	$0	*$0*	*0.0*
Federal	1,562,008,600	1,561,809,400	1,561,809,400	1,561,809,400	1,601,809,400	*39,800,800*	*2.5*
Fed ARRA	600,000,000	0	220,074,275	634,100,000	450,000,000	*(150,000,000)*	*(25.0)*
Local	0	0	0	0	0	*0*	*0.0*
Private	0	0	0	0	0	*0*	*0.0*
Restricted	11,019,798,200	11,360,990,600	11,310,800,100	10,516,254,900	10,793,954,100	*(225,844,100)*	*(2.0)*
GF/GP	78,000,000	40,800,000	39,625,000	31,800,100	31,800,000	*(46,200,000)*	*(59.2)*
Gross	**$13,259,806,800**	**$12,963,600,000**	**$13,132,308,775**	**$12,743,964,400**	**$12,877,563,500**	***($382,243,300)***	***(2.9)***

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through September 1, 2009.

Overview

The School Aid budget makes appropriations to the state's 552 local school districts, 232 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, Department of Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
1. Per Pupil Reduction of $165 (Sec. 11d)	**Gross**	**N/A**	**($263,000,000)**
Conference reduces total state aid to districts by $165 per pupil and allows districts to absorb the cut by reducing or eliminating any other funded program except Secs. 11g (Durant bond payment), 22a (Proposal A portion of the foundation allowance), 31d (school lunch program), 51a(12) (foundation allowance for special education students), 51c (special education 28% cost requirement), and 53a (added costs for special education students). In order for a district to have flexibility in applying their reduction they have to agree to create a service consolidation plan to reduce school operating costs in compliance with department guidelines. If a district fails to agree, the reduction shall be absorbed out of Sec. 22b.	Restricted	N/A	(263,000,000)
2. Proposal A Obligation Payment (Sec. 22a)	**Gross**	**$6,008,000,000**	**($126,000,000)**
Executive reduces funding by $242.7 million to incorporate estimates in taxable values and pupil membership blends and including a savings of $5.3 million for the changes recommended in Sec. 6(4)(y) (see major boilerplate changes below for additional information on Sec. 6(4)(y) changes.) **House** reduces funding by $237.5 million to incorporate estimates in taxable values and pupil membership blends. **Senate** reduces funding by $219.0 million to incorporate estimates in taxable values and pupil memberships from the May consensus conference and the elimination of Sec. 6(4)(y) declining enrollment for small rural districts estimated at $9.0 million. **Conference** reduces funding by $126 million to incorporate estimates in taxable values and pupil memberships from the May consensus conference.	Restricted	6,008,000,000	(126,000,000)

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
3. Discretionary Payment (Sec. 22b)	**Gross**	**$3,798,000,000**	**($24,200,000)**
Executive decreases funding by $94.4 million for a $59 per pupil reduction in the foundation allowances. Eliminates district specials for Wayne Westland by $6.1 million, Gibraltar by $0.9 million, hold harmless millage adjustments by $0.7, Huron and Garden City by $1.2 million and $5.8 million for assumed savings due to developmental kindergarten funding in Sec. 6(4)(r). Also includes a $10.0 million reduction for Sec. 20j allocations. (See additional information for Sec. 6(4)(r) and Sec. 20j in major boilerplate changes below.)	Fed ARRA	600,000,000	(150,000,000)
House decreases state funding by $250.2 million and appropriates $220.1 million in Federal ARRA funds in order to fully fund current foundation payments. Grants formerly under Sec. 99i and Sec. 99k were added to each school district's foundation allowance. (Clintondale, Chippewa Valley, Redford Union, and Pontiac).	Restricted	3,198,000,000	125,800,000
Senate decreases state funding by $832.85 million and replaces apportion of it with $634.1 million in Federal ARRA funds. The reduction also includes a decrease of $174.2 million for a $110 per pupil reduction in foundation allowances and $1.6 million for the elimination of Sec. 6(4)(y) declining enrollment for small rural districts.			
Conference appropriates $3,323.8 million in State funds and $450.0 in Federal ARRA funds for a total decrease in overall funding of $24.2 million from the current year to adjust for declining pupil estimates.			
4. Durant - Debt Service (Sec. 11g)	**Gross**	**$42,000,000**	**($3,000,000)**
Conference decrease by $3.0 million to a total of $39.0 million to reflect the estimated required payment for FY 2009-10.	Restricted	42,000,000	(3,000,000)
5. Isolated District Funding (Sec. 22d)	**Gross**	**$2,025,000**	**$0**
Executive eliminates grants totaling $750,000 to certain small, geographically isolated districts and eliminates grants totaling $1,275,000 to districts that have 5.0 or fewer pupils per square mile and a total square mileage greater than 200.	Restricted	2,025,000	0
House maintains current year funding level of $2,025,000.			
Senate appropriates $100 for small, geographic isolated districts and $100 for districts that have 5.0 or fewer pupils per square mile and a total square mileage greater than 200.			
Conference concurs with House.			
6. MBT Impact on Out of Formula Districts (Sec. 22e)	**Gross**	**$1,300,000**	**$0**
Executive eliminates $1.3 million for districts that do not receive state foundation allowance payments but will see reduced local revenue from school operating taxes due to the property tax exemptions contained in the MBT.	Restricted	1,300,000	0
House maintains current year funding level of $1.3 million.			
Senate concurs with House but adds an additional $100.			
Conference concurs with House.			
7. Consolidation Transition Grants (Sec. 22f)	**Gross**	**N/A**	**$0**
House appropriates $3.0 million for grants to districts at $50 per pupil for districts that merge prior to July 1, 2010. Priority in awarding grants should be given to districts that formed with another district that had an operating deficit.	Restricted	N/A	0
Senate does not include.			
Conference concurs with Senate.			

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
8. Youth Challenge Grant (Sec. 24c)	**Gross**	**$1,284,600**	**($642,300)**
Executive and House appropriates an additional $10,500 related to economic increases.	Restricted	1,284,600	(642,300)
Senate appropriates $100.			
Conference reduces the funding by 50% to $642,300.			
9. Renaissance Zone Reimbursement (Sec. 26a)	**Gross**	**$35,500,000**	**$0**
Executive, House and Senate increases funding by $4.0 million to $39.5 million as a result of changes from MBT-related personal property tax exemptions. Funding is to reimburse districts for lost local revenue from renaissance zones.	Restricted	26,300,000	0
	GF/GP	$9,200,000	$0
Conference concurs with current year funding level which reflects latest estimates.			
10. Declining Enrollment Grants (Sec. 29)	**Gross**	**$20,000,000**	**$0**
Executive and House maintain current law funding level.	Restricted	20,000,000	0
Senate eliminates funding and repeals section.			
Conference concurs with Executive and House.			
11. "At-Risk" Grants (Sec. 31a)	**Gross**	**$310,457,000**	**($1,468,800)**
Executive and Senate eliminate exceptions to the funding formula for Dearborn and Baldwin School Districts.	Restricted	310,457,000	(1,468,800)
House reduces the exception to the funding formula for Dearborn School District by 25%.			
Conference concurs with House.			
12. Adolescent Health Center Grants (Sec. 31a(6))	**Gross**	**$4,743,000**	**($1,185,700)**
Executive and House maintain current law funding level.	Restricted	4,743,000	(1,185,700)
Senate appropriates $100.			
Conference reduces funding by 25% to $3.6 million.			
13. Early Childhood Investment Corporation (ECIC) Collaborative Grants (Sec. 32b)	**Gross**	**$6,750,000**	**($750,000)**
	Restricted	6,750,000	(750,000)
Executive and House maintain current law funding level.			
Senate reduces funding by $750,000 to $6.0 million.			
Conference concurs with senate.			
14. Early Childhood Grants (Sec. 32c)	**Gross**	**$2,125,000**	**($531,200)**
Executive and Senate eliminate funding for interagency early childhood grants and repeals section.	Restricted	2,125,000	(531,200)
House maintains current year funding level of $2.1 million.			
Conference reduces funding by 25% to $1.6 million.			
15. Great Start Readiness Program - District Grants (Sec. 32d)	**Gross**	**$88,379,100**	**$20,900**
Executive and House appropriate current law appropriations level.	Restricted	88,100,000	0
Senate appropriates $100 state aid funds and $100 in GF/GP.	GF/GP	$279,100	$20,900
Conference concurs with Executive and House.			
16. Great Parents Great Start ISD Programs (Sec. 32j)	**Gross**	**$5,000,000**	**$0**
Executive eliminates funding for the Great Parents Great Start ISD program which provided services to children age 0-5 and their families and repeals section.	Restricted	5,000,000	0
House maintains current year funding level of $5.0 million.			
Senate appropriates $100.			
Conference concurs with House.			

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
17. Great Start Readiness Program - Competitive Grants (Sec. 32l)	**Gross**	**$15,150,000**	**($7,575,000)**
	Restricted	15,150,000	(7,575,000)
Executive and House appropriate current law appropriations level and moves the appropriation to Sec. 32d. **Senate** eliminates funding and repeals section. **Conference** reduces funding by 50% to $7,575,000.			
18. Bilingual Education State Grants (Sec. 41)	**Gross**	**$2,800,000**	**$0**
Executive and Senate eliminate funding for the bilingual education program which awarded grants to districts to provide bilingual education programs and repeal section.	Restricted	2,800,000	0
House maintains current year funding level of $2.8 million. **Conference** concurs with House.			
19. Special Education Payment (Sec. 51a)	**Gross**	**$1,441,633,000**	**$44,350,000**
Executive increases funding by $40.9 million to $1.1 billion to reflect changes in the number of special education students and estimated additional costs associated with educating these students.	Federal	424,700,000	0
	Restricted	1,016,933,000	44,350,000
House increases by $41.7 million to $1.1 billion. **Senate** increases total funding by $618,900 to $1.0 billion. The appropriation includes an increase of $37.5 million to reflect changes in special education pupil estimates and the elimination of Sec. 56 funding for special education millage equalization. (See #22 below) **Conference** increases funding by $44.35 million to reflect changes in special education pupil estimates and cost estimates.			
20. Special Education Evaluation Lending Library (Sec. 54a)	**Gross**	**$100,000**	**($100,000)**
Executive and House maintain current law funding levels.	Restricted	100,000	(100,000)
Senate eliminates funding and repeals section. **Conference** concurs with Senate.			
21. Newsline Grant (Sec. 54c)	**Gross**	**$80,000**	**($80,000)**
Executive and Senate eliminate funding to the Department to make Newsline electronically available statewide for the visually impaired and repeals section.	GF/GP	$80,000	($80,000)
House maintains current year funding level of $80,000. **Conference** concurs with Executive and Senate.			
22. Special Education Millage Equalization (Sec. 56)	**Gross**	**$36,881,100**	**$0**
Executive and House maintain current law funding levels and sets the equalization amount at $179,700 per mill.	Restricted	36,881,100	0
Senate eliminates funding and repeals section. (Funding is appropriated from Sec. 51a) **Conference** concurs with Executive and House.			
23. Advanced and Accelerated Grants (Sec. 57)	**Gross**	**$285,000**	**$0**
Executive and Senate eliminate funding for the advanced and accelerated competitive grants to ISDs for middle school summer institutes and comprehensive programs for advanced and accelerated students and repeals section.	Restricted	285,000	0
House maintains current year funding level of $285,000. **Conference** concurs with House.			
24. Vocational Education Added Costs (Sec. 61a)	**Gross**	**$30,000,000**	**($3,000,000)**
Executive eliminates funding of $388,700 to Oakland ISD.	Restricted	30,000,000	(3,000,000)
House reduces funding by 25% to $291,525 for Oakland ISD. **Senate** reduces funding by 10% or $3.0 million to a total of $27.0 million. **Conference** concurs with the Senate.			

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
25. ISD Vocational Education Millage Equalization (Sec. 62)	**Gross**	**$9,000,000**	**$0**
Executive and House maintain current law funding levels and sets the equalization amount at $189,600 per mill.	Restricted	9,000,000	0
Senate eliminates fund and repeals section.			
Conference concurs with Executive and House.			
26. Health/Science Middle College Grants (Sec. 64)	**Gross**	**$2,000,000**	**$0**
Executive and House maintain current law funding levels.	Restricted	2,000,000	0
Senate appropriates $100.			
Conference concurs with Executive and House.			
27. Precollege Engineering and Science Grants (Sec. 65)	**Gross**	**$980,100**	**$0**
Executive and Senate eliminate funding for Detroit and Grand Rapids programs and Kalamazoo, Huron, Tuscola and Bay-Arenac ISDs programs and repeals section.	Restricted	980,100	0
House maintains current year funding level of $980,100.			
Conference concurs with House.			
28. School Bus Inspections (Sec. 74)	**Gross**	**$1,403,500**	**($1,403,500)**
Executive and House maintain current law funding levels.	Restricted	1,403,500	(1,403,500)
Senate eliminates funding and strikes subsection.			
Conference concurs with Senate.			
29. ISDs General Operations (Sec. 81)	**Gross**	**$81,721,100**	**($16,344,300)**
Executive reduces funding by $16.3 million or 20% for ISD general operations.	Restricted	81,721,100	(16,344,300)
House maintains current year funding level of $81.7 million.			
Senate reduces funding by 5% or $4.1 million to $77.6 million.			
Conference reduces funding by 20% or $16.3 million to $65.4 million.			
30. Center for Educational Performance-CEPI (Sec. 94a)	**Gross**	**$6,228,600**	**$50,700**
Executive and Senate maintains operational funding $6.2 million.	Federal	2,793,200	0
House appropriates funding of $7.7 million.	GF/GP	$3,435,400	$50,700
Conference concurs with Executive and Senate.			
31. Michigan Virtual School - MVS (Sec. 98)	**Gross**	**$4,950,000**	**($562,500)**
House reduces operational funding by $900,000 to $850,000.	Federal	2,700,000	0
Senate reduces all State support for operations.	Restricted	500,000	(500,000)
Conference reduces SAF of $500,000 for the My Dream Explorer and reduces $62,500 of operational funding.	GF/GP	$1,750,000	($62,500)
32. Math and Science Centers Grants (Sec. 99)	**Gross**	**$8,749,300**	**($875,000)**
Executive and House maintain current law funding levels.	Federal	5,249,300	0
Senate eliminates all State support for operations.	Restricted	3,390,000	(875,000)
Conference reduces funding by 25% to $2.6 million.	GF/GP	$110,000	$0
33. Math Remediation Grants (Sec. 99a)	**Gross**	**$725,000**	**($725,000)**
Executive and Senate eliminate $725,000 for grants to pilot programs for after-school and summer mathematics for eighth grade students and repeals section.	Restricted	725,000	(725,000)
House maintains current year funding level of $725,000.			
Conference concurs with Executive and Senate.			

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
34. Assessment Testing Costs (Sec. 104)	**Gross**	**$37,385,700**	**($2,441,300)**
Executive and House decreases the total appropriation by $0.9 million as a result of revised cost estimates for the testing contract.	Federal	8,512,900	(199,200)
	Restricted	28,872,800	(2,242,100)
Senate concurs with Executive and House reductions and further reduces the appropriation by $2.6 million. The reductions are from estimated saving by not allowing an enhanced social studies exam, no pattern scoring, and no assessments developed by the department. Appropriates $1.0 million for the "Explore" exam and adds intent that the MEAP be replaced with an "off the shelf" test. Requires the Department to seek a waiver if required to comply with federal law.			
Conference further reduces funding by $1.5 million in addition to the Executive recommended cuts and maintains current law but adds language requiring the Department to replace the MEAP social studies test with the "Explore" exam if it is as robust as the MEAP test, and to apply for a waiver if required to comply with Federal law. In addition requires the Department to seek a federal waiver to replace the 3rd through 8th grade MEAP test with an "off the shelf" test.			
35. Adult Education (Sec. 107)	**Gross**	**$24,000,000**	**($2,000,000)**
Executive reduces adult education funding by $4.0 million to a total of $20.0 million and changes the distribution of funds to a competitive grant process rather than formula funding for existing recipients. Eliminates earmarks to Grand Rapids Community College and the Department of Corrections funded at $700,000 total.	Restricted	24,000,000	(2,000,000)
House appropriates $23.7 million for current law adult education programs. Eliminates earmarks to Grand Rapids Community College funded at $200,000 and the Department of Corrections funded at $500,000. Maintains current law language but requires DELEG in conjunction with the Adult Education Advisory Board to create an Adult Learning Planning Group by Sept. 30, 2009 and evaluate a number of proposed issues and changes and make reports to DELEG and to the Legislature by Dec. 1, 2009 and March 31, 2010.			
Senate reduces appropriation by 10% or $2.4 million to $21.6 million. Concurs with House on creating an Adult Learning Planning Group.			
Conference appropriates $22.0 million for a $2.0 million reduction and maintains the earmark for Grand Rapids Community College at $200,000. Concurs with House and Senate language changes with modified dates.			

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	Conference Change From YTD
36. Miscellaneous Grants (Sections 99e, 99i, 99j, 99k and 99p)	**Gross**	**$2,875,000**	**($2,475,000)**
Executive eliminates the following grants:	Restricted	2,875,000	(2,475,000)
Sec. 99e - Financial Emergency District (Inkster) at $125,000.			
Sec. 99i - Pontiac crisis intervention program at $300,000.			
Sec. 99j- Grosse Pointe at $1,050,000 and Harper Woods at $450,000.			
Sec. 99k - Redford Union at $450,000, Chippewa Valley at $150,000, and Clintondale at $250,000.			
Sec. 99p - Cultural access grants at $100,000.			
House concurs on eliminating Sections 99e and 99j.			
Transfers grants into each district's foundation allowance:			
Sec. 99i - Pontiac crisis intervention: $300,000.			
Sec. 99k - Redford Union at $450,000, Chippewa Valley at $150,000 and Clintondale at $250,000			
Maintains current year funding for:			
Sec.99p Cultural Access Grants at $100,000.			
Senate concurs on eliminating the following grants:			
Sec. 99e - Financial Emergency District (Inkster) at $125,000.			
Sec. 99j- Grosse Pointe at $1,050,000 and Harper Woods at $450,000.			
Sec. 99k - Redford Union at $450,000, Chippewa Valley at $150,000, and Clintondale at $250,000.			
Sec. 99p - Cultural access grants at $100,000.			
Maintains funding for:			
Sec. 99i - Pontiac crisis intervention program at $300,000.			
Conference concurs on eliminating the following grants:			
Sec. 99e - Financial Emergency District (Inkster) at $125,000.			
Sec. 99j- Grosse Pointe at $1,050,000 and Harper Woods at $450,000.			
Sec. 99k - Redford Union at $450,000, Chippewa Valley at $150,000, and Clintondale at $250,000.			
Maintains funding for:			
Sec. 99i - Pontiac crisis intervention program at $300,000.			
Sec. 99p - Cultural access grants at $100,000.			

Major Boilerplate Changes From FY 2008-09

***Sec. 6(4)(y). Pupil Membership Definition for Small Districts* – MAINTAINED**
Executive revises the definition of pupil membership for small rural districts from a three-year average blend to a two-year average blend resulting in a $5.3 million reduction in Sec. 22a payments.
House maintains current law.
Senate deletes this subsection resulting in savings of $10.6 million.
Conference concurs with House.

***Sec. 6(4)(dd). Pupil Membership Definition for United States Olympic Education Center* – NEW**
House and Senate allow a district that educates a pupil who attends a United States Olympic Education Center to count pupils in membership if they are not a resident of Michigan.
Conference concurs with House and Senate.

Major Boilerplate Changes From FY 2008-09

***Sec. 6(6). Instructional Sites Within the Boundaries of Another District* – REVISED**
Executive prohibits a district from counting pupils in membership at an instructional site within the boundaries of a first class district unless given approval by the first class district. This is the only remaining subsection in the School Aid Act that defines a first class district as it is defined in the Revised School Code with a membership greater than 100,000 pupils. The Executive removes this definition, thereby allowing the definition in Sec. 6(11) to stand which defines a school district of the first class as a district with greater than 60,000 pupils.
House prohibits any district after 2008-2009 from counting pupils in membership at an instructional site within the boundaries of another district unless given approval by the resident district.
Senate deletes paragraph which will allow district to count pupils in memberships at an instructional site within the boundaries of another district without the approval of the resident district.
Conference concurs with House and revises date to 2009-2010.

***Sec. 18. On-Line Budget Information (Transparency)* – REVISED**
Conference requires the districts and intermediate districts to include a link from their home page directly to a page with the following information, in addition to their annual budget which is already required under this section, two pie charts summarizing total district expenditures and personnel expenditures; links to all collective bargaining agreements, health care benefit plans, and financial audits required under this section; total compensation information for all employees earning over $100,000; total expenditures on lobbying or lobbying services; and total expenditures on dues paid to associations.

***Sec. 20j. Hold Harmless Districts* – MAINTAINED**
Executive reduces funding for section 20j payments by $10.0 million or almost 20% through a formula that reduces funding for districts with higher foundation allowances more than those with lower foundation allowances.
House maintains current law.
Senate creates an item of difference by adding $0.01 for FY 2009-10.
Conference concurs with House.

***Sec. 24. Court Placed Pupils* – MAINTAINED**
Senate adds intent language stating if a court placed pupil is counted in membership in one district or ISD and is then educated by another district or ISD after the count day the funding associated with that pupil should also follow proportionately to the number of school days remaining.
Conference maintains current law.

***Sec. 32a. Great Start Strategic Fund Intent* – NOT INCLUDED**
House provides intent language stating the department along with early childhood investment corporation (ECIC) study the feasibility of consolidating early childhood funds and distributing early childhood grants through a centralized process. Creates a great start strategic fund in the Department of Treasury and appropriates $100.
Senate does not include section.
Conference concurs with Senate.

***Sec. 32d. Great Start School Readiness – District Grants* – MAINTAINED**
Executive provides appropriations for school district preschool programs and moves the appropriation for private competitive preschool grants from Sec. 32l into this section. Eliminates the Parents Involved in Education (PIE) option as an allowable use for the grants. Merges language from Sec. 32l and Sec. 37 into this section to eliminate duplication between sections. Allows the department to promulgate administrative rules for required teacher and paraprofessional credentials.
House provides appropriations for school district preschool programs and moves the appropriation for private competitive preschool grants from Sec. 32l into this section. Maintains the Parents Involved in Education (PIE) option as an allowable use for the grants. Merges language from Sec. 32l and Sec. 37 into this section to eliminate duplication between sections. Maintains the current language or required teacher and paraprofessional credentials.
Senate maintains current law.
Conference concurs with House.

***Sec. 32l. Great Start School Readiness – Competitive Grants* – REVISED**
Executive and House retains certain requirements for competitive grant recipients but transfers duplicative language and the appropriation to Sec. 32d.
Senate repeals section.
Concurs with Executive and House.

Major Boilerplate Changes From FY 2008-09

***Secs. 37 and 38. Great Start School Readiness Eligibility and Eligibility Formula* – REPEALED**
Executive repeals these sections and merges much of the current language into Sec. 32d and Sec. 39. The teacher and paraprofessional requirements have been deleted and are now left to the department to determine through administrative rules under Sec. 32d.
House repeals these sections and merges much of the current language including the teacher and paraprofessional requirements into Sec. 32d and Sec. 39.
Senate repeals sections.
Conference concurs with House.

***Sec. 39. Great Start School Readiness Application and Formula* – REVISED**
Executive and House includes the application and formula language formerly under Sections 37 and 38. Allows for a consortium of 2 or more districts or ISDs to be eligible to apply for a school readiness grant. The consortium may allow any child residing in any district in the consortium to be served at any location and allows the consortium to allocate slots based either on participating district allocations or the allocation for the consortium as a whole.
Senate repeals section.
Conference concurs with Executive and House.

***Sec. 51a(7)(c). Special Education Lapse for Itinerant Staff Reimbursement* – MAINTAINED**
Executive provides language that allows unspent Sec. 51a funds at bookclosing to be allocated as additional reimbursements in certain situations for FY 2007-08.
House and Senate maintains current law.
Conference concurs with House and Senate.

***Sec. 64. Health/Science Middle College Grants* – REVISED**
Executive and House provides grants to intermediate districts or Detroit Public Schools that are in consortium with a community college or state university and a hospital to create and implement a middle college focused on health sciences and adds new language allowing consortia for "other fields" and with entities other than hospitals as approved by the State Superintendent to apply for a grant.
Senate maintains current law.
Concurs with Executive and House.

***Secs. 98 and 99. Michigan Virtual University (MVU) and Math and Science Centers* – MAINTAINED**
Executive, House and Senate add new language that requires both the MVU and Math and Science Network in conjunction with the Department to implement an "Algebra 4 All" initiative to offer online and face-to-face professional development opportunities for mathematics teachers in grades 8 to 12 that promote best practices for teaching algebra to all students.
Conference does not include new language.

***Sec. 101. Hours Requirement and Online Education Program Waiver* – REVISED**
House adds to the current 1,098 hours requirement that a district must provide at least 170 days of instruction. A day is defined as at least 5 hours of student contact time.
Senate adds to the current 1,098 hours requirement that a district must provide at least 165 days beginning in 2010-11 and 170 days in 2012-13, however districts may not provide fewer days than were provided in 2008-09. A day is not defined. Adds new language to mandate that the Department approve an alternative education on-line program if it meets certain criteria.
Conference concurs with Senate on the number of days but changes the compliance date to 2009-10. Conference report does not include the new language for on-line programs.

***Sec. 147. MPSERS Retirement Rate* – REVISED**
Executive, House and Senate estimates percentage of payroll districts must pay for public school employee retirement at 16.94%.

Major Boilerplate Changes From FY 2008-09

***Enacting Section 2* – REPEALS SECTIONS**

Executive repeals the following: Sec. 22d (isolated district grants), Sec. 22e (MBT impact grants to out of formula districts), Sec. 32c (early childhood grants), Sec. 32j (great parents great start ISD programs), Sec. 37 and Sec. 38 (great start school readiness language), Sec. 41 (bilingual education grants), Sec. 54c (newsline grant), Sec 57 (advanced and accelerated grants), Sec 65 (precollege engineering grants), Sec. 99a (math remediation grants), Sec. 99e (financial emergency district grant), Sec. 99i (Pontiac crisis intervention grant), Sec. 99j (district pilot grants), Sec. 99k (district grants), Sec. 99n (community college access intent language), Sec. 99p (cultural access grants), Sec. 104a and Sec. 104b (duplicative assessment language) and Sec. 166 (5% penalty if providing family planning drugs and abortion referrals).

House repeals the following: Sec. 37 and Sec. 38 (great start school readiness language, Sec. 99e (financial emergency district grant), Sec. 99i (Pontiac crisis intervention grant), Sec. 99j (district pilot grants), 99k (district grants), and Sec. 104a and Sec. 104b (duplicative assessment language).

Senate repeals the following: Sec. 11n (small high school grants), Sec. 29 (declining enrollment grants), Sec. 32c (early childhood grants), Sec. 37 and Sec. 38 (great start school readiness language), Sec. 41 (bilingual education grants), Sec. 54a (special education evaluation lending library), Sec. 54c (newsline grant), Sec. 56 (special education millage equalization), Sec 57 (advanced and accelerated grants), Sec. 62 (vocational education millage equalization), Sec 65 (precollege engineering grants), Sec. 99a (math remediation grants), Sec. 99e (financial emergency district grant), Sec. 99j (district pilot grants), Sec. 99k (district grants), Sec. 99n (community college access intent language), Sec. 99p (cultural access grants), and Sec. 104a (duplicative assessment language).

Conference repeals the following: Sec. 11n (small high school grants), Sec. 37 and Sec. 38 (great start school readiness language), Sec. 54a (special education evaluation lending library), Sec. 54c (newsline grant), Sec. 99a (math remediation grants), Sec. 99e (financial emergency district grant), Sec. 99j (district pilot grants), Sec. 99k (district grants), Sec. 99n (community college access intent language) and Sec. 104a (duplicative assessment language).

SCHOOL AID LINE ITEM SUMMARY

Sec.	Foundation Allowance Increases:	FY 2008-09 YTD PA 73 of 2009	FY 2009-10 Executive Recommendation	FY 2009-10 House Passed	FY 2009-10 Senate Passed	FY 2009-10 Change From Enacted YTD	FY 2009-10 HB 4447 (CR-2)
11d	Per Pupil Reduction					($263,000,000)	($263,000,000)
11g	Durant - Debt Service	$42,000,000	$42,000,000	$42,000,000	$42,000,000	($3,000,000)	$39,000,000
11j	School Bond Redemption Fund	$40,000,000	$40,000,000	$40,000,000	$40,000,000		$40,000,000
11m	Cash Flow Borrowing Costs	$45,000,000	$45,000,000	$45,000,000	$45,000,000		$45,000,000
11n	Small High School Infrastructure Program	$8,000,000	$15,000,000	$15,000,000	$0	($8,000,000)	$0
22a	Proposal A Obligation Payment	$6,008,000,000	$5,849,300,000	$5,854,500,000	$5,873,000,000	($126,000,000)	$5,882,000,000
22b	Discretionary Payment - State	$3,198,000,000	$3,647,677,700	$3,546,575,725	$2,963,900,000	$125,800,000	$3,323,800,000
22b	Discretionary Payment - Federal ARRA	$600,000,000	$0	$220,074,275	$634,100,000	($150,000,000)	$450,000,000
22d	Isolated District Funding	$2,025,000	$0	$2,025,000	$200		$2,025,000
22e	MBT Impact on Out of Formula Districts	$1,300,000	$0	$1,300,000	$1,300,100		$1,300,000
22f	Consolidation Transition Grants		$0	$3,000,000	$0		$0
24	Court-Placed Pupils	$8,000,000	$8,000,000	$8,000,000	$8,000,100		$8,000,000
24a	Juvenile Detention Facility Programs	$2,828,500	$2,523,200	$2,523,200	$2,523,200	($305,300)	$2,523,200
24c	Challenge Program	$1,284,600	$1,295,100	$1,295,100	$100	($642,300)	$642,300
26a	Renaissance Zone Reimbursement	$35,500,000	$39,500,000	$39,500,000	$39,500,000		$35,500,000
26b	PILT Reimbursement	$3,400,000	$3,400,000	$3,400,000	$3,400,000		$3,400,000
29	Declining Enrollment Grants	$20,000,000	$20,000,000	$20,000,000	$0		$20,000,000
31a	"At Risk" Pupil Support	$310,457,000	$304,582,000	$308,988,250	$304,581,900	($1,468,800)	$308,988,200
31a(6)	Adolescent Health Centers	$4,743,000	$4,743,000	$4,743,000	$100	($1,185,700)	$3,557,300
31a(7)	Hearing and Vision Screening	$5,150,000	$5,150,000	$5,150,000	$5,150,000		$5,150,000
31d	State School Lunch Programs	$22,495,100	$22,495,100	$22,495,100	$22,495,100		$22,495,100
31d	Federal School Lunch Programs	$332,506,000	$332,506,000	$332,506,000	$332,506,000	$40,000,000	$372,506,000
31f	School Breakfast Program	$9,625,000	$9,625,000	$9,625,000	$9,625,100		$9,625,000
32a	Great Start Strategic Fund		$0	$100	$0		$0
32b	ECIC Collaborative Grants	$6,750,000	$6,750,000	$6,750,000	$6,000,000	($750,000)	$6,000,000
32c	Early Childhood Grants	$2,125,000	$0	$2,125,000	$0	($531,200)	$1,593,800
32d	School Readiness - District Grants	$88,379,100	$88,400,000	$88,400,000	$200	$20,900	$88,400,000
32j	Great Parents Great Start ISD programs	$5,000,000	$0	$5,000,000	$100		$5,000,000
32l	School Readiness - Competitive (transfer to 32d)	$15,150,000	$15,150,000	$15,150,000	$0	($7,575,000)	$7,575,000
39a1	Federal "No Child Left Behind"	$752,987,500	$752,987,500	$752,987,500	$752,987,500		$752,987,500
39a2	Other Federal Funding	$32,559,700	$32,559,700	$32,559,700	$32,559,700		$32,559,700
41	Bilingual Education - State	$2,800,000	$0	$2,800,000	$0		$2,800,000
51a	Special Education - Federal	$424,700,000	$424,700,000	$424,700,000	$424,700,000		$424,700,000
51a	Special Education - State	$1,016,933,000	$1,064,683,000	$1,065,483,000	$1,024,401,900	$44,350,000	$1,061,283,000
54a	Special Education Evaluation Lending Library	$100,000	$100,000	$100,000	$0	($100,000)	$0
54c	Newsline Grant	$80,000	$0	$80,000	$0	($80,000)	$0
57	Advanced & Accelerated Program	$285,000	$0	$285,000	$0		$285,000
61a	Vocational Education	$30,000,000	$29,611,300	$29,902,825	$27,000,000	($3,000,000)	$27,000,000
62	ISD Voc. Ed Millage Equalization	$9,000,000	$9,000,000	$9,000,000	$0		$9,000,000
64	Health/Science Middle College Program	$2,000,000	$2,000,000	$2,000,000	$100		$2,000,000
65	Precollege Engineering Grants	$980,100	$0	$980,100	$0		$980,100
74	Bus Driver Safety Instruction	$1,625,000	$1,625,000	$1,625,000	$1,625,000		$1,625,000
74	School Bus Inspections	$1,403,500	$1,436,500	$1,436,500	$0	($1,403,500)	$0
81	ISD General Operations Support	$81,721,100	$65,376,900	$81,721,100	$77,635,000	($16,344,300)	$65,376,800
94a	Center for Educational Performance (CEPI)	$3,435,400	$3,486,100	$4,935,400	$3,486,100	$50,700	$3,486,100

SCHOOL AID LINE ITEM SUMMARY

		FY 2008-09	FY 2009-10	FY 2009-10	FY 2009-10	FY 2009-10	
		YTD PA 73 of 2009	Executive Recommendation	House Passed	Senate Passed	Change From Enacted YTD	HB 4447 (CR-2)
94a	CEPI - Federal	$2,793,200	$2,793,200	$2,793,200	$2,793,200		$2,793,200
98	Michigan Virtual High School (MVHS)	$2,250,000	$2,250,000	$1,350,000	$0	($562,500)	$1,687,500
98	MVHS - Federal	$2,700,000	$2,700,000	$2,700,000	$2,700,000		$2,700,000
99	Math/Science Centers - State	$3,500,000	$3,500,000	$3,500,000	$0	($875,000)	$2,625,000
99	Math/Science Centers - Federal	$5,249,300	$5,249,300	$5,249,300	$5,249,300		$5,249,300
99a	Math Remediation Grants	$725,000	$0	$725,000	$0	($725,000)	$0
99e	Financial Emergency District Funding	$125,000	$0	$0	$0	($125,000)	$0
99i	Pontiac Crisis Intervention	$300,000	$0	$0	$300,000		$300,000
99j	District Pilot Projects	$1,500,000	$0	$0	$0	($1,500,000)	$0
99k	District Grants	$850,000	$0	$0	$0	($850,000)	$0
99p	Cultural Access Grants	$100,000	$0	$100,000	$0		$100,000
104	MEAP Testing - State	$28,872,800	$28,130,700	$28,130,700	$25,530,700	($2,242,100)	$26,630,700
104	MEAP Testing - Federal	$8,512,900	$8,313,700	$8,313,700	$8,313,700	($199,200)	$8,313,700
107	Adult Education - State	$24,000,000	$20,000,000	$23,700,000	$21,600,000	($2,000,000)	$22,000,000
	TOTAL APPROPRIATIONS	**$13,259,806,800**	**$12,963,600,000**	**$13,132,283,775**	**$12,743,964,400**	**($382,243,300)**	**$12,877,563,500**
	REVENUE BY SOURCE						
	Federal Aid	$1,562,008,600	$1,561,809,400	$1,561,809,400	$1,561,809,400	$39,800,800	$1,601,809,400
	Federal ARRA	$600,000,000	$0	$220,074,275	$634,100,000	($150,000,000)	$450,000,000
	School Aid Fund	$11,019,798,200	$11,360,990,600	$11,310,800,100	$10,516,254,900	($225,844,100)	$10,793,954,100
	General Fund/General Purpose	$78,000,000	$40,800,000	$39,600,000	$31,800,100	($46,200,000)	$31,800,000
	TOTAL REVENUE	**$13,259,806,800**	**$12,963,600,000**	**$13,132,283,775**	**$12,743,964,400**	**($382,243,300)**	**$12,877,563,500**

SCHOOL AID BALANCE SHEET
(Dollars In Millions)

ESTIMATES OF SCHOOL AID FUND	Revised PA 268 of 2008 May-09 FY 2008-09	HB 4447 Conference Report CR-2 FY 2009-10
Beginning Balance	$247.1	$201.5
Revenue Estimate (May 2009)	$10,943.7	$10,563.0
Subtotal	$11,190.8	$10,764.5
ESTIMATED OTHER SCHOOL AID REVENUE		
General Fund/General Purpose Grant (PA 73 of 2009)	$78.0	$31.8
Proposed Additional School Aid Fund Revenue		100.0
Additional Lottery	30.5	-
Federal AARA (PA 73 of 2009)	600.0	450.0
Federal Aid	1,562.0	1,601.8
Subtotal	$2,270.5	$2,183.6
TOTAL REVENUE	**$13,461.3**	**$12,948.1**
ESTIMATED EXPENDITURES		
ESTIMATED EXPENDITURES		
YTD appropriations - Baseline	$13,378.9	$13,189.6
Conference Report HB 4447 Change from baseline estimate		(312.1)
Misc adjustments - including May 2009 pupils/tv/sped costs (PA 73 of 2009)	(119.1)	-
TOTAL EXPENDITURES	**$13,259.8**	**$12,877.5**
ESTIMATED YEAR-END SCHOOL AID FUND BALANCE	**$201.5**	**$70.6**
ESTIMATED ARRA BALANCE	**$634.1**	**$184.1**
ESTIMATED TOTAL CARRY FORWARD AVAILABLE	**$835.6**	**$254.7**