



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



JENNIFER M. GRANHOLM
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

November 7, 2007

TO: State Board of Education

FROM: Michael Flanagan, Chair

SUBJECT: Legislative Update

BUDGET UPDATE

The Michigan Department of Education (MDE) and School Aid budgets have been sent to the Governor. For your convenience, I have attached summaries of the two budgets from the legislative fiscal agencies (Attachment A-Summary HB4346; Attachment B-Summary HB4359). Please note the following items:

- The budget struck the funding for end-of-course assessments (\$4.4 million). By striking the MDE's role in end-of-course assessments, the responsibility would fall on school districts to develop or purchase and administer end-of-course exams. The impact to school districts will depend on the extent that each school district has begun this endeavor. It is our hope that we will be able to get a portion of that back into the budget as a supplemental in order to develop four or five model assessments (of the seventeen subject areas).
- There was a cut of \$100,000 to our GF/GP funds for the Department of Information Technology (DIT). This would have funded projects we are working on with DIT. Additionally, \$79,100 of GF/GP funds was cut from the Michigan School Readiness Program (MSRP) Evaluation, but this was replaced with School Aid funds.

The Senate passed the teacher certification database rewrite bill (HB 4591) which is now before the House for concurrence. This bill is part of the Budget Target Agreement and is expected to move through the House this week (November 5-9).

SENATE

SB 482 – Social Studies as part of Michigan Promise Award Eligibility

The Michigan Department of Education supports SB 482, which was moved from Senate Education to the Senate Floor. This bill would require that students participate in the Michigan Merit Examination (MME) social studies test to be eligible

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for the scholarship and to pass the area of social studies to qualify for early payments (as entering freshmen and sophomores) under the Michigan Promise program. This bill is awaiting action on the Senate Floor.

PROBLEM/BACKGROUND

High school juniors currently are required to participate in the (MME) in five content areas: mathematics, reading, writing, science, and social studies. Four of these areas are used for the Michigan Promise scholarship program: mathematics, reading, writing, and science. Yet, student understanding of the key concepts in social studies such as American history, world history, geography, economics, and civics is also essential. Given that these areas are required now for high school graduation, it is logical to expand the requirements for the Michigan Promise scholarship to include the area of social studies.

SUMMARY OF ARGUMENTS

Pro

- Expanding the number of courses required to be eligible for the Michigan Promise scholarship and including social studies testing as a requirement for the Michigan Promise indicates the importance of social studies to students.
- Requiring students to participate in and pass the MME in social studies would increase the importance, as well as participation and student performance on this component of the Michigan Merit Examination.

Con

- Requiring students to participate in and pass the Michigan Merit Examination in social studies may decrease the number of students who qualify for the Michigan Promise scholarship.

Senate Bills 804 through 814 – Testing Related Legislation

Senators Jelinek (R-Three Oaks) and Switalski (D-Roseville) recently introduced this package of bills regarding testing provisions in the State in an effort to save funding. It is unclear whether Sen. Kuipers (R-Holland) will support these bills before Senate Education, which he chairs. I have provided bill descriptions here for your convenience.

- **Senate Bill 804** would amend the State School Aid Act by eliminating \$500,000 from existing Michigan Virtual University funding that would be used to provide online test preparation resources (including practice tests, diagnostic, and tutorial functions).
- **Senate Bill 805** would amend the Revised School Code and **Senate Bill 806** would amend the State School Aid Act to eliminate outdated language, including steps for selecting a vendor and piloting the Michigan Merit Exam. A student who does not qualify for a Michigan Promise Grant would be able to repeat the MME in the next school year. Social studies and the WorkKeys assessments would be eliminated as components of the MME.
- **Senate Bill 807** would amend the Revised School Code and **Senate Bill 808** would amend the State School Aid Act by eliminating the requirement that the ACT Writing Essay be included as a required component of the Michigan Merit

Exam. Students would be responsible for paying for the optional writing test portion of the ACT should they wish to take it.

- **Senate Bill 809** would amend the Assessment of Remedial Assistance Programs Act by eliminating the social studies portion of the MEAP by striking language that provided the Department's authority to require other subject areas. The bill retains the science portion of the MEAP by adding "science" as a subject matter to be covered. Science was previously covered under "other subject areas."
- **Senate Bill 810** would amend the Revised School Code and **Senate Bill 811** would amend the State School Aid Act by eliminating outdated language including the steps for selecting a vendor and piloting the MME. A student who does not qualify for a Michigan Promise Grant would be able to repeat the MME in the next school year. Social studies would be eliminated as a component of the MME.
- **Senate Bill 812** would amend the Revised School Code by eliminating the requirement that the Department develop end of course exams for the Michigan Merit Curriculum. The bill would eliminate the requirement that students must complete some or all of the subject assessments for the Michigan Merit Curriculum as a local requirement for a high school diploma. In addition, the requirement for state-developed or state-approved subject assessments for receiving course credit in Michigan Merit Curriculum courses would be eliminated.
- **Senate Bill 813** would amend the Revised School Code and **Senate Bill 814** would amend the State School Aid Act to require students to pay the cost of retaking the MME.

Senate Bills 804, 806, 808, 811 and 814 are in Senate Appropriations Committee; and Senate Bills 805, 807, 809, 810, 812, and 813 are in Senate Education Committee.

HB 4220 – School Board Members as Volunteers

The Senate Education Committee has scheduled meetings on this bill that have been cancelled due to scheduling conflicts with Senate Session. It is expected to be scheduled before the Senate Education Committee again soon. As local districts could still choose to prohibit this as part of their local policy, we have concerns with the bill, but are not actively opposing it.

PROBLEM/BACKGROUND

In some small districts, it may be difficult to fill coaching positions or supervisory positions for extracurricular activities.

DESCRIPTION OF BILL

- House Bill 4220 would amend the Incompatible Public Offices Act to allow a school board member to be a volunteer coach or supervisor of student extracurricular activities if all of the following conditions are present:
 - The board member receives no compensation.
 - During the period the board member serves as a volunteer, the board member must abstain from voting on issues concerning that program.

- There is no qualified applicant to fill the vacant position if the school board member is excluded. Criminal record check results are received by the appointment authority.

SUMMARY OF ARGUMENTS

Pro

- Allowing a school board member to volunteer as a coach or supervisor of an extracurricular activity would provide smaller districts with additional options when filling these positions.

Con

- Current law provides a school board with the authority to supervise and terminate employees. It may put the remaining school board members in a difficult situation to supervise a fellow board member.

SB 842 – Prohibit Promotion if Fail Basic Literacy in 2nd/3rd Grade

The Senate Education Committee has scheduled meetings on this bill that have been cancelled due to scheduling conflicts with Senate Session. It is expected to be scheduled before the Senate Education Committee again soon. The MDE opposes the bill as drafted, but are working with the sponsor on ways to address literacy skills and early intervention.

PROBLEM/BACKGROUND

Currently, all students are assessed in grades one to five with a nationally recognized norm referenced test or another assessment, which may include a locally adopted assessment.

DESCRIPTION OF BILL

- School districts or public school academies shall measure each student’s literacy skills no later than the end of both grades two and three using either the Michigan Literacy Progress Profile or an assessment developed by the Department to measure grade level content expectations in English language arts of third grade.
- If a student fails to meet standards for basic literacy skills, based on the grade level content expectations in English language arts for grade three, the school district or public school academy shall not promote the student.
- The board of the student’s school district or board of directors of the student’s public school academy shall provide written notice to the student’s parent or legal guardian that the student failed to meet the standards for basic literacy skills.
- If the student is enrolled in a school that is required to provide supplemental services, the parent or legal guardian has a right to receive reimbursement for the student to receive services from a supplemental service provider.
- The Department shall develop and make available a model summer English language arts program that may be adopted by school districts and public academies.

- The Department shall develop and make available a statewide resource guide of public and private supplemental service providers.
- A school district or public school academy shall use the supplemental service funds for the purpose of bringing a student’s literacy skills to grade level before using these funds for any other purpose.

SUMMARY OF ARGUMENTS

Pro

- Early intervention to facilitate each student’s basic literacy skills prevents future problems in the student’s academic and social life.
- A model English language arts program would benefit many students in Michigan.
- Using supplemental service funds for literacy services provides valuable resources so a student can learn to read well.

Con

- The Michigan Literacy Progress Profile was not designed to be an outcome assessment. It is not norm referenced. There are no scientific studies to determine if it is reliable or valid.
- Research suggests that retention is an insufficient intervention strategy for promoting student achievement. Research also suggests that retention leads to higher dropout rates in the later grades, regardless of the grade level in which students were retained.
- The Department of Education would be fiscally responsible for developing and implementing the model English language arts program. No funds are available.
- A list of supplemental educational services providers exists and is posted at www.michigan.gov/mde-ses. The Department has done a study of effectiveness.
- Supplemental educational services are provided for Title I schools only. Only 38 percent of all schools in the State are Title I schools. That means that students who face literacy challenges in the other 62 percent of the schools would not be eligible for assistance.

HOUSE

HB 4591 - Teacher Certification Database Rewrite

The teacher certification database rewrite bill is awaiting concurrence by the House. See previous reports for details. The House is expected to concur on the Senate changes next week. The MDE supports this bill.

HB 4042 – Raise the Dropout age to 18

This bill is before the House Education Committee and a hearing is expected on it soon. The MDE supports the bill and recognizes that it may need to be phased-in due to both practical concerns and cost. Department staff is working on this legislation with Representative Tim Melton (D-Auburn Hills), the House Education Chair, and the Governor's office.

PROBLEM/BACKGROUND

Every child belongs in a learning environment with appropriate educational programs. At a minimum, students should be encouraged to stay in school until they have mastered basic life skills. The prison and welfare rolls are full of people who left school before obtaining a diploma. The state should encourage and require students to stay in school rather than maintain laws and policies that make it legal for them to leave without the education they need to lead productive lives. Current law requires school attendance only until 16 years of age.

DESCRIPTION OF BILL

- The bill would raise the age of compulsory school attendance from 16 to 18 years of age.
- The age of students who are habitually truant and are required to attend an ungraded school that is established for disorderly juveniles would be increased from 16 to 18.

SUMMARY OF ARGUMENTS

Pro

- The bill would bring the compulsory attendance age in line with the age of majority (18 years of age).
- The additional two years of compulsory school attendance would encourage school districts to consider and develop alternative schools and/or programs that are designed to keep students in school.

Con

- There would be students attending school who, many agree, would be a disruption in the classroom.
- School districts may not have sufficient numbers of students to offer the alternative program or ungraded school.

PRESENTED TO GOVERNOR AND/OR ENACTED

Senate Bill 403 – Transfer Pupils and High School Requirements

The MDE supported the portion about transfer pupils, but were forced to oppose the bill when the language requiring the Department to develop end-of-course assessments was struck at the last second. This bill was just presented to the Governor on October 31, 2007.

PROBLEM/BACKGROUND

In April 2006, the Governor enacted the Michigan Merit Curriculum that established new graduation requirements starting with the class of 2011 (eighth graders in fall 2006). The requirements for a personal curriculum for students who transfer from out-of-state or from a nonpublic school should be clarified. The following is from the MDE analysis of the bill.

DESCRIPTION OF BILL

- Senate Bill 403 would amend the Revised School Code to allow a modification to the Michigan Merit Curriculum for students who transfer from out-of-state or from a nonpublic school. The modification may be allowed if all of the following are met:
 - The student has completed at least the equivalent of two years of high school credit out-of-state or at a nonpublic school. The district may use appropriate assessments to determine if any of the credits may be used to satisfy curricula requirements of the Michigan Merit Curriculum.
 - The personal curriculum incorporates as much of the Michigan Merit Curriculum as is practicable.
 - The student has successfully completed at least one mathematics course during the student's final year of high school. If the student is enrolled in the district for at least one full school year, the personal curriculum shall require that this mathematics course is at least Algebra I. If the transfer student demonstrates mastery of the Algebra I content, the personal curriculum shall require that the mathematics course is normally taken after completing Algebra I.
 - The personal curriculum includes the civics course required under section 380.1166(2) of the Revised School Code.
 - The bill would eliminate the requirement that the Department develop or select and approve end of year assessments by April 2009.

SUMMARY OF ARGUMENTS

Pro

- It is likely that the curriculum requirements would be different at an out-of-state school or a nonpublic school than what is required under the Michigan Merit Curriculum. The bill would allow a modification to the Michigan Merit Curriculum for a student who transferred from out-of-state or from a nonpublic school if certain conditions are met.
- If a student has already gained two years of high school credit, he or she may not have enough time left to complete all of the required Michigan Merit credits. The bill would allow some flexibility in that situation.

- While offering flexibility, the bill preserves the goal of rigorous graduation requirements.

Con

- There is a major problem in the preparation of high school students for college and work. Too many students end up in remedial courses in community college and four-year universities. The estimates of the percentage of students in remedial courses are upwards of 50 percent for community college and around 30 percent in four-year universities.
- One way that Michigan dealt with this was to implement rigorous high school graduation requirements along with the development of High School Content Expectations. End-of-course examinations were added so that students, parents, and the public could determine whether students were being taught the rigorous skills, and whether they were learning them. The original legislation required the state to develop these exams, but left it to school districts to determine whether to use the state exams or create or select exams themselves. This provided both a standard for accountability, but provided some flexibility to local districts as well.
- End-of-course examinations permit public reporting of the percentage of students who master the rigorous course content that is associated with each course/credit area. This serves to hold schools accountable for providing instruction that covers the High School Content Expectations approved by the State Board of Education.
- End-of-course examinations also serve the purpose of indicating whether individual students have learned the material in the courses required for high school graduation. This helps students learn whether or not they are ready for college. Unfortunately, in too many districts, high school course content does not match the course titles. Students do not get taught the rigorous skills. They have taken the "right" courses, they have done well in these, and they think they are ready for college. It is only when they take the college placement tests upon entry to college that they learn the sad truth that their high school program of studies did not prepare them well for college. What is even more unfortunate is that it would be the poor and minority students who would be most adversely affected by the elimination of the end-of-course examination requirements.
- If these examinations are eliminated, there would be no consistent way in which schools could assure that students have received the instruction that covers the High School Content Expectations approved by the State Board of Education, since local districts are not required to develop or select and use such assessments – this was stricken as well. There would be no accountability possible for whether schools have taught the requisite skills and whether students have learned them. In the end, this may well serve to "gut" the rigor in the high school graduation requirements, since assessment and public reporting are the only ways in which to assure that students are learning what they need to learn.

The following people submitted cards in support of SB 403, but did not wish to speak:

Paul Stankewitz, Michigan Catholic Conference

Brian Whiston, Oakland Schools

Matt Tomasiewicz, Intermediate School Districts of Ottawa, Kalamazoo and Muskegon

Jim Ballard, Secondary School Principals Association,

Robert LeFevre, Macomb Intermediate School District

SB 571 – Technical Change for Federal Compliance

Senate Bill 571 would amend Sections 1311(8) and 1311a (8) of the Revised School Code by striking the words “due process” and substituting the word “ANY.” This is a technical change to bring the code into compliance with federal statute (the Office of Special Education and Early Intervention Services (OSE/EIS) has previously approved this new language as compliant with the federal statute). It also removes the outdated language “handicapped” and replaces it with more appropriate terms. MDE supported this bill that was presented to the Governor on October 31, 2007. She is expected to sign it.

Summary: House Bill 4346 (CR-1)
As passed the House
DEPT OF EDUCATION
FY 2007-08



Analysts: Mary Ann Cleary, Bethany Wicksall

	FY 2006-07	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	<i>Difference: Conf.</i>	
	Original Appropriation	Revised Executive	House	Senate (SB 511)	Conference	<i>From FY 2006-07 YTD</i>	<i>Amount</i>
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	67,570,600	72,749,800	72,749,800	72,749,800	72,749,800	5,179,200	7.7
Local	5,985,600	6,448,900	6,448,900	6,448,900	6,448,900	463,300	7.8
Private	2,914,400	3,171,800	3,171,800	3,171,800	3,171,800	257,400	8.9
Restricted	7,527,000	7,836,500	7,236,500	7,236,500	7,036,500	(490,500)	(6.6)
GF/GP	6,592,500	7,257,800	8,187,900	3,714,600	7,075,400	482,900	7.4
Gross	\$90,590,100	\$97,464,800	\$97,794,900	\$93,321,600	\$96,482,400	\$5,892,300	6.5
FTEs	435.5	466.5	473.5	422.6	466.5	31.0	7.2

Overview

The State Board of Education is an eight-member elected board constitutionally mandated to provide leadership and supervision for public education in Michigan. The Michigan Department of Education (MDE) is the administrative arm of the Board charged with implementing state and federal educational mandates and administering programs. Major responsibilities of the MDE include developing and overseeing the K-12 school system, certifying teachers, disbursing funds to educational organizations, and providing technical assistance to school districts.

Major Budget Changes From FY 2006-07 YTD Appropriations

1. Career and Technical Education (CTE) Operations

Appropriates over \$4.3 million to a new CTE operations line and several others to recognize the transfer of the unit from the Department of Labor and Economic Growth to the MDE.

	FY 2006-07 YTD	Conf Change From YTD
FTEs	0.0	25.0
Gross	\$0	\$4,320,100
Federal	0	3,642,800
GF/GP	\$0	\$677,300

2. Professional Preparation Services

Assumes an additional \$1,743,400 from a proposed increase in teacher certification fees and new teacher college review fees (HB 4591), as well as a one time addition of \$200,000 available from the carry forward of teacher testing fees.

Gross	\$5,826,800	\$980,600
Federal	2,687,300	0
Restricted	3,139,500	980,600
GF/GP	\$0	\$0

\$904,400 of the additional revenue would fund the upgrade and conversion of the teacher licensing database. The balance of the certification fee revenue would shore up this revenue stream, which is no longer expected to meet its current appropriation levels. \$54,000 would reimburse the department for reviewing teacher college programs.

3. Early Childhood Education

Reduced by \$79,100 to eliminate the department funding used to subsidize the High Scope study of the Michigan School Readiness Program currently funded at \$200,000 in the School Aid budget. The School Aid Budget will now include the entire \$279,100 appropriation.

Gross	\$4,372,200	(\$79,100)
Federal	3,186,800	0
Private	187,700	0
Restricted	57,400	0
GF/GP	\$940,300	(\$79,100)

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Conf Change From YTD
4. Education Technology and Data Coordination			
Shifts \$800,300 and 7.7 FTEs from several units within the department to a new Education Technology and Data Coordination unit.	FTEs	0.0	7.7
	Gross	\$0	\$800,300
	Federal	0	800,300
	GF/GP	\$0	\$0
5. Michigan School for the Deaf and Blind (MSDB)			
Includes the addition of 7.0 FTEs at the MSDB in anticipation of growth in student membership as well as an increase for summer programs at the school and at Camp Tuhsmeheeta: additional \$973,400 in Federal, Local and Private revenues.	FTEs	96.0	103.0
	Gross	\$11,893,900	\$973,400
	Federal	5,375,400	469,300
	Local	5,804,700	259,100
	Private	495,200	245,000
	Restricted	218,600	0
	GF/GP	\$0	\$0
6. Lansing School for the Blind – Former Site			
Reflects the sale of the Lansing School for the Blind and the elimination of \$1,821,100 in lease revenue and maintenance costs associated with the property.	Gross	\$1,821,100	(\$1,821,100)
	Federal	1,811,100	(1,811,100)
	Private	10,000	(10,000)
	GF/GP	\$0	\$0
7. Information Technology			
Reduces the IDG to the Dept of Information Technology by \$103,300. \$3,300 is to recognize the reduction from E.O. 2007-3. The balance of the reduction eliminates funds dedicated to the rewrite of the State Aid to Schools Database.	Gross	\$2,614,700	(\$103,300)
	Federal	1,531,500	0
	Local	101,800	0
	Restricted	204,400	0
	GF/GP	\$777,000	(\$103,300)
8. Economics			
Provides a gross increase of \$1,704,000 (\$189,600 GF/GP) for economic increases in salaries and wages, retirement, insurance, workers compensation, and building occupancy charges.	Gross	N/A	\$1,704,000
	Federal	N/A	1,211,000
	Local	N/A	167,100
	Private	N/A	22,400
	Restricted	N/A	113,900
	GF/GP	N/A	\$189,600

Major Boilerplate Changes From FY 2006-07

Sec. 217. Auditor General Bills

Requires Department pay Auditor General bills within 60 days for costs incurred while conducting audits of federally funded programs. Executive and House delete. Senate maintains. Conference concurs with Senate.

Sec. 219. Contingency Funds

Appropriates up to \$5.0 million in Federal contingency funds, up to \$700,000 in State restricted contingency funds, up to \$250,000 in private contingency funds, and \$3.0 million in local contingency funds. Executive and House add. Senate deletes. Conference concurs with Executive and House.

Sec. 220. Timely Data

Requires Department to provide data requested by Legislature, staff, and fiscal agencies in a timely manner. Executive and House delete. Senate maintains. Conference concurs with Senate.

Sec. 221. Attorney General Responsibilities

Senate adds new language prohibiting Dept from spending funds on legal services that are the responsibility of the Attorney General. Conference concurs with Senate.

Sec. 222. Policy Changes, Preparation of Regulatory Plans and Rule Promulgation

Senate adds new language requiring a report of policy changes made to implement enacted legislation. It also prohibits the department from spending funds to prepare regulatory plans or promulgate rules that fail to reduce the disproportionate economic impact on small businesses. Conference concurs with Senate.

Sec. 223. Continuous Improvement Efficiency Mechanisms

Senate adds new language requiring the department to implement continuous improvement efficiency mechanisms in the programs administered by the department and to report on efficiencies achieved. Conference does not include.

Sec. 224. Detroit Public Schools Audit

Senate adds new language requiring the department to conduct a comprehensive performance audit of the Detroit public schools. Conference does not include.

Sec. 503. Teacher Preparation Programs – REVISED

Provides \$100,000 each for CMU alternative route to certification program and WSU pathways to teaching program. Executive deletes. House maintains appropriation but adds a report requirement including number of teachers certified, time served in the classroom, and teacher evaluations. Senate deletes. Conference concurs with House.

**Summary: Conference Report
House Bill 4359 (CR-1) **
FY 2007-08 SCHOOL AID**



Analysts: Mary Ann Cleary, Bethany Wicksall

	FY 2006-07 YTD	Revised	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	Difference: Conf.	
		FY 2007-08 Executive	House	Senate (SB 237)	Conference	From FY 2006-07 YTD	Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0.0
Federal	1,411,236,900	1,479,326,300	1,479,326,300	1,479,326,300	1,479,326,300	1,479,326,300	68,089,400	4.9
Local	0	0	0	0	0	0	0	0.0
Private	0	0	0	0	0	0	0	0.0
Restricted	11,561,963,200	11,876,196,700	11,796,943,700	11,299,943,600	11,493,064,200	11,493,064,200	(68,899,000)	-0.6
GF/GP	35,000,000	35,000,000	35,000,000	41,000,000	34,909,600	34,909,600	(90,400)	-0.3
Gross	\$13,008,200,100	\$13,390,523,000	\$13,311,270,000	\$12,820,269,900	\$13,007,300,100	\$13,007,300,100	(\$900,000)	-0.0

Note: FY 2006-07 figures include the results of supplementals and Executive Order (EO) actions through June 1, 2007.

Overview

The School Aid budget makes appropriations to the state's 552 local school districts, 229 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 2006-07 YTD Appropriations

1. Proposal A Obligation Payment (Sec. 22a)

Exec, House, and Senate provide a reduction from FY 2006-07 to reflect changes in taxable values, pupil membership blends, and includes estimated additional costs for Midland tax appeals.

	FY 2006-07 YTD	Conf. Change
Gross	\$6,204,700,000	(\$192,700,000)
Restricted	6,204,700,000	(192,700,000)

2. Discretionary Payment (Sec. 22b)

Exec adds \$309.0 million to reflect an increase of 2.5% which is equal to \$178 per pupil increase in the foundation allowance for FY 2007-08 and rolls the FY 2006-07 equity payment of \$23 per pupil into each qualifying district's base foundation.

House adds \$187 million to reflect an increase of 1.4% which is equal to \$100 per pupil increase in the foundation allowance for FY 2007-08 and rolls the FY 2006-07 equity payment of \$23 per pupil into each qualifying district's base foundation. The recommendation also includes foundation allowance adjustments of \$500,000 for Clintondale and \$800,000 for Pontiac for mills levied in 1993 to finance an operating deficit, \$800,000 for a foundation allowance adjustment for Chippewa Valley for a millage reduction in 1993 of 4.91 mills, a one-time payment of \$40,000 to Johannesburg-Lewiston to correct an incorrect millage reduction fraction and one-time payment of \$1.8 million to Southfield for a board resolution that reduced a hold harmless millage on homestead property.

Senate adds \$18 million to roll the FY 2006-07 equity payment of \$23 into each qualifying district's base foundation.

Conference Committee adds \$156.0 million to provide increases in foundation allowances based on a formula which will give every district an increase of at least \$48 per pupil and as high as \$96 per pupil. It also includes a one-time payment of \$40,000 to Johannesburg-Lewiston to correct an incorrect millage reduction fraction.

	FY 2006-07 YTD	Conf. Change
Gross	\$3,566,000,000	\$156,000,000
Restricted	3,566,000,000	156,000,000

Major Budget Changes from FY 2006-07 YTD Appropriations**3. Declining Enrollment (Sec. 29)**

Exec and House include an increase of \$16.0 million to a total of \$36.0 million for declining enrollment grants to local districts (not including charters) with two years of consecutive pupil membership decline. The payment would equal the district's 3-year pupil membership average minus the actual pupil membership times the district's foundation allowance. If insufficient funds are available the funding will be prorated.

Senate eliminated this appropriation.

Conference Committee maintains current law funding level.

	FY 2006-07 YTD	Conf. Change
Gross	\$20,000,000	\$0
Restricted	20,000,000	0

4. Great Start Communities (ECIC) Grants (Sec. 32b)

House increases funding by \$1.5 million to \$2.5 million for competitive grants awarded to eligible ISDs in amounts determined by the Early Childhood Investment Corporation (ECIC).

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$1.8 million.

Gross	\$1,000,000	\$750,000
Restricted	1,000,000	750,000

5. 0-3 Secondary Prevention Early Childhood Grants (Sec. 32c)

House increases funding by \$750,000 to \$2.5 million for interagency early childhood grants.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$2.1 million.

Gross	\$1,750,000	\$375,000
Restricted	1,750,000	375,000

6. School Readiness Program – District Grants (Sec. 32d)

Exec and House increase funding by \$4.6 million to \$83.4 million. The additional funding increases the per-child allocation from \$3,300 to \$3,500.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$80.9 million. \$2.3 million funds an increase in the per-child allocation from \$3,300 to \$3,400. Adds \$79,100 for a total of \$279,100 to continue funding the longitudinal study of the program.

Gross	\$78,800,000	\$2,379,100
Restricted	78,600,000	2,300,000
GF/GP	\$200,000	\$79,100

7. School Readiness Program – Competitive Grants (Sec. 32L)

Exec and House increase funding by \$800,000 to \$13.1 million. The additional funding increases the per-child allocation from \$3,300 to \$3,500.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee increases the appropriation to \$12.7 million to fund an increase in the per-child allocation from \$3,300 to \$3,400.

Gross	\$12,250,000	\$400,000
GF/GP	12,250,000	400,000

8. Intermediate District (ISD) Parent Involvement Grants (Sec. 32j)

House increases gross funding by \$22.5 million to \$27.5 million. Maintains \$5.0 million for the 0-5 parent involvement grants run by ISDs. Adds \$22.5 million for comprehensive services grants for children, from age 0 through three years of age, and their families.

Senate maintains FY 2006-07 appropriation levels.

Conference Committee maintains FY 2006-07 appropriation levels.

Gross	\$5,000,000	\$0
Restricted	5,000,000	0

Major Budget Changes from FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Conf. Change
9. Special Education Payment (Sec. 51a)	Gross	\$1,396,683,000	\$34,500,000
<u>Exec. House, and Senate</u> increase funding by \$34.5 million to \$1.4 million to reflect changes in special education students and estimated additional costs.	Federal	424,700,000	0
	Restricted	971,983,000	34,500,000
10. Transportation Grants (Sec. 77) - NEW	Gross	N/A	\$1,275,000
<u>House</u> appropriates \$20 million for qualified districts for costs associated with transporting pupils to and from school. Allocates \$15 million to districts with total square miles greater than 156 and \$5 million to districts with fewer than 5.0 pupils per square mile. Payments for each would equal around \$98 per pupil. <u>Senate</u> does not include this section.	Restricted	N/A	1,275,000
<u>Conference Committee</u> appropriates \$1.3 million for districts with total square miles greater than 200 miles and fewer than 5.0 pupils per square mile.			
11. Intermediate School Districts (ISDs) General Operations (Sec. 81)	Gross	\$80,110,900	\$801,100
<u>Exec</u> increases general operations funding by 2.5% or \$2.0 million to \$82.1 million. <u>House</u> provides no increase for the general operations for ISDs. <u>Senate</u> maintains FY 2006-07 appropriation levels.	Restricted	80,110,900	801,100
<u>Conference Committee</u> increases funding by 1.0% or \$0.8 million to \$80.9 million.			
12. Michigan Virtual University (Sec. 98)	Gross	\$6,000,000	(\$500,000)
<u>House and Senate</u> eliminate \$500,000 in School Aid funds for the My Dream Explorer career planning software statewide collaboration.	Federal	3,250,000	0
	Restricted	500,000	0
	GF/GP	2,250,000	(500,000)
<u>Conference Committee</u> maintains funding for My Dream Explorer and eliminates \$500,000 to provide online test preparation that aligns with the Michigan merit exam.			
13. Middle School Math - District Grants (Sec. 99c)	Gross	\$20,000,000	(\$20,000,000)
<u>Exec, House, and Senate</u> eliminates this grant program.	Restricted	20,000,000	(20,000,000)
<u>Conference Committee</u> appropriates \$0 and adds boilerplate allowing for any funds remaining from 2006-2007 to carry forward and be spent for any purpose.			
14. MEAP Assessment Testing Costs (Sec. 104)	Gross	\$27,925,200	\$6,274,800
<u>Exec, House, and Senate</u> increase funding by \$10.7 million for costs associated with elementary and high school assessments required under State and Federal law.	Federal	8,425,200	374,800
<u>Conference Committee</u> appropriates \$25.4 million in School Aid funds, an increase of \$5.9 million. The appropriation does not include \$4.4 million for the end-of-course exams.	Restricted	19,500,000	5,900,000
15. School Bond Redemption Fund (Sec. 11j)	Gross	\$42,500,000	(\$40,600,000)
<u>Exec, House, and Senate</u> decrease funding by \$40.6 million to \$1.9 million by refinancing some of the outstanding bonds.	Restricted	42,500,000	(40,600,000)
16. Federal Aid (various sections of the Act)	Gross	\$1,411,236,900	\$68,089,400
<u>Exec, House, and Senate</u> increase funding by \$68.1 million to \$1.4 billion as estimated by the Department of Education for federal programs of which \$669.7 million for No Child Left Behind programs and \$424.7 million for special education programs.	Federal	1,411,236,900	68,089,400

<u>Major Budget Changes from FY 2006-07 YTD Appropriations</u>	<u>FY 2006-07 YTD</u>	<u>Conf. Change</u>
17. Other District Grants – NEW	Gross	N/A
Conference Committee adds one time funding totaling \$2.75 million for the following districts: Section 99i - \$300,000 for Pontiac for a Crisis Intervention Program. Section 99j - \$350,000 for Grosse Pointe and \$150,000 for Harper Woods for pilot programs. Section 99k – \$900,000 for Redford Union, \$400,000 for Pontiac, \$400,000 for Chippewa Valley, and \$250,000 for Clintondale to deal with deficits, deficit mills, and millage reductions.	Restricted	N/A
		\$2,750,000 2,750,000
18 Other Categorical Eliminations	Gross	N/A
Conference Committee eliminates the Conductive Learning Center Evaluation in Section 54b and the FIRST Robotics Grants in Section 99h.	Restricted	N/A
		(\$400,000) (400,000)

Major Boilerplate Changes from FY 2006-07

Sec. 20(1). Basic Foundation Allowance – REVISED

Exec increases the basic per-pupil foundation allowance by \$178 plus the \$23 equity payment from FY 2006-07, bringing it to \$7,286 for FY 2007-08. House increases the basic per-pupil foundation allowance by \$100 plus the \$23 equity payment from FY 2006-07, bringing it to \$7,208 for FY 2007-08. Senate provides no increase in the basic.

Conference Committee reestablishes the formula in place after Proposal A, which sets a new basic foundation allowance for FY 2007-08 at \$8,433. Districts at or above the basic will receive an increase of \$48 per pupil. Districts at the current minimum foundation of \$7,108 will receive twice that increase or \$96 per pupil. Districts in between will receive an increase on a sliding scale based on the formula between \$48 and \$96 per pupil.

Sec. 32. Early Childhood Education – NEW

Conference Committee adds intent language that if additional revenue is recognized at the January 2008 consensus revenue conference, the following additional appropriations would be allocated first: \$2.3 million to Section 32d, \$750,000 to Section 32b, \$400,000 to Section 32l, and \$375,000 to Section 32c and the per pupil allocations in Sec. 32d and 32l would increase from \$3,400 to \$3,500.

Sec. 32d. School Readiness – District Grants – REVISED

Conference Committee caps the funding spent under this section for PIE (Parents Involved in Education) programs at the lesser of the level spent by each district in FY 2006-07 or subsequent fiscal years.

Sec. 82. Early Intervening Model – NEW

Conference Committee allows the use of Sec. 81 (ISD operations) funds to be used for an early intervening program for grades K to 3.

Sec. 99c. Middle School Math – District Grants – REVISED

Conference Committee allows a district to carry forward unexpended funds from 2006-2007 and use those remaining funds for any purpose.

SCHOOL AID LINE-ITEM SUMMARY FY 2006-07 AND FY 2007-08
(Dollars in Thousands)



Sec.	Basic Foundation Allowance:	FY 2006-07	FY 2007-08	FY 2007-08	FY 2007-08	FY 2007-08	
		PA 6 of 2007 (SB 221) Total (5/1/07)	Executive Recommendation REVISED	HB 4359 House Passed	SB 237 Senate Passed	Conference Report HB 4359 CR-1** Change from YTD	Conference Report HB 4359 CR-1**
		\$7,085	\$7,286	\$7,208	\$7,108	\$48	\$8,433
11f	Durant - Cash Payments	\$32,000.0	\$32,000.0	\$32,000.0	\$32,000.0	\$0.0	\$32,000.0
11g	Durant - Debt Service	\$141.0	\$141.0	\$141.0	\$141.0	\$0.0	\$141.0
11j	School Bond Redemption Fund	\$42,500.0	\$1,900.0	\$1,900.0	\$1,900.0	-\$40,600.0	\$1,900.0
11m	Cash Flow Borrowing Costs	\$22,800.0	\$22,800.0	\$22,800.0	\$22,800.0	\$0.0	\$22,800.0
22a	Proposal A Obligation Payment	\$6,204,700.0	\$6,012,000.0	\$6,011,000.0	\$6,012,000.0	-\$192,700.0	\$6,012,000.0
22b	Discretionary Payment	\$3,566,000.0	\$3,875,000.0	\$3,752,800.0	\$3,584,000.0	\$156,000.0	\$3,722,000.0
22c	Equity Payment	\$20,000.0	\$0.0	\$113,500.0	\$0.0	-\$20,000.0	\$0.0
22E	Consolidation of School Services	\$0.0	\$10,000.0	\$0.0	\$0.0	\$0.0	\$0.0
24	Court-Placed Pupils	\$8,000.0	\$8,000.0	\$8,000.0	\$8,000.0	\$0.0	\$8,000.0
24a	Juvenile Detention Facility Programs	\$3,000.0	\$3,103.4	\$3,103.4	\$3,103.4	\$103.4	\$3,103.4
24c	Challenge Program	\$1,253.1	\$1,283.9	\$1,283.9	\$1,283.9	\$30.8	\$1,283.9
26a	Renaissance Zone Reimbursement	\$50,200.0	\$53,200.0	\$53,200.0	\$50,000.0	-\$200.0	\$50,000.0
26b	PILT Reimbursement	\$3,400.0	\$3,400.0	\$3,400.0	\$3,400.0	\$0.0	\$3,400.0
29	Declining Enrollment Grants	\$20,000.0	\$36,000.0	\$36,000.0	\$0.0	\$0.0	\$20,000.0
31a	"At Risk" Pupil Support	\$310,457.0	\$310,457.0	\$310,457.0	\$282,457.0	\$0.0	\$310,457.0
31a	Adolescent Health Centers	\$3,743.0	\$3,743.0	\$5,743.0	\$3,743.0	\$0.0	\$3,743.0
31a	Hearing and Vision Screening	\$5,150.0	\$5,150.0	\$5,150.0	\$5,150.0	\$0.0	\$5,150.0
31a	Mercy Education Project	\$0.0	\$0.0	\$100.0	\$0.0	\$0.0	\$0.0
31d	State School Lunch Programs	\$22,495.1	\$22,495.1	\$22,495.1	\$22,495.1	\$0.0	\$22,495.1
31d	Federal School Lunch Programs	\$322,506.0	\$332,506.0	\$332,506.0	\$332,506.0	\$10,000.0	\$332,506.0
31f	School Breakfast Program	\$9,625.0	\$9,625.0	\$9,625.0	\$9,625.0	\$0.0	\$9,625.0
31g	Amer-I-Can Grants	\$0.0	\$0.0	\$2,000.0	\$0.0	\$0.0	\$0.0
32b	ECIC Collaborative Grants	\$1,000.0	\$1,000.0	\$2,500.0	\$1,000.0	\$750.0	\$1,750.0
32c	Early Childhood Grants	\$1,750.0	\$1,750.0	\$2,500.0	\$1,750.0	\$375.0	\$2,125.0
32d	School Readiness	\$78,800.0	\$83,400.0	\$83,400.0	\$78,800.0	\$2,379.1	\$81,179.1
32E	School Readiness Full-Day Grants	\$0.0	\$194,600.0	\$43,650.0	\$0.0	\$0.0	\$0.0
32F	Universal pre-school 4 year-old	\$0.0	\$0.0	\$43,650.0	\$0.0	\$0.0	\$0.0
32j	Great Parents Great Start ISD programs	\$5,000.0	\$5,000.0	\$27,500.0	\$5,000.0	\$0.0	\$5,000.0
32l	School Readiness - Competitive	\$12,250.0	\$13,050.0	\$13,050.0	\$12,250.0	\$400.0	\$12,650.0
39a1	Federal "No Child Left Behind"	\$636,978.0	\$669,660.1	\$669,660.1	\$669,660.1	\$32,682.1	\$669,660.1
39a2	Other Federal Funding	\$4,646.4	\$32,411.0	\$32,411.0	\$32,411.0	\$27,764.6	\$32,411.0
41	Bilingual Education - State	\$2,800.0	\$2,800.0	\$2,800.0	\$2,800.0	\$0.0	\$2,800.0
41a	Bilingual Education - Federal	\$1,232.1	\$0.0	\$0.0	\$0.0	-\$1,232.1	\$0.0
51a	Special Education - Federal	\$424,700.0	\$424,700.0	\$424,700.0	\$424,700.0	\$0.0	\$424,700.0
51a	Special Education - State	\$971,983.0	\$1,007,183.0	\$1,007,883.0	\$1,009,783.0	\$34,500.0	\$1,006,483.0
54a	Special Education Evaluation Lending Library	\$250.0	\$250.0	\$250.0	\$250.0	\$0.0	\$250.0
54b	Conductive Learning Center	\$250.0	\$0.0	\$0.0	\$0.0	-\$250.0	\$0.0
57	Advanced & Accelerated Program	\$285.0	\$285.0	\$285.0	\$285.0	\$0.0	\$285.0
61a	Vocational Education	\$30,000.0	\$30,000.0	\$30,000.0	\$30,000.0	\$0.0	\$30,000.0
62	ISD Voc. Ed Millage Equalization	\$9,000.0	\$9,000.0	\$9,000.0	\$9,000.0	\$0.0	\$9,000.0
64	Health/Science Middle College Program	\$2,000.0	\$4,000.0	\$4,000.0	\$2,000.0	\$0.0	\$2,000.0
65	Precollege Engineering	\$680.1	\$680.1	\$680.1	\$680.1	\$0.0	\$680.1
65a	Post Secondary Education Attainment	\$0.0	\$0.0	\$500.0	\$0.0	\$0.0	\$0.0

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		\$7,085	\$7,286	\$7,208	\$7,108	\$48	\$8,433
74	Bus Driver Safety Instruction	\$1,625.0	\$1,625.0	\$1,625.0	\$1,625.0	\$0.0	\$1,625.0
74	School Bus Inspections	\$1,340.0	\$1,400.8	\$1,400.8	\$1,400.8	\$60.8	\$1,400.8
77	Transportation Funding Grants	\$0.0	\$0.0	\$20,000.0	\$0.0	\$1,275.0	\$1,275.0
81	ISD General Operations Support	\$80,110.9	\$82,114.0	\$80,110.9	\$80,110.9	\$801.1	\$80,912.0
94a	Center for Educational Performance (CEPI)	\$2,350.0	\$2,435.4	\$2,435.4	\$2,435.4	\$85.4	\$2,435.4
94a	CEPI Federal	\$3,543.2	\$3,543.2	\$3,543.2	\$3,543.2	\$0.0	\$3,543.2
98	Michigan Virtual High School (MVHS)	\$2,750.0	\$2,750.0	\$2,250.0	\$2,250.0	-\$500.0	\$2,250.0
98	MVHS - Federal	\$3,250.0	\$3,250.0	\$3,250.0	\$3,250.0	\$0.0	\$3,250.0
98b	Freedom To Learn - State	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
98b	Freedom To Learn - Federal	\$1,500.0	\$0.0	\$0.0	\$0.0	-\$1,500.0	\$0.0
98d	21st Century Learning Environments	\$0.0	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0
99	Math/Science Centers - State	\$3,500.0	\$3,500.0	\$3,500.0	\$3,500.0	\$0.0	\$3,500.0
99	Math/Science Centers - Federal	\$4,456.0	\$4,456.0	\$4,456.0	\$4,456.0	\$0.0	\$4,456.0
99c	Middle School Math - District	\$20,000.0	\$0.0	\$0.0	\$0.0	-\$20,000.0	\$0.0
99a	Automatic External Defibrillators	\$0.0	\$0.0	\$100.0	\$0.0	\$0.0	\$0.0
99h	FIRST Robotics	\$150.0	\$150.0	\$150.0	\$0.0	-\$150.0	\$0.0
99i	Pontiac Crisis Intervention	\$0.0	\$0.0	\$0.0	\$0.0	\$300.0	\$300.0
99j	District Pilot Projects					\$500.0	\$500.0
99k	District Grants					\$1,950.0	\$1,950.0
104	MEAP Testing - State	\$19,500.0	\$29,800.0	\$29,800.0	\$29,800.0	\$5,900.0	\$25,400.0
104	MEAP Testing - Federal	\$8,425.2	\$8,800.0	\$8,800.0	\$8,800.0	\$374.8	\$8,800.0
107	Adult Education - State	\$24,000.0	\$24,000.0	\$24,000.0	\$24,000.0	\$0.0	\$24,000.0
	TOTAL APPROPRIATIONS	\$13,008,200.1	\$13,390,523.0	\$13,311,170.0	\$12,820,269.9	-\$900.0	\$13,007,300.1
	REVENUE BY SOURCE						
	Federal Aid	\$1,411,236.9	\$1,479,326.3	\$1,479,326.3	\$1,479,326.3	\$68,089.4	\$1,479,326.3
	School Aid Fund	\$11,299,963.2	\$11,876,196.7	\$11,796,843.7	\$11,299,943.6	\$193,101.0	\$11,493,064.2
	MPSER Reserve for Undistributed Investment	\$262,000.0	\$0.0	\$0.0	\$0.0	-\$262,000.0	\$0.0
	School Aid Stabilization Fund	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
	General Fund/General Purpose	\$35,000.0	\$35,000.0	\$35,000.0	\$41,000.0	-\$90.4	\$34,909.6
	TOTAL REVENUE	\$13,008,200.1	\$13,390,523.0	\$13,311,170.0	\$12,820,269.9	-\$900.0	\$13,007,300.1