



Capitol Corner An ECIC Legislative Update March 21, 2008

Budget Process Moving Faster than Last Year

The word around Lansing is that the Legislative Leadership would like to have the budget process wrapped up by June 15th. By the look of the progress being made this week in the Capitol, there may be a good chance of the legislature meeting that deadline. Traditionally, the budget is targeted to be finished before any legislator has to walk in a Fourth of July Parade.

The budget bills are usually divided up equally between the two chambers. The chambers try to finish up their half of the bills by the Spring Recess and then pass them over to the other chamber for action after the Spring break. This year that recess came early due to an early Easter. The House and Senate are taking slightly different recess schedule, with the House being off the next two weeks and the Senate working next week before leaving town for two-weeks.

The House broke for its recess after a Thursday evening session that ensured that all of their “first house” bills were voted on and passed, except for the Department of Human Services that was held up for “further work”. The House finished its business and left for a two-week break, returning the week of April 7th.

The Senate passed all of its budgets out of Appropriations Committee late Wednesday and plans to pass them out of the chamber next week. The Senate will leave for its two week recess after session on March 27th, returning the week of April 14th.

Senate Committee Approves School Budget Sans Governor’s Priorities

The Senate Appropriations Committee approved on a 15-3 vote the K-12/School Aid budget (SB 1107) that reduced the Governor’s proposed budget by \$140 million. The total budget as approved by the committee totals close to \$13.38 billion, a 2.8% increase over the current budget for Fiscal Year 2008.

Many of the Governor's proposed increases were eliminated from the budget. Noticeably absent were the Governor's increases for early childhood. The \$31.5 million increase for early childhood was mostly removed except for \$4.7 million increase in the School Readiness Program (District Grants).

The Governor had proposed \$24 million for the Michigan School Readiness Program (to be called the "Great Start Readiness Program" under the Governor's proposal) to increase by more than 7,000 the number of at-risk four-year olds to be served in a pre-school setting. The Senate did not concur with the name change and added only \$4.7 million to the pre-school program.

The Senate did not include the Governor's proposal to increase funding for the Great Start Collaborative by \$5 million, nor did they concur with the Governor on the new \$2.5 million for evidence-based Innovation Grants to provide children from birth to five with quality early learning environments that promote school readiness.

The reduction in spending for the School Aid Fund budget did not come as any surprise following last weeks revenue analysis provide by Gary Olson, Director of the Senate Fiscal Agency (SFA). Mr. Olson told the subcommittee that the SFA projected a reduction in revenues for the School Aid Fund of \$135.4 million.

The School Aid budget bill passed by the Committee was highlighted by the following changes:

Foundation Allowance Increase: The Senate proposed an increase in the per-pupil foundation grant of \$71 to \$142, with smallest increase going to districts above the \$8,433 per pupil foundation grant level, and the largest increase going to those districts at the \$7,204 per pupil foundation grant. The Governor had proposed a per-pupil increase of at least \$108 and up to \$216; the \$108 would have gone to school districts at or above \$8,433 and the \$216 going to those districts at the \$7,204 level.

Infrastructure Grants: The Senate utilized the Governor's proposed \$27 million for her 21st Century School Fund to help build smaller high schools for their own new infrastructure program to help pay down capital debt, deposit into a sinking fund or use for immediate building repair. The Senate proposal would allocate \$19-\$20 on a per-pupil basis to districts.

School Readiness Program: The Senate increased funding for the MSRP by \$4.7 million to fund approximately 1380 new slots for at-risk four-year-olds to be served in a pre-school setting. The Senate did not include any of the Governor's other early childhood funding proposals. The Senate did include the hold harmless language so that MSRP grantees are guaranteed to receive at least what was received in the prior year, unless a smaller grant was requested. The Senate also included language related to referring income eligible children to Head Start.

House Passes Education Supplemental Budget

On Tuesday, the House passed out on a 91-17 vote, a supplemental School Aid Fund budget, for the current fiscal year, that includes an extra \$4.7 million for the School Readiness Program grants for “at-risk” four-year-olds to hold harmless school districts that received fewer slots in the current fiscal year (FY 2007-08) than their FY 2006-07 allocations.

The supplemental budget also contains an increase of \$750,000 for the Great Start Collaborative grants; and, an increase of \$375,000 for the 0-3 secondary prevention grants. These increases fulfill the legislative intent language in the School Aid Fund budget that stated if there was additional revenue it should be allocated to the School Readiness Program, Great Start Collaborative Grants, and the 0-3 Secondary Prevention Grant Program.

The supplemental School Aid Fund budget now goes to the Senate for its consideration.