



**SCHOOL AID
S.B. 961**

04/27/2012

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FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2011-12 YEAR-TO-DATE	FY 2012-13 GOV'S REC.	FY 2012-13 SENATE PASSED	FY 2012-13 HOUSE PASSED	CHANGES FROM FY 2011-12 YEAR-TO-DATE					
					GOVERNOR		SENATE		HOUSE	
					AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
GROSS.....	12,744,007,800	12,687,014,800	12,712,649,200	12,816,749,200	(56,993,000)	(0.4)	(31,358,600)	(0.2)	72,741,400	0.6
Less:										
Interdepartmental Grants Received.....	0	0	0	0	0	0.0	0	0.0	0	0.0
ADJUSTED GROSS.....	12,744,007,800	12,687,014,800	12,712,649,200	12,816,749,200	(56,993,000)	(0.4)	(31,358,600)	(0.2)	72,741,400	0.6
Less:										
Federal Funds.....	1,658,031,800	1,701,041,400	1,701,041,400	1,701,041,400	43,009,600	2.6	43,009,600	2.6	43,009,600	2.6
Local and Private.....	0	0	0	0	0	0.0	0	0.0	0	0.0
TOTAL STATE SPENDING.....	11,085,976,000	10,985,973,400	11,011,607,800	11,115,707,800	(100,002,600)	(0.9)	(74,368,200)	(0.7)	29,731,800	0.3
Less:										
Other State Restricted Funds.....	10,967,333,600	10,785,973,400	10,715,091,400	10,782,707,800	(181,360,200)	(1.7)	(252,242,200)	(2.3)	(184,625,800)	(1.7)
GENERAL FUND/GENERAL PURPOSE.....	118,642,400	200,000,000	296,516,400	333,000,000	81,357,600	68.6	177,874,000	149.9	214,357,600	180.7
PAYMENTS TO LOCALS.....	10,952,976,000	10,841,677,500	10,855,311,900	10,971,411,900	(111,298,500)	(1.0)	(97,664,100)	(0.9)	18,435,900	0.2

SCHOOL AID SECTION-BY-SECTION HIGHLIGHTS Current Law, Governor's Recommendation, Senate-Passed, and House-Passed Recommendations Fiscal Year 2012-13 and Fiscal Year 2013-14					SFA Analysts: Kathryn Summers Cameron Mock
SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 3, 4 New definitions for "Achievement Authority", "Achievement School", and "Education Achievement System"	Current law provides definitions used throughout the School Aid Act.	Includes new definition for Achievement Authority and Education Achievement System (as defined in Part 7c of the Revised School Code) and Achievement School (a school within the Education Achievement System), and "district" is proposed to include the Education Achievement System.	Concurs with Executive.	Concurs with Executive.	
Sec. 6 Definitions 6(4)(H) Pupil in Education Achievement System 6(4)(r) Pupils in Kindergarten	N/A – new	Proposes that a definition of pupil provide that a pupil enrolled in an achievement school be counted in membership in the Education Achievement System. For a new Achievement School, or for the Education Achievement System, pupil memberships will be determined based on a 50-50 average of the fall count and the subsequent spring count. After that point, membership is subject to 90/10 blend. Throughout the entire Act, wherever an existing mention of district or public school academy is made, the bill proposes to add achievement school or education achievement system, as applicable.	Concurs with Executive for Education Achievement Authority (EAA) changes. Sec. 6(6)(p) and (q) – NEW Adds language allowing vocational and alternative programs to operate in other districts' boundaries, or to operate within a jail, without first obtaining resident district permission, only in the event the resident district does not offer vocational or alternative education. Sec. 6(4)(r) – Adds language stating that the change in kindergarten funding (one-half foundation allowance for half-day kindergarten instruction) is not intended to supplant or jeopardize Title I monies used for kindergarten.	Concurs with Executive for EAA changes. Does not include Senate's Section 6(6)(p) and (q) changes. Provides intent to move to eight pupil membership count days for FY 2013-14 and requires that the Department of Education work with CEPI, ISDs, and districts to develop recommendations on implementation for this policy change. Requires districts to report to CEPI and the Department of Education by the 5 th Wednesday after the pupil membership count day the number of instructional hours scheduled for all kindergarten pupils.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 11 Total Appropriations	Provides a summation of the total School Aid Fund, General Fund, and Federal funding in the Act. Also includes a method for proration if SAF revenues are not sufficient to support appropriations.	FY 2012-13 School Aid Fund (SAF) appropriation of \$10,785,973,400 and General Fund appropriation of \$200,000,000. FY 2013-14 SAF appropriation of \$10,883,951,000 and General Fund appropriation of \$18,642,400.	FY 2012-13 SAF appropriation of \$10,715,091,400 and General Fund appropriation of \$296,516,400.	FY 2012-13 SAF appropriation of \$10,781,973,400 and General Fund appropriation of \$333,000,000.	
Sec. 11g Durant Bond payment	FY 2011-12 appropriation of \$39,000,000.	FY 2012-13 appropriation remains at \$39,000,000.	Concurs with Executive.	Concurs with Executive.	
Sec. 11j Debt Service on School Bond Loan Fund	FY 2011-12 appropriation of \$93,575,300 for debt service payments on school bond loan revolving fund obligations.	Proposes to increase the required payment in FY 2012-13 to \$120,390,000. FY 2013-14 appropriation of \$131,660,000.	Concurs with Executive.	Concurs with Executive.	
Sec. 11m School Aid Fund Cash Flow Borrowing Costs	FY 2011-12 appropriation of \$8,500,000 to pay for cash-flow borrowing costs at the State level.	FY 2012-13 increases to \$10,000,000, and FY 2013-14 is recommended at \$20,000,000.	Concurs with Executive.	Concurs with Executive.	
Sec. 11s Education Reserve Fund	N/A	N/A	Appropriates \$6,000,000 to an Education Reserve Fund, to be allocated upon enactment of future legislation as needs arise.	Does not include.	
Sec. 11t Renaming of School Aid Fund	N/A	N/A	Adds language stating intent of the Legislature to enact legislation renaming the State School Aid Fund as the "Comprehensive Education Fund".	Does not include.	
Sec. 11u Study of Categoricals	N/A	N/A	Adds language stating intent of the Legislature to examine existing categoricals and determine, to what extent, if any, the categorical funding should instead be allocated under the foundation allowance.	Does not include.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 12 FY 2012-13 Appropriations	States intent of the Legislature to appropriate the same funding amounts in FY 2012-13 as FY 2011-12, adjusted for revenue, taxable value, special education costs, and pupil counts.	Proposes to repeal this section.	Continues the section, but changes to dates to reflect intended appropriations for FY 2013-2014. Throughout the budget, the Senate only includes appropriations for FY 2012-13, and does not include specific appropriations for FY 2013-14.	Concurs with Senate.	
Sec. 18 Spending and Audit Requirements	Specifies allowable uses of funds and requires yearly financial and pupil audits.	Proposes to strike the phrase "which are designated by the board to be used in the schools under the board's charge" when describing the purchase of textbooks with State funds.	Concurs with Executive.	Concurs with Executive.	
Sec. 19 Data Reporting Requirements	Prescribes the pupil reporting requirements and other data requirements that must be submitted to the Center for Educational Performance and Information.	Proposes to clarify that each district shall furnish to the CEPI not later than 5 weeks after the pupil membership count day <i>and by June 30 of the current school year</i> the information necessary for the district and high school graduation report.	Concurs with Executive.	Concurs with Executive. Adds a new (7) that provides intent to move to either a single statewide education data reporting system or a limited number of systems approved by the Department of Education in conjunction with CEPI. Requires that the Department work with CEPI, ISDs, and districts to develop recommendations on the implementation of this change.	
Sec. 20 Foundation Allowance Calculation	Basic foundation allowance for FY 2011-12 is \$8,019 and the minimum foundation is \$6,846. In years of increases in the foundation allowance, uses the "2x" equity formula which doubles the increase in the basic foundation for those at the minimum foundation and	Proposes to maintain the basic and minimum foundation in FY 2012-13 and FY 2013-14 at \$8,019 and \$6,846 respectively. Proposes to eliminate current law (7) which provides for a reduction in a charter school's foundation allowance if located in a district in which more than 25% of the local district's pupils	Proposes to roll \$177,000,000 of the MPSERS reimbursement proposed by the Governor under Sec. 147a, and \$135,000,000 of the best practices/pupil performance categorical into the base foundation allowance. This would provide a \$116 increase in the basic (to \$8,135), meaning up to a \$232 increase in per-pupil funding for the	Concurs with Executive to maintain the minimum and basic at FY 2011-12 levels. Concurs with Executive to delete existing (7).	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
	<p>provides an increase somewhere in between for districts with foundations in between.</p>	<p>are enrolled in one or more charter schools.</p> <p>Proposes to include a new (7) related to pupils attending an Achievement School and in membership in the Education Achievement System, whereby the foundation allowance calculated is an amount equal to the foundation allowance of the school district in which the Achievement School is located. If an achievement school begins operation after the pupil membership count day, its foundation allowance is to be prorated based on the hours of instruction provided divided by the minimum number of hours required under Section 101(3).</p> <p>Proposes to eliminate (12) that provides that if the principals at the revenue conference reach consensus on an index that the lowest foundation allowance among all districts shall increase by that index. All district-specific categoricals that were scheduled for elimination after 2011-12 are indeed not continued into FY 2012-13.</p>	<p>lowest funded districts (to \$7,078).</p> <p>Retains current law (7), but clarifies that an EAA school is not subject to the reduction.</p> <p>Concurs on new (7), renumbered to (8).</p> <p>Concurs with elimination of (12).</p> <p>Concurs with scheduled elimination of district-specific funding, as proposed by the Governor, with the exception of restoring 50% of current funding for Wayne-Westland and 100% of current funding for small class size grants. Both of these adjustments are proposed to expire after 2012-13.</p>	<p>Concurs with Executive on new (7) but clarifies the cap on the foundation allowance for an EAS pupil at the basic foundation allowance.</p> <p>Concurs with Executive.</p> <p>Concurs with Executive, with the exception of a \$100 placeholder for class size reduction grant adjustments.</p>	
<p>Sec. 22a Proposal A Obligation Payment (The Constitutionally required portion of the foundation allowance.)</p>	<p>FY 2011-12 appropriation of \$5,769,000,000.</p>	<p>FY 2012-13 appropriation is \$5,707,000,000.</p> <p>FY 2013-14 appropriation is \$5,592,000,000.</p>	<p>Concurs with Executive.</p>	<p>Concurs with Executive.</p>	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 22b Discretionary Payment (The discretionary portion of the foundation allowance.)	FY 2011-12 appropriation of \$3,052,000,000.	FY 2012-13 appropriation of \$3,027,000,000 and FY 2013-14 appropriation of \$3,106,000,000. Subsection (2) relating to expired Federal funds is removed. The appropriation reflects the scheduled elimination of district-specific categoricals and half-day kindergarten savings, along with a continued foundation allowance at the level in FY 2011-12.	FY 2012-13 appropriation of \$3,344,800,000, an increase of \$317,800,000 above the Governor's recommendation. This increase represents the \$177,000,000 in MPERS reimbursement and \$126,000,000 of the Governor's \$190,000,000 proposed best practices/pupil performance rolled into the foundation allowance, along with \$1,500,000 for Wayne- Westland and \$13,300,000 for small class size grants. One-half foundation allowance for half-day kindergarten is maintained, concurring in the Governor's assumption of \$50,000,000 in savings from this change.	FY 2012-13 appropriation of \$3,077,000,000, which is \$50,000,000 higher than Executive, representing an assumption that savings will not materialize from the change whereby districts offering one- half day of kindergarten will receive one-half of a foundation allowance. Note that the House maintains this policy change, but does not assume savings to materialize from it. Requires the Department of Education to report by January 1, 2013 any savings achieved and provides intent language that savings will be appropriated to reimburse districts for MPERS costs under Section 147a.	
Sec. 22d Isolated Districts/ Transportation Funding	Appropriates \$2,025,000 in FY 2011-12 for two purposes: \$750,000 as supplemental payments to isolated districts, and \$1,275,000 for supplemental payments to districts covering large square miles, and thereby significant transportation costs.	Continues the appropriation into both FY 2012-13 and FY 2013-14.	Concurs with Executive.	Concurs with Executive.	
Sec. 22e— Replacing Lost Michigan Business Tax (MBT) Revenue for Out-of- Formula Districts	Appropriates \$700,000 in FY 2011-12 to replace local revenue in out-of- formula districts lost due to MBT changes.	Repeals the section.	Concurs with Executive.	Concurs with Executive.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
<p>Sec. 22f Best Practices and Pupil Performance Grants</p>	<p>FY 2011-12 appropriation of \$154,000,000 to provide one-time payments of \$100 per pupil for districts meeting four out of five of the following "best practices" criteria, by not later than June 1, 2012:</p> <p>a) The first is that a district shall pay no more than a state maximum allowable employer contribution for health care benefits for employees, defined as 90% of the combined total cost per employee.</p> <p>b) The district is the health insurance policy holder. If a district directly employs staff this condition is considered to have been met.</p> <p>c) If a district entered into a consolidation plan, it must continue to implement that plan. If a district did not enter into an agreement previously, that it does so.</p> <p>(d) The district has obtained competitive bids on at least one non-instructional service valued at least \$50,000.</p> <p>e) The district makes public a dashboard with financial indicators and other items, including graduation/dropout rates, MEAP and Merit Exam scores, fund balances, and other items.</p>	<p>Proposes to continue this categorical, but expands the purpose to include pupil performance. Specifically, for FY 2012-13, the appropriation is \$190,000,000, and for FY 2013-14, the appropriation is \$140,000,000.</p> <p>First, districts may earn up to \$100 per pupil for student academic performance, as follows:</p> <p>\$30 per pupil for students meeting a specified level of growth in MEAP performance in math, in grades 3-8.</p> <p>\$30 per pupil for students meeting a specified level of growth in MEAP performance in reading, in grades 3-8.</p> <p>\$40 per pupil for students meeting a specified level of growth over a four-year period on the high school assessment.</p> <p>Once the grants are paid for pupil performance, any remaining funds from the total appropriation would be allocated to qualifying districts for a new set of "best practices" criteria. Specifically, to be eligible, a district must meet five out of the following six criteria, not later than June 1, 2013:</p>	<p>Repeals the section.</p>	<p>The pupil performance grant program proposed by the Governor is not included.</p> <p>Instead, \$115,000,000 is appropriated for Best Practices.</p> <p>Grants of \$75 per pupil would be distributed to districts meeting six out of eight best practices by June 1, 2013:</p> <p>a) The district is the health insurance policy holder. If a district directly employs staff, this condition is considered to have been met.</p> <p>b) Competitively bid at least one non-instructional service in FY 2012-13.</p> <p>c) Participate in schools of choice under section 105 and 105c. A public school academy is considered to have met this requirement.</p> <p>d) Measure student growth at least twice annually and report to parents or provides the Department with a plan and is able to show progress toward developing the technology infrastructure necessary for the implementation of student growth assessments by FY 2014-15.</p> <p>e) The district supports opportunities for students to receive postsecondary credit while attending high school (can be met in one of four ways: dual</p>	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
		<p>a) The district is the health insurance policy holder. If a district does not directly employ staff, this condition is considered to have been met.</p> <p>b) The district participates in schools of choice under either Sec. 105 or 105c.</p> <p>c) The district monitors individual student academic growth in each subject area at least twice during the school year, and reports those results to the student and their parent or guardian.</p> <p>d) The district supports opportunities for students to receive postsecondary credit while attending high school (can be met in one of four ways: dual enrollment, advanced placement, middle college, or other opportunities for high school diploma plus coursework applied toward satisfaction of a degree).</p> <p>e) The district offers online instructional programs or blended learning opportunities to all eligible pupils.</p> <p>f) The district makes public a dashboard with financial indicators and other items, including graduation/dropout rates, MEAP and Merit Exam scores, fund balances, and other items.</p>		<p>enrollment, advanced placement, middle college, or other opportunities for high school diploma plus coursework applied toward satisfaction of a degree).</p> <p>f) The district offers online instructional programs or blended learning opportunities to all eligible pupils.</p> <p>g) The district makes public a dashboard with financial indicators and other items, including graduation/dropout rates, MEAP and Merit Exam scores, fund balances, and other items.</p> <p>h) The district provides physical education and health education consistent with State-board adopted policies.</p> <p>Adds language specifying that any funds remaining unexpended after paying \$75 per pupil for eligible districts to be redistributed on an equal per-pupil basis to districts meeting best practices, with foundation allowances below \$8,019.</p>	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 22g. New Competitive Assistance Grants to Districts and ISDs – Consolidation Costs	n/a	One-time appropriation in FY 2012-13 of \$10,000,000 for competitive assistance grants to districts and ISDs, for the reimbursement of transition costs associated with the consolidation of operations or services between two or more districts or the consolidation of districts or ISDs. Grant funding is available for consolidations that occur on or after October 1, 2012, and the Department shall develop an application process and method of grant distribution.	Concurs with Executive, and adds language further allowing the grants to be used for consolidation of services among districts and municipalities.	Concurs with Executive. Allows any consolidation after June 1, 2012 to qualify for funding. Allows a consolidation of operations or services between a school district or ISD and a local unit of government to qualify. However, a district or ISD that receives a grant from the competitive grant assistance program in the Department of Treasury budget under Sec. 951 of HB 5382 shall not receive funding under this section.	
Sec. 22i - NEW Pupil Performance Grants	N/A	N/A (See Sec. 22f)	Appropriates \$40,000,000 for pupil performance grants. To be eligible for grant funding, a district offering any of grades 2 through 11 must test each student in those grades offered, in both reading and math, using a computer adaptive test at least once in the fall and again in the spring. Eligible districts must demonstrate gains in normative growth in reading and/or math, and provide auditable data corroborating the gains. The Department shall determine the total number of eligible students, and the \$40,000,000 will be distributed on an equal per-student basis to eligible districts.	Not included.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 22i – NEW Technology Infrastructure Grants	N/A	N/A	N/A	<p>Appropriates \$75,000,000 for grants to districts or ISDs on behalf of their constituent districts to develop or improve their technology infrastructure in preparation for online growth assessments.</p> <p>The Department would determine grants based on a competitive process. The maximum allowable grant would be \$2,000,000 per district, and ISDs could receive up to \$2,000,000 per constituent district if they could demonstrate savings if done on an ISD-wide basis.</p>	
Sec. 24 Court-Placed Pupils	Appropriates \$8,000,000 in FY 2011-12 to reimburse districts for the additional costs of educating students placed in the district by the court system.	Continues the \$8,000,000 appropriation into both FY 2012-13 and FY 2013-14.	Concurs with Executive.	Concurs with Executive.	
Sec. 24a Educating Pupils in DHS Juvenile Justice Service Facilities	Appropriates \$2,114,800 in FY 2011-12 for payments to intermediate districts for pupils who are placed in juvenile justice facilities.	Appropriates \$2,135,800 in both FY 2012-13 and FY 2013-14.	Concurs with Executive.	Concurs with Executive.	
Sec. 24c Youth Challenge Program	Appropriates \$765,600 in FY 2011-12 for the Youth Challenge Program. Payment goes through Battle Creek Public Schools, which contracts with Department of Military and Veterans' Affairs (DMVA) for the program.	Continues the \$765,600 appropriation into both FY 2012-13 and FY 2013-14.	Increases the appropriation by \$734,400, to a total of \$1,500,000.	Concurs with Senate.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 26a Renaissance Zone Reimbursement	Appropriates \$26,300,000 to reimburse districts for lost local revenue due to taxes not collected in Renaissance Zones.	Continues the appropriation into both FY 2011-12 and FY 2012-13.	Concurs with Executive.	Concurs with Executive on the appropriation for districts and ISDs. Adds \$3,000,000 GF/GP funding to reimburse libraries for lost revenue in renaissance zones.	
Sec. 26a PILT Reimbursement	Appropriates \$1,838,000 in FY 2011-12 to reimburse districts for lost local revenue due to taxes not collected on State-owned land.	Continues the appropriation into FY 2012-13 and FY 2013-14.	Concurs with Executive.	Concurs with Executive.	
Sec. 31a At-Risk Funding/ Adolescent Health Centers/ Hearing and Vision Screenings	Appropriates \$317,695,500 in FY 2011-12. At-Risk funding equals \$308,988,200. (6) Allocates \$3,557,300 for Child and Adolescent Health Centers. (7) Allocates \$5,150,000 from total for hearing and vision screenings.	Continues the \$317,695,500 appropriation into FY 2012-13 and FY 2013-14. Changes the reporting date for required data from October 31 to not later than the fifth Wednesday after the fall pupil membership count day. (12) Proposes to change the flexibility provisions of At-Risk funding, such that those districts meeting AYP no longer need to submit an application for using At-Risk dollars in ways other than those specified under the School Aid Act, but rather are allowed to use up to 20% of their grant funding (without first submitting an application to do so) for other purposes, and must maintain documentation for any uses other than those prescribed by the Act.	Concurs with Executive. Amends one of the allowable uses of funding to expand K-6 class size reduction to class size reduction in grades K-12.	Concurs with Senate.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 31d School Lunch Program	Appropriates \$22,495,100 SAF for FY 2011-12 to fund the State share of the school lunch programs as required by the <i>Durant</i> settlement and includes \$402,506,000 Federal.	Continues the appropriations into FY 2012-13 and FY 2013-14.	Concurs with Executive.	Concurs with Executive.	
Sec. 31f School Breakfast	Appropriates \$9,625,000 in FY 2011-12 to provide reimbursement for the State school breakfast program.	Continues the appropriation into FY 2012-13 and FY 2013-14.	Concurs with Executive.	Concurs with Executive.	
Sec. 32b Early Childhood Investment Corporation (ECIC) Collaborative Grants	Appropriates \$5,900,000 for FY 2011-12 for grants to intermediate districts for great start collaboratives or other community purposes identified by the Early Childhood Investment Corporation (ECIC). Grants awarded to eligible intermediate districts in amounts determined by the ECIC.	Continues the appropriation into FY 2012-13 and FY 2013-14. Includes a slight language change for the department to develop a plan for a multi-year phased-in approach to transfer funding for great start collaboratives into an early childhood block grant program. This language replaces "legislative intent" language that this process occur in FY 2012-13 in its entirety.	Repeals the section. This funding is combined with other Early Childhood funding into a new block grant appropriation under Sec. 32p.	Concurs with Executive.	
Sec. 32d Great Start Readiness Program (GSRP)	Appropriates \$95,400,000 SAF for FY 2011-12 to operate the district Great Start Readiness Program (GSRP) and \$300,000 GF/GP to continue a longitudinal study of the GSRP, and \$8,875,000 GF for competitive GSRP grants to entities other than schools.	Continues the appropriations into FY 2012-13 and FY 2013-14. Adds "GSRP/Head Start blended" programs to the list of allowable programs", where the definition is a part-day program funded under this section and a heart start program, which are combined for a school-day program.	Increases funding by \$10,000,000 to \$105,400,000, and does not include (12). Concurs with removing subsection (1)(b) allowable use. The \$8,875,000 for competitive grants to entities other than schools is combined with other early childhood programming, currently found under Sections 32b and 32j, as an early childhood block grant program under Section 32p.	Concurs with Executive on funding levels. Does not concur with Executive to remove subsection (1)(b) and instead allows an ISD to fund a PIE program operated by a district that had operated a program in the previous fiscal year. Concurs with all other Executive proposed changes.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
	<p>(1)(b) Allows funds to be used for preschool and parenting programs under former section 32b (PIE program); caps funding spent by each district for the former PIE program to the amount spent in the prior fiscal year.</p>	<p>(1)(b) Removes this allowable use of GSRP funds.</p> <p>(12) Includes a slight language change for the department to develop a plan for a multi-year phased-in approach to transfer funding for school readiness grants into an early childhood block grant program. This language replaces "legislative intent" language that this process occur in FY 2012-13 in its entirety.</p>			
<p>Sec. 32j Intermediate District (ISD) Parent Involvement Grants</p>	<p>Appropriates \$5,000,000 in FY 2011-12 in SAF to intermediate districts for competitive grants to provide programs to parents of children age 5 or younger to encourage early mathematics and reading literacy, improve school readiness, reduce the need for special education services, and foster stable families.</p>	<p>Continues the appropriation into both FY 2012-13 and FY 2013-14.</p> <p>Increases from 200% to 300% of poverty the income level for children who received services to be reported upon in the data collection system.</p> <p>(7) Includes a slight language change for the department to develop a plan for a multi-year phased-in approach to transfer funding for great parents, great start programs under this section into an early childhood block grant program. This language replaces "legislative intent" language that this process occur in FY 2012-13 in its entirety.</p>	<p>Repeals the section. This funding is combined with other Early Childhood funding into a new block grant appropriation under Sec. 32p.</p>	<p>Concurs with Executive.</p>	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 32p Early Childhood Block Grant Program	N/A	N/A	<p>Appropriates \$19,775,000 as a new early childhood block grant program, using funding previously allocated under sections 32b, 32j, and 32L. ISDs would receive in FY 2012-13 the total amount of funding received under those sections in FY 2011-12, after first submitting an application detailing proposed uses of early childhood funding. ISDs would be required to submit reports after the end of the fiscal year indicating actual programs offered and children served.</p> <p>Each ISD that receives funding is required to convene a local Great Start collaborative to address the availability of the physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care.</p>	Does not include.	
Sec. 39 Guidelines and Formula for GSPR Program	Provides the guidelines and formula calculations for GSRP grants.	Proposes to strike "district" and replace with "applicant" and make technical changes throughout the section to reflect the change enacted in FY 2011-12 from district to ISD as the grantee.	Concurs with Executive.	Concurs with Executive.	
Sec. 39a Federal Funds	(1) Appropriates \$761,937,500 for FY 2011-12 in Federal No Child Left Behind (NCLB) funds. (2) Appropriates \$32,559,700 in other Federal funds for education.	Appropriates \$812,328,500 in FY 2012-13 and FY 2013-14 in Federal NCLB grants, and \$33,514,100 in other Federal funds.	Concurs with Executive.	Concurs with Executive.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
<p>Sec. 51a(1) Total Special Education Funding</p> <p>Includes funding for sections 54 (Schools for the Deaf and Blind) and 56 (special education millage equalization), which are paid out of the appropriation in Section 51a.</p>	<p>Appropriation of \$954,769,100 from SAF and \$437,400,000 in Federal funding for special education programs for FY 2011-12.</p> <p>(7)(c) Provides for the allocation of lapsing funds under Section 51a to ISDs adversely impacted by the "itinerant" language change implemented in 2003-04.</p>	<p>FY 2012-13 SAF appropriation of \$990,269,100 and Federal appropriation of \$439,000,000. FY 2013-14 SAF appropriation of \$1,022,869,100, and continuing Federal appropriation of \$437,400,000.</p> <p>(7)(c) Strikes the provision for allocating any lapsing funds under Section 51a to ISDs adversely impacted by the "itinerant" language change implemented in 2003-04.</p>	<p>Concurs with Executive on funding, but retains language in subsection 7(c).</p>	<p>Concurs with Executive on funding levels.</p> <p>(7)(c) Maintains the language but caps the total allocations to all eligible ISDs as follows:</p> <p>\$1,000,000 for FY 2012-13; \$600,000 for FY 2013-14; and \$300,000 for FY 2014-15.</p> <p>Further specifies that FY 2014-15 would be the last year of funding allocated under this subdivision.</p>	
<p>Sec. 51c Special Education - <i>Durant</i> Payment</p>	<p>Appropriates \$647,500,000 from the appropriation in Sec. 51a(1) for FY 2011-12 to provide funding for costs associated with <i>Durant</i> settlement that guarantees districts 28.6138% of total approved costs of special education services and 70.4164% of total approved costs of special education transportation.</p>	<p>FY 2012-13 appropriation of \$672,900,000. FY 2013-14 appropriation of \$698,000,000,</p>	<p>Concurs with Executive.</p>	<p>Concurs with Executive.</p>	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 61a Vocational Education	Appropriates \$26,611,300 for FY 2011-12 to support career and technical education programs.	Continues the \$26,611,300 appropriation into FY 2012-13 and FY 2013-14.	Concurs with Executive.	Appropriates \$30,000,000 for FY 2012-13, an increase of \$3,388,700.	
Sec. 62 Vocational Education Millage Equalization	Appropriates \$9,000,000 for FY 2011-12 to provide funding to intermediate districts that levy vocational education mills to guarantee a minimal amount received per mill levied, on a per-pupil basis. FY 2011-12 per-pupil equalization amount is \$190,400.	Continues the \$9,000,000 appropriation into FY 2012-13 and FY 2013-14. Updates equalization amounts.	Concurs with Executive.	Concurs with Executive, but revises equalization amount to better reflect actual data.	
Sec. 74 Bus Driver Safety	Appropriates \$3,233,900 for FY 2011-12. Of the total appropriation, \$1,625,000 is to reimburse intermediate districts and universities for providing bus driver safety instruction. The remaining \$1,608,900 is to reimburse districts and ISDs for the cost of the Michigan State Police to inspect school buses.	Appropriates \$3,259,900 for both FY 2012-13 and FY 2013-14. Of the total, \$1,625,000 is the continued appropriation to reimburse for the costs of providing bus driver safety instruction. The remaining \$1,634,900 is the continued reimbursement for the cost of the State Police to inspect school buses. The process is proposed to be consolidated at the ISD level, rather than billed and reimbursed at each individual district.	Concurs with Executive.	Concurs with Executive.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
<p>Sec. 81 Intermediate School Districts (ISD) General Operations Funding</p>	<p>Appropriates \$62,108,000 for FY 2011-12 for basic operational funding of intermediate districts.</p>	<p>Retains the \$62,108,000 appropriation into FY 2012-13 and FY 2013-14, but reserves 5% of the total funding for those ISDs meeting a new set of best practices.</p> <p>Specifically, each ISD would automatically receive 95% of what was received in FY 2011-12, but would have to meet at least four out of five best practices in order to receive the other 5% of funding. The five best practices, to be met by June 1, 2013, are:</p> <ul style="list-style-type: none"> a) develop a service consolidation plan and implement the plan; b) obtain competitive bids for non-instructional services for the ISD or its constituent districts with a value of at least \$50,000; c) develop a technology plan, in accordance with department policy, on behalf of constituent districts; d) provide a dashboard with specified information; e) work in a consortium to develop information management system requirements addressing student management systems, learning management tools, and business services. 	<p>Appropriates \$62,108,000 for basic operational funding, to continue operations at FY 2011-12 funding levels.</p> <p>In addition, a further \$2,000,000 is appropriated for Best Practices as proposed by the Governor. ISDs meeting the best practices would receive a grant equal to 3.2% of their FY 2011-12 appropriation, in addition to their base FY 2011-12 appropriation.</p>	<p>Appropriates \$65,213,000, an increase of 5%, or \$3,105,000 for FY 2012-13. However, the additional funding is only available for ISDs that meet four out of five best practices as outlined in the Governor's recommendation. ISDs that are eligible would see a 5% increase in total funding.</p>	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 93 State Aid to Libraries	Appropriates \$1,304,300 in GF for FY 2011-12 to supplement the Department of Education budget bill funding for State Aid to public libraries.	Continues the appropriation into FY 2012-13 and FY 2013-14.	Concurs with Executive.	Concurs with Executive.	
Sec. 94a Center for Educational Performance and Information (CEPI)	<p>Appropriates \$5,768,700 GF/GP in FY 2011-12 to support the operations of the CEPI and the development and implementation of a comprehensive P-20 data management and student tracking system.</p> <p>Appropriates \$2,893,200 in FY 2011-12 from Federal funds for Federal reporting requirements, of which \$242,000 is to support the efforts of postsecondary institutions to comply with the statewide longitudinal data system.</p>	<p>Increases GF/GP appropriation \$9,218,400 for CEPI operations in FY 2012-13 and FY 2013-14. The increase in GF replaces Federal funds, the majority of which were transferred to the Department of Education. Remaining Federal funding of \$193,500 is appropriated to support the Center and the P-20 system.</p> <p>Of the total funding, \$850,000 is earmarked for competitive grants to support collaborative efforts on the P-20 longitudinal data system. Grants will be awarded to eligible ISDs or a consortium of ISDs, and activities funded under the grant may include portal hosting, hardware and software acquisition, maintenance, enhancements, and other items.</p> <p>The \$242,000 appropriated for Federal support to postsecondary institutions for complying with the P-20 data system requirements is removed.</p>	Concurs with Executive.	Concurs with Executive.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 95 – NEW Grants for Principal Training	N/A	<p>A new grant program is proposed with an appropriation of \$1,750,000 in FY 2012-13 and an appropriation of \$500,000 in FY 2013-14, to make grants to districts to support professional development for principals and assistance principals in a Department-approved training program for implementing educator evaluations as required under MCL 380.1249.</p> <p>First-year funding is expected to cover all principals and assistants, with reduced ongoing funding to train new principals and assistants each year.</p> <p>Grants are not to exceed \$350 per participant.</p>	Concurs with Executive for the program, but with some revisions: departmental discretion in awarding the grants is removed and is replaced with specified criteria that districts must meet in order to receive grant funding.	Concurs with Executive, but adds that at a minimum, the Department of Education shall approve all training programs recommended by the Governor's Council on Educator Effectiveness and deletes references to "online resources". Also adds "provide ongoing support to maintain inter-rater reliability" as a qualifying factor, and defines "inter-rater reliability" as consistency of measurement from different evaluators independently applying the same evaluation criteria to the same classroom observation.	
Sec. 98 Michigan Virtual University (MVU)	Appropriates \$1,687,500 GF/GP to MVU in FY 2011-12 for operations of the Virtual High School and appropriates \$2,700,000 in Federal funds.	<p>Increases the GF appropriation to \$4,387,500 to reflect the elimination of existing Federal funds. The purpose of the MVU/MVHS is proposed to be changed as follows:</p> <p>The MVU is charged with establishing the Center for Online Learning Research and Innovation, tasked with numerous items, including:</p> <p>a) support and accelerate innovation (including research of online and blended education models, and analyzing the</p>	Concurs with Executive.	Concurs with Executive, with the exception of not including language allowing the Governor to appoint an advisory group to make recommendations to accelerate innovation in the education system.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
		<p>effectiveness of online learning in preparing students to be career or college ready); and, b) provide leadership for Michigan's system of online and blended learning education (including making policy recommendations that accelerate the expansion of effective online learning).</p> <p>Language is added stating that the Governor may appoint an advisory group to the center for online learning research and innovation.</p> <p>Of the total funding, \$500,000 is earmarked for the Michigan Virtual School, operated by the MVU, to conduct and report on a year-long pilot study of a new performance-based funding model for the Michigan Virtual School. The purpose of the study is to demonstrate the merits of a payment system for online instructional programs based on student performance rather than solely on enrollment and attendance factors. Details of the study are provided in the Governor's recommendation. The \$500,000 is to be paid out using an amount per online course enrollment not to exceed 1/12 of the State's minimum per-pupil foundation allowance.</p>			

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 99 Math and Science Centers	Appropriates for FY 2011-12 \$2,515,000 SAF and \$110,000 GF/GP (for a total of \$2,625,000) and \$5,249,300 in Federal funds for the funding of 33 math and science centers throughout the state.	Appropriates \$2,625,000 in State funds for FY 2012-13 and FY 2013-14.	Increases funding by \$100,000, with the additional funding to be used for a partnership between a math/science center and a statewide agency designed to link the centers together for STEM purposes.	Concurs with Executive.	
Sec. 101 Days and Hours	Provides the minimum number of days of pupil instruction (165 for FY 2011-12). Minimum number increases to 170 days beginning in FY 2012-13. Minimum number of hours in any year is 1,098.	Removes a report, due September 10, 2012, that requires the Department to study the actual costs of providing distance learning.	Concurs with Executive. Removes a reporting requirement where districts currently report their planned hours of instruction. Actual hours of instruction would still be reported.	Concurs with Executive.	
Sec. 102 Deficit Districts and Deficit Elimination Plans	Provides that districts shall not adopted deficit budgets, and districts in deficit must submit deficit elimination plans.	No change.	Adds a requirement that districts with approved deficit elimination plans post those plans on the district's web site.	Not included.	
Sec. 104 Assessment Funding	Appropriates \$35,194,400 for FY 2011-12 from the SAF for reimbursement of costs associated with state student assessment requirements. Also appropriates \$8,250,000 in Federal assessment funding for the purposes of complying with Federal NCLB Act. Requires that in order to receive state aid a district must administer assessments in compliance with the following sections of the School Code: 1249, 1278a, 1278b, 1279, 1279g,	Decreases State funding by \$8,500,000, to \$26,694,400 in FY 2012-13 and FY 2013-14, and appropriates \$8,250,000 Federal.	Concurs with Executive.	Concurs with Executive.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
	and 1280b.				
Sec. 104c Computer- Adaptive Testing	N/A	N/A	Appropriates \$18,000,000 to provide funding in support of computer-adaptive testing as an additional test along with the MEAP. This funding would be sufficient to provide year-long access to online, computer-adaptive tests for all students. The department would have to choose a provider of the test via an RFP developed during the summer of 2012. The provider and test chosen by the Department would have to provide immediate feedback, be delivered online, target the instructional level of each student, and provide unlimited testing opportunities.	Not included.	
Sec. 107 Adult Education	Appropriates \$22,000,000 in FY 2011-12 for Adult Education programs.	Continues the \$22,000,000 appropriation into both FY 2012-13 and FY 2013-14. Adds a requirement that funded programs test participants before enrollment and upon completion of the program. Also removes a requirement that assessments are administered at least after every 90 hours of attendance.	Concurs with Executive.	Concurs with Executive.	
Sec. 147 Retirement Contribution Rate	FY 2011-12 rate is 24.66% for employees hired before July 1, 2010; rate is 23.23% for employees hired on or after July 1, 2010. Retiree health costs make up 8.50% of the total rate.	FY 2012-13 rate is 27.37% for employees hired before July 1, 2010; rate is 26.14% for employees hired on or after July 1, 2010. Retiree health costs make up 8.75% of the total rate.	Concurs with Executive.	Concurs with Executive.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
	<p>FY 2012-13 rate is 27.37% for employees hired before July 1, 2010; rate is 26.14% for employees hired on or after July 1, 2010. Retiree health costs make up 8.75% of the total rate.</p>	<p>FY 2013-14 rate is 31.21% of payroll for employees hired before July 1, 2010; rate is 29.94% of payroll for employees hired on or after July 1, 2010. Retiree health care makes up 8.75% of the total rate.</p> <p>The rates include 3% surcharge due to court injunction. If the court cases are found in favor of the State, rates would decline that 3%.</p>			
<p>Sec. 147a MPSERS FY 12 Payment</p>	<p>Appropriates \$155,000,000 from the FY 2010-11 SAF carryforward in FY 2011-12 for a one-time payment to districts (not ISDs) to assist with their current-year MPSERS liabilities.</p> <p>Distributions are calculated based on share of MPSERS payroll. On a statewide basis, this averages to \$100 per pupil for eligible districts, but varies based on share of MPSERS payroll.</p>	<p>Removes the "1-time" terminology from the appropriation, and increases the appropriation by \$24,000,000 to \$179,000,000 in both FY 2012-13 and FY 2013-14. Reimbursement will be based on the preceding year's MPSERS payroll.</p> <p>While not included in the bill, testimony has been provided by the Budget Office that the \$24,000,000 increase was intended to cover both districts and ISDs, though the remaining \$155,000,000 appropriation is only intended for districts. The \$24,000,000 increase was intended to pay for the 0.25% increase in retiree health care costs.</p>	<p>Repeals the section. Instead, \$177,000,000 of the \$179,000,000 is rolled into base foundation allowance funding under Section 20, and the other \$2,000,000 is made available to ISDs that meet best practices under Sec. 81.</p>	<p>Increases the appropriation to \$248,506,300 to offset a portion of MPSERS cost increases for both districts and ISDs.</p> <p>Reimburses districts and ISDs for approximately 2.8% of MPSERS payroll.</p>	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 147b Reserve Fund	Appropriates \$133,000,000 from the FY 2010-11 carryforward in FY 2011-12 for a one-time appropriation to the MPSERS reserve for retirement obligation reform. The legislature may appoint a workgroup to examine retirement obligations and potential reforms to the MPSERS.	Repeals the section.	Retains the section with a reduction in the appropriation to \$110,000,000 for FY 2011-12. Funding under this section is designated as a work project to pay the additional employer costs associated with placing new school employees into a "401k for health" plan as proposed under Senate Bill 1040. The funds in the work project would be expended until exhausted, with an estimated completion date of September 30, 2018. The additional employer costs arise from making matching contributions for new employees, up to 2% of salary, into a 401k in lieu of retiree health care.	Makes no recommendation for the distribution of the funds but retains the section, although the funding remains a one-time appropriation in FY 2011-12.	
Sec. 152a Adair Lawsuit: Data Collection Costs	FY 2011-12 appropriation of \$34,064,500.	FY 2012-13 and FY 2013-14 appropriations increase to \$38,000,000 based on a more recent cost study.	Concurs with Executive.	Concurs with Executive.	
Sec. 298 Summary of Appropriations	N/A	Proposes to include a summary of the funding set aside for schools, ISDs, community colleges, and public universities. Note that the budgets for community colleges and universities are included in the School Aid Act, under Articles 2 and 3.	Does not include this section.	Not included.	
Repealers		Sections 12 (intent language for FY 2012-13 appropriations), 22e (MBT hold harmless funding), 23 (allows an instructional program operated by a university to qualify for aid under the Act), 40 (biennial	Sections 11p (old Education Jobs Fund) 22e (MBT hold harmless), 22f (best practices) 22h (emergency transition grants), 32b (ECIC collaborative grants), 32g (kindergarten assessments), 32j (ISD early childhood	Sections 22e, 23, and 40.	

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
		<p>department review of children in need of special assistance), 147b (MPERS reforms reserve), and 164c (Buy American, Buy Michigan) are proposed to be repealed.</p>	<p>funding), 32L (GSRP grants to nonpublic entities), 40 (biennial review of children in need of special assistance), and 147a (MPERS reimbursement).</p>		