# FY 2016-17: SCHOOL AID
# Summary: As Reported from House Subcommittee
# House Bill 5266 (H-1) Draft 1

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| | FY 2015-16 YTD as of 2/10/16 | FY 2016-17 Executive | FY 2016-17 House | FY 2016-17 Senate | FY 2016-17 Enacted | *Difference: House From FY 2015-16 YTD* *Amount* | *%* |
|---|---|---|---|---|---|---|---|
| **IDG/IDT** | $0 | $0 | $0 | | | *$0* | *--* |
| **Federal** | 1,775,769,200 | 1,818,632,700 | 1,818,632,700 | | | *42,863,500* | *2.4* |
| **Local** | 0 | 0 | 0 | | | *0* | *--* |
| **Private** | 0 | 0 | 0 | | | *0* | *--* |
| **Restricted** | 12,078,985,100 | 12,134,479,400 | 12,144,550,000 | | | *65,564,900* | *0.5* |
| **GF/GP** | 45,900,000 | 230,000,000 | 221,000,000 | | | *175,100,000* | *381.5* |
| **Gross** | **$13,900,654,300** | **$14,183,112,100** | **$14,184,182,700** | | | ***283,528,400*** | ***2.0*** |

*Notes: (1) FY 2015-16 year-to-date figures include mid-year budget adjustments through February 10, 2016. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."*

**Overview**

The School Aid budget makes appropriations to the state's 541 local school districts, 300 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

| **Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations** | | **FY 2015-16 YTD (as of 2/10/16)** | **House Change from YTD** |
|---|---|---|---|
| ***1. Foundation Allowances (Secs. 22a and 22b)*** | **Gross** | **$9,009,700,000** | **$108,800,000** |
| Executive increases foundations using the 2x funding formula with increases ranging from $60 to $120 per pupil. Increases the State Maximum Guaranteed Foundation (the Basic) from $8,169 to $8,229 and the Minimum Foundation from $7,391 to $7,511. The increase costs $150.0 million, but after a cost reduction of $126.7 million due to increasing local share from increasing taxable values and declining pupils, the net increase totals $ 23.3 million. (*See FY 2015-16 supplemental items below.)* | Restricted | 8,993,379,500 | (57,376,300) |
| | GF/GP | $16,320,500 | $166,176,300 |
| Also adds $72.0 million in Detroit Public Schools (DPS) Trust Funds (redirected from Tobacco Settlement Funds) to support the foundation allowance costs of the newly proposed Detroit Community district to offset the loss of local school operating millage revenue, which would be redirected to pay off the debts of the former district. | | | |
| Also adds $1.0 million to change the pupil membership blend from 90% of the October count plus 10% of the previous February count to 50% of the fall count plus 50% of the previous February count. | | | |
| House concurs with Executive on foundation increases and $72.0 million from the Community District Trust Funds for DPS but revises the pupil membership blend from 90% of the October count plus 10% of the prior February count to 85% of the current October count plus 15% of the previous October count. Includes $13.5 million for proposed pupil membership blend changes. | | | |
| ***2. MPSERS Unfunded Liability – State Share (Sec. 147c)*** | **Gross** | **$893,500,000** | **$89,300,000** |
| Executive increases funding for the state share of Michigan Public School Employees' Retirement System (MPSERS) unfunded liability costs for districts, ISDs, and public libraries pursuant to PA 300 of 2012 by $89.3 million, bringing the total to $982.8 million. | Restricted | 892,900,000 | 89,300,000 |
| | GF/GP | $600,000 | $0 |
| House concurs with Executive. | | | |

| Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations | | FY 2015-16 YTD (as of 2/10/16) | House Change from YTD |
|---|---|---|---|
| ***3. Flint Declaration of Emergency (Sec. 11s)* – NEW**<br>Executive provides $10.1 million for half-year funding to provide universal Early On testing to identify and provide services to children 0-3 ($6.4 million), universal access to preschool for 4-year-olds ($1.5 million), additional district school nurses and school social workers ($1.3 million), and ISD staff and services including ($1.0 million). Additional funding, if necessary, would be available for transfer from a $50.0 million Flint Emergency Reserve Fund proposed in the FY 2015-16 supplemental for DTMB. Additionally, it would appropriate up to $15.0 million in state restricted contingency funds, which would not be available for expenditure until approval of a transfer by the Legislature. (*See FY 2015-16 supplemental items below.)*<br>House concurs with Executive. | **Gross**<br>Restricted<br>GF/GP | **$0**<br>0<br>$0 | **$10,142,600**<br>100<br>$10,142,500 |
| ***4. Statewide School Water Testing (Sec. 78)* – NEW**<br>Executive adds $9.0 million to provide 2nd of 3 years of funding to test school building water systems for lead based on a strategic statewide plan developed by MDE in collaboration with DEQ and LARA. (*See FY 2015-16 supplemental items below for 1st year funding.)*<br>House does not include this section. | **Gross**<br>Restricted | **$0**<br>0 | **$0**<br>0 |
| ***5. State School Reform/Redesign (Sec. 21)* – NEW**<br>Executive adds $5.0 million for CEOs and supplemental payments to districts with schools identified as being in the lowest achieving 5% of public schools in the state and under the control of the State School Reform/Redesign Office (SRRO). Districts would receive a 20% foundation allowance premium for each high school FTE to compensate for the loss in foundation allowance funds remaining with elementary FTEs, since elementary foundation allowance funds often subsidize higher cost secondary schools, but would no longer be available to do so under a takeover. (*See FY 2015-16 supplemental items below.)*<br>House does not include this section. | **Gross**<br>Restricted | **$0**<br>0 | **$0**<br>0 |
| ***6. Competency-Based Funding Pilot (Sec. 21g)* – NEW**<br>House provides $1.0 million GF/GP to pilot a competency-based transcript and market place to establish an articulation framework for Michigan academic, technical, and global competencies and to establish assessment criteria for measuring these competencies and awarding universally recognized credentials. | **Gross**<br>GF/GP | **$0**<br>0 | **$1,000,000**<br>1,000,000 |
| ***7. "At Risk" Pupil Support (Sec. 31a)***<br>Executive maintains current year appropriation levels.<br>House increases by $18.0 million to allow both Hold Harmless and Out-of-Formula districts to be eligible if more than 50% of their prior year membership pupils were eligible for Free Lunch. Currently, eligible districts receive 11.5% of a district's foundation allowance for each student qualifying for free lunch; however, the appropriation doesn't support full funding, so district allocations are prorated. | **Gross**<br>Restricted | **$378,988,200**<br>378,988,200 | **$18,000,000**<br>18,000,000 |
| ***8. Gang Prevention Grants (Sec. 31c)***<br>Executive eliminates funding of $1.0 million and repealed Sec. 31c.<br>House increases funding by $3.0 million for a total of $4.0 million. | **Gross**<br>Restricted | **$1,000,000**<br>1,000,000 | **$3,000,000**<br>3,000,000 |
| ***9. Special Education Reforms (Sec. 54b)* – NEW**<br>Executive adds $1.4 million for the implementation of recommendations of the Special Education Reform Task Force published in January 2016. $750,000 would be used to pilot statewide implementation of the Michigan Integrated Behavior and Learning Support Initiative (MiBLSI), a program of positive behavioral intervention and supports, in at least 3 ISDs. $620,000 would be used for training related to the safe implementation of emergency restraints and seclusion.<br>House concurs with Executive. | **Gross**<br>Restricted | **$0**<br>0 | **$1,370,000**<br>1,370,000 |
| ***10. Career and Technology Education Programs (Sec. 61a)***<br>Executive maintains current year appropriation levels.<br>House includes $115,000 GF/GP to a non-profit organization that provides curriculum and training to CTE programs in restaurant management and culinary training. | **Gross**<br>Restricted<br>GF/GP | **$36,611,300**<br>36,611,300<br>$0 | **$115,000**<br>0<br>$115,000 |

| Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations | | FY 2015-16 YTD (as of 2/10/16) | House Change from YTD |
|---|---|---|---|
| ***11. CTE Early/Middle Colleges (Sec. 61b)*** | **Gross** | **$10,000,000** | **$5,000,000** |
| Executive increases funding to $15.0 million for career & technical education (CTE) early/middle colleges that allow a student to graduate in 5 years with both a high school diploma and postsecondary credentials. Revises to make districts that receive funding for CTE program added costs under Section 61a eligible for funding under this section, as long as combined payments under Sections 61a and 61b do not exceed the total allowable costs of the program. | Restricted | 10,000,000 | 5,000,000 |
| House concurs with Executive recommendation increase but allows up to $500,000 for grants for planning new or expanded programs and caps planning grants to $50,000 per program. | | | |
| ***12. CTE Equipment Upgrades (Sec. 61c)*** – **NEW** | **Gross** | **$0** | **$10,000,000** |
| Executive provides $10.0 million in a competitive grant program to districts and ISDs to improve capital infrastructure for their CTE programs including the purchase of equipment, renovations related to installation of equipment, installation costs, and training for instructors providing instruction using the equipment. Caps individual grant awards at $500,000. | Restricted | 0 | 10,000,000 |
| House concurs with Executive. | | | |
| ***13. Intermediate School District (ISD) General Operations (Sec. 81)*** | **Gross** | **$67,108,000** | **$1,074,000** |
| Executive increases ISD funding by 1.6%, or $1.1 million, to a total of $68.2 million. | Restricted | 67,108,000 | 1,074,000 |
| House concurs with Executive. | | | |
| ***14. Educator Evaluations (Sec. 95a)*** | **Gross** | **$0** | **$0** |
| Executive adds $10.0 million into the Educator Evaluation reserve fund to provide training in educator evaluation systems. | Restricted | 0 | 0 |
| House does not include this section. | | | |
| ***15. FIRST Robotics (Sec. 99h)*** | **Gross** | **$2,000,000** | **$0** |
| Executive increases funding for district grants for FIRST Robotics programs to a total of $2.5 million. Funds may be used for coach stipends and program expenses. | Restricted | 2,000,000 | 0 |
| House maintains current year appropriation. | | | |
| ***16. MiSTEM Grants (Sec. 99s)*** | **Gross** | **$9,274,300** | **$0** |
| Executive adds $1.3 million bringing total funding to $10.5 million to support science, technology, engineering and mathematics (STEM) education programs. Maintains existing funding for Math/Science Centers ($8.0 million). Rolls up funding currently going to Science Olympiad, STEM professional development, MI STEM Partnership, and VanAndel Institute along with the increased $1.3 million to implement grants based on the MiSTEM Council recommendations, which are due in March 2016. | Federal | 5,249,300 | 0 |
| | Restricted | 3,250,000 | 0 |
| | GF/GP | $775,000 | $0 |
| House maintains current year appropriation total, and maintains current year individual grant levels but revises Math/Science Center funding as follows: creates 10 MiSTEM Centers in each prosperity region (with an ISD fiscal agent for each); MiSTEM Centers would coordinate with the MiSTEM council and Change the Equation STEMworks and distribute at least half of the funding to districts for participation in eligible STEM programs. | | | |
| ***17. Online Algebra tool (Sec. 99t)*** – **NEW** | **Gross** | **$0** | **$2,000,000** |
| House provides $2.0 million GF/GP for a statewide online algebra tool that provides students with algebra related videos, adaptive diagnostics, online supports, practice assessments, and professional development for teachers. | GF/GP | 0 | $2,000,000 |
| ***18. Financial Data Analysis Tools (Sec. 102d)*** | **Gross** | **$1,500,000** | **$100,000** |
| Executive maintains current year appropriation levels. | Restricted | 1,500,000 | 100,000 |
| House adds $100,000 SAF for ISD reimbursements of financial data analysis tools. Currently, funds are only provided to districts to reimburse them for the cost of licensing school data analytical tools, and this additional allocation is for ISD reimbursements. | | | |

| Major Budget Changes From FY 2015-16 Year-to-Date (YTD) Appropriations | | FY 2015-16 YTD (as of 2/10/16) | House Change from YTD |
|---|---|---|---|
| ***19. M-STEP Assessments (Sec. 104)*** | **Gross** | **$50,244,400** | **($21,994,400)** |
| Executive reduces by $10.1 million bringing total funding for student assessments to $40.1 million. Eliminates $8.5 million in one-time funding to convert assessments to online tests, expand writing assessments to additional grades, and create additional constructed response test questions, all of which has been completed. Also eliminates funding that had supported the Kindergarten Entry Assessment, which has been replaced by a kindergarten summative assessment. | Restricted | 43,994,400 | (21,994,400) |
| House reduces funding by $22.0 million and eliminates the M-STEP. The remaining $22.0 million SAF and $6.3 million Federal funding would instead be used for a statewide contract for a computer adaptive test, which would replace M-STEP. | Federal | $6,250,000 | $0 |
| ***20. Nonpublic School Reimbursements (Sec. 152b)*** – **NEW** | **Gross** | **$0** | **$1,000,000** |
| House adds $1,000,000 SAF to reimburse nonpublic schools for the costs related to activities identified in the nonpublic schools mandate report required under Sec. 236 of PA 252 of 2014. | Restricted | 0 | 1,000,000 |
| ***21. Early Literacy (3rd Grade Reading) Initiative (Sec. 35 and 35a)*** | **Gross** | **$26,400,000** | **($2,500,000)** |
| Executive reduces total funding for by $2.5 million by eliminating a Parent University Pilot ($1.0), a grant to Michigan Education Corps ($1.0 million), and one-time funding for an early literacy certification test ($500,000). Maintains funding for administration ($1.0 million), professional development ($950,000), diagnostic tools ($1.5 million), literacy teacher coaches ($3.0 million), and added instructional time ($17.0 million). | Restricted | 23,900,000 | (1,000,000) |
| House concurs with Executive. | GF/GP | $2,500,000 | ($1,500,000) |
| ***22. Technology Readiness Infrastructure Grants (Sec. 22i)*** | **Gross** | **$23,500,000** | **($23,500,000)** |
| Executive eliminates funding and repeals this section. | Restricted | 23,500,000 | (23,500,000) |
| House concurs with Executive. | | | |
| ***23. Other Program Eliminations*** | **Gross** | **$6,160,000** | **($6,160,000)** |
| Executive eliminates funding and repeals the following sections: | Restricted | 4,360,000 | (4,360,000) |
| • Sec. 31h – Cooperative Education (Albion/Marshall) - $300,000 | GF/GP | $1,800,000 | ($1,800,000) |
| • Sec. 43 – Teacher Certification Test Rewrite - $1.8 million | | | |
| • Sec. 99c – Civics Education - $60,000 | | | |
| • Sec. 104d – Computer Adaptive Tests - $4.0 million | | | |
| House concurs with repealing of sections 31h, 43, 99c, and 104d. | | | |
| ***24. Michigan College Access Network (MCAN) (Sec. 67)*** | **Gross** | **$3,600,000** | **($550,000)** |
| Executive reduces funding by $550,000 to eliminate funding for an online career planning tool, leaving $3.1 million for the balance of MCAN efforts to expand access to college. | Restricted | 3,600,000 | (550,000) |
| House concurs with Executive. | | | |
| ***25. Special Education (Sec. 51a, 51c, 51d, 53a, 54, and 56)*** | **Gross** | **$1,359,546,100** | **$54,500,000** |
| Executive increases funding for special education by $54.5 million to a total of $1.4 billion to reflect updated estimates. (*See FY 2015-16 supplemental items below.)* | Restricted | 918,546,100 | 54,500,000 |
| House concurs with Executive. | Federal | 441,000,000 | 0 |
| ***26. Other Cost Adjustments*** | **Gross** | **N/A** | **($10,786,700)** |
| Executive adjusts appropriation levels based on actual prior year costs for the following: | Restricted | N/A | (10,786,700) |
| • Sec. 11m - Cash Flow Borrowing Costs - $1.0 million increase to $3.0 million. | | | |
| • Sec. 26a - Renaissance Zones - $6.3 million decrease to $20.0 million. | | | |
| • Sec. 31f - School Breakfast Program - $3.1 million decrease to $2.5 million. | | | |
| • Sec. 24a - Juvenile Detention Facilities - $861,700 decrease to $1.3 million. | | | |
| • Sec. 25f - Strict Discipline Academies - $750,000 decrease to $250,000. | | | |
| • Sec. 25g - Dropout Recovery Programs - $750,000 decrease to $250,000. | | | |
| House concurs with Executive. | | | |
| ***27. Federal NCLB/ESSA Funding (Sec. 39a(1))*** | **Gross** | **$779,076,400** | **$42,863,400** |
| Executive recognizes increase in funding under the new Every Student Succeeds Act (ESSA) of $55.9 million for student support and academic enrichment. Reduces Drug-Free School and Community funds by $3.0 million to a total of $2.0 million, and eliminates all but $250,000, a reduction of $10.0 million, in charter school subgrant funds. | Federal | 779,076,400 | 42,863,400 |
| House concurs with Executive. | | | |

**Major Boilerplate Changes From FY 2015-16**

***Sec. 6. Pupil Membership Definitions* – REVISED**
Executive revises pupil membership blend in (4) from 90% of the October count plus 10% of the prior February count to 50% fall count plus 50% prior February count. Caps the number for which a district may claim a nonpublic school pupil membership, for the purposes of receiving state aid, at no more than 1/3 of an FTE for grades 1 to 12 to align it with Sec. 166b, which requires that a nonpublic student be part-time and limited to nonessential elective courses. (*See also Sec. 166b below*). Strikes language added in FY 2015-16 that would count allow a student to be counted as homeless if he or she was counted in membership in FY 2014-15 even if the student didn't meet the Federal homeless definition.

House revises pupil membership blend in (4) from 90% of the October count plus 10% of the prior February count to 85% of the current October count plus 15% of the previous October count. Does not cap the number of FTEs a nonpublic school pupil membership. House concurs to strike the homeless exception added in FY 2015-16. Adds that for a special education student who was expelled on the pupil count day but reinstated after, the district's membership shall be adjusted to count the student.

***Sec. 20j. Foundation Calculations for Hold Harmless Districts* – NEW**
Executive due to an inflationary cap on Hold Harmless (HH) District Foundation Allowances, which was put in statute along with the school funding reforms tied to Proposal A in 1994, HH districts (currently foundation allowances greater than $8,169) would be capped at increases ranging from $8-$15. The Executive budget reintroduces former Section 20j, which would allow the difference between each HH district's inflationary increase and the $60 increase in the State Maximum Guaranteed foundation allowance to be allocated under a separate calculation than its foundation calculation in Sec. 20.

House concurs with Executive.

***Sec. 21f. Virtual Classes* – REVISED**
Executive makes several changes including the following 3 major policy changes:

- Requires a district to provide written notification and a description of appeal process if denying enrollment. Also requires a district if disallowing a course for sufficient rigor to "enroll" a pupil in an alternative course, rather than "make a reasonable effort to assist" a student in finding an alternative.
- Requires primary enrolling districts to provide a student enrolled in more than 2 virtual courses per term with hardware, software, and internet access without charge to the pupil, in addition to the expenses paid for the virtual course under (9), currently 6.67% of the minimum foundation.
- Requires MDE to establish standards for appropriate hardware, software, and internet access and to establish minimum requirements to count a pupil in a virtual course in a district's pupil membership, for the purpose of receiving of state aid.
- Deletes requirement that online courses offered by community colleges generate postsecondary credit.

House concurs with changes regarding denying enrollment or disallowing a course, but does not include the other Executive recommendations.

***Sec. 25e. Pupil Transfer Process* – DELETED**
Executive repeals this section and eliminates the pupil transfer process, which currently allows districts to transfer a portion of a pupil membership FTE, and thus the state aid funding tied to it, if a pupil transfers from one district to another between the Fall count date and the following February count date.

House concurs with Executive.

***Sec. 32d. Great Start Readiness Program (GSRP)* – REVISED**
Executive prioritizes children who are homeless, in foster care, or have an IEP that requires preschool as if they are in the lowest income quintile. Reduces program eligibility notification requirements to community-based providers to those that are currently non-participating and to just one notice, which could be done electronically.

House concurs with Executive and revises the cap on ISD administration expenses from either 7% or 4% depending on whether or not the ISD is subcontracting services to 5% either way, and eliminates the 4% cap for subrecipient administration costs and instead counts them as direct services.

***Sec. 39. Great Start Readiness Program Formula* – REVISED**
Executive revises application and formula to base it on number of half-day slots filled rather children served such that the hold harmless provision, guaranteeing an ISD at least its prior slot allocation, would include slots used to provide full-day programs.

House concurs with Executive.

***Sec. 51a(15). Special Education Penalty* – REVISED**
Executive deletes legislative intent that, beginning in FY 2016-17, would penalize a district, PSA, or ISD by 10% of its total state aid if it does not comply with the process for special education services for PSA pupils under subsection (14) or federal regulations.

House maintains the penalty and implements it beginning in FY 2016-17.

**Major Boilerplate Changes From FY 2015-16**

***Sec. 101. Days and Hours of Instruction* – REVISED**
Executive deletes district reports of days and hours of instruction and replaces with district certification to MDE that it is in full compliance or district reports to MDE for each instance of noncompliance.

House concurs with Executive.

***Sec. 104b. Assessments*– DELETED**
Executive maintains current law.

House repeals this section, which requires that districts administer the Michigan Merit Exam including a college entrance test (SAT, formerly ACT), a work skills test (WorkKeys), and a state summative assessment (M-STEP).

***Sec. 104c. Assessments*– DELETED**
Executive revises to require fall and spring assessments in grades K to 2, and eliminates the kindergarten entry assessment.

House repeals this section.

***Sec. 107. Adult Education* – REVISED**
Executive revises eligible programs to add adult secondary education programs, eliminate job- or employment-related programs, and revise GED to high school equivalency test prep programs. Deletes all current participant eligibility criteria, and replaces with either a) is at least 20 years of age or b) is an out-of-school youth as defined in federal Workforce Innovation and Opportunity Act. Deletes FTE funding formula based on 80% enrollment and 20% completion. Makes payments based on statewide allocation criteria including 3-year average enrollments, census data, and local needs as well as participant completion data, and allowable expenditures.

House concurs with Executive except maintains current law in regards to participant eligibility criteria.

***Sec. 166. Penalty for Family Planning* – REVISED**
Executive repeals this section.

House revises the penalty under which a district currently forfeits 5% of its total state aid if a board member or staff distributes family planning drugs or devices or makes referrals for abortions. Instead it would require a district to adopt a disciplinary policy for school officials or staff for violations of MCL 380.1507 (regarding Sex Education and prohibits distribution of family planning drugs or devices) or for making abortion referrals. A district that fails to adopt a disciplinary policy would forfeit $100,000 of its state aid. The policy must create financial penalties for school officials, staff, or contractors and require that penalties be negotiated in collective bargaining agreements.

***Sec. 166b. Nonpublic Students* – RETAINED**
Executive revises to clarify that a district may count nonpublic students as FTEs, to receive state aid, for nonessential, elective courses "that are offered **AND BEING PROVIDED**" to full-time pupils in the same grade level or age group during regularly scheduled school hours.

House maintains current law.

| Flint-related Supplemental Recommendations for FY 2015-16 Appropriations | | FY 2015-16 Recommendation |
|---|---|---|
| ***1. Flint Declaration of Emergency (Sec. 11o)* – NEW**<br>Executive adds $9.2 million to provide universal Early On testing to identify and provide services to children 0-4 with potential developmental delays due to lead exposure.<br>House concurs with Executive. | **Gross**<br>GF/GP | **$9,200,000**<br>$9,200,000 |

| Other Supplemental Recommendations for FY 2015-16 Appropriations | | FY 2015-16 Recommendation |
|---|---|---|
| ***1. State School Reform/Redesign (Sec. 21)* – NEW**<br>Executive adds $1.0 million to pay CEOs appointed by the School Reform/Redesign Office (SRRO) to take control of school buildings that are identified in the lowest achieving 5% of schools in the state.<br>House does not include. | **Gross**<br>Restricted | **$0**<br>0 |
| ***2. Statewide School Water Testing (Sec. 78)* – NEW**<br>Executive adds $9.0 million to provide the 1st of 3 years of funding to test school building water systems for lead based on a statewide strategic plan developed by MDE In collaboration with DEQ and LARA.<br>House does not include. | **Gross**<br>Restricted | **$0**<br>0 |
| ***3. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)***<br>Executive increases the state share of court-mandated special education costs to a total of $947.2 million to reflect updated estimates based on actual FY 2014-15 costs.<br>House concurs with Executive. | **Gross**<br>Restricted | **$28,700,000**<br>28,700,000 |
| ***4. Foundation Allowances (Secs. 22a and 22b)***<br>Executive reduces the state share of foundation allowance costs to a total of $8.9 billion to reflect revised consensus estimates due to an increasing local share due to higher taxable values.<br>House concurs with Executive. | **Gross**<br>Federal | **($64,700,000)**<br>(64,700,000) |
| ***5. School Bond Loan Redemption Fund (Sec. 11j)***<br>Executive reduces costs paid on behalf of districts in the school bond loan program to $99.5 million to reflect lower costs from an increased number of districts refinancing bonds to access lower interest rates.<br>House concurs with Executive. | **Gross**<br>Restricted | **($27,000,000)**<br>(27,000,000) |
| ***6. Renaissance Zone Reimbursements (Sec. 26a)***<br>Executive reduces renaissance zone reimbursements to $20.0 million based on actual FY 2014-15 costs.<br>House concurs with Executive. | **Gross**<br>Restricted | **($6,300,000)**<br>(6,300,000) |
| ***7. School Breakfast (Sec. 31f)***<br>Executive reduces school breakfast program costs to $2.5 million based on actual FY 2014-15 program costs. Cost reductions due to increased federal funding for breakfast and lunch in FY 2014-15.<br>House concurs with Executive. | **Gross**<br>Restricted | **($3,125,000)**<br>(3,125,000) |
| ***8. Juvenile Detention Facilities (Sec. 24a)***<br>Executive reduces the costs of education expenses in juvenile detention facilities operated by DHHS to reflect the closure of the Maxey facility.<br>House concurs with Executive. | **Gross**<br>Restricted | **($888,800)**<br>(888,800) |
| ***9. Promise Zone Payments (Sec. 26c)***<br>Executive reduces payments to promise zone authorities based on updated cost estimates. Promise zones receive half the growth in the State Education Tax (SET) revenue from property within the zone compared to base year SET revenues.<br>House concurs with Executive. | **Gross**<br>Restricted | **($332,000)**<br>(332,000) |

# SCHOOL AID LINE ITEM SUMMARY

| | | FY 2015-16 | | | FY 2016-17 | | FY 2016-17 | |
|---|---|---|---|---|---|---|---|---|
| | | HB 4115 (PA 85) SB 134 (PA 139) Enacted | Change from YTD | House Subcommittee Supplemental | Change from FY16 YTD | Executive Recommendation | Change from FY16 | House Subcommittee |
| Sec. | | | | | | | | |
| 11j | School Bond Redemption Fund | $126,500,000 | ($27,000,000) | $99,500,000 | | $126,500,000 | | $126,500,000 |
| 11m | Cash Flow Borrowing Costs | $2,000,000 | | $2,000,000 | $1,000,000 | $3,000,000 | $1,000,000 | $3,000,000 |
| 11s | Flint Declaration of Emergency **- NEW** | $0 | $9,200,000 | $9,200,000 | $10,142,600 | $10,142,600 | $10,142,600 | $10,142,600 |
| 20f | Categorical Offset Payments | $18,000,000 | | $18,000,000 | | $18,000,000 | | $18,000,000 |
| 20g | Dissolved District Transition Grants | $2,200,000 | | $2,200,000 | | $2,200,000 | | $2,200,000 |
| 21 | State School Reform/Redesign **- NEW** | $0 | | $0 | $5,000,000 | $5,000,000 | | $0 |
| 21g | Competency Based Funding Pilot - **NEW** | | | | | | $1,000,000 | $1,000,000 |
| 22a | Foundations: Proposal A Obligation Payment | $5,281,700,000 | ($26,700,000) | $5,255,000,000 | ($75,700,000) | $5,206,000,000 | ($63,200,000) | $5,218,500,000 |
| 22b | Foundations: Discretionary Payment | $3,728,000,000 | ($38,000,000) | $3,690,000,000 | $172,000,000 | $3,900,000,000 | $172,000,000 | $3,900,000,000 |
| 22d | Isolated District Funding | $5,000,000 | | $5,000,000 | | $5,000,000 | | $5,000,000 |
| 22g | Consolidation Innovation Grants | $5,000,000 | | $5,000,000 | | $5,000,000 | | $5,000,000 |
| 22i | Technology Infrastructure Improvement Grants | $23,500,000 | | $23,500,000 | ($23,500,000) | $0 | ($23,500,000) | $0 |
| 24 | Court-Placed Pupils | $8,000,000 | | $8,000,000 | | $8,000,000 | | $8,000,000 |
| 24a | Juvenile Detention Facility Programs | $2,189,800 | ($888,800) | $1,301,000 | ($861,700) | $1,328,100 | ($861,700) | $1,328,100 |
| 24c | Youth ChalleNGe Program | $1,497,400 | | $1,497,400 | $25,000 | $1,522,400 | $25,000 | $1,522,400 |
| 25f | Strict Discipline Academy | $1,000,000 | | $1,000,000 | ($750,000) | $250,000 | ($750,000) | $250,000 |
| 25g | Dropout Recovery Programs | $1,000,000 | | $1,000,000 | ($750,000) | $250,000 | ($750,000) | $250,000 |
| 26a | Renaissance Zone Reimbursement | $26,300,000 | ($6,300,000) | $20,000,000 | ($6,300,000) | $20,000,000 | ($6,300,000) | $20,000,000 |
| 26b | PILT Reimbursement | $4,276,800 | | $4,276,800 | $128,300 | $4,405,100 | $128,300 | $4,405,100 |
| 26c | Promise Zone Funding | $610,000 | ($332,000) | $278,000 | $390,000 | $1,000,000 | $390,000 | $1,000,000 |
| 31a | "At Risk" Pupil Support | $378,988,200 | | $378,988,200 | | $378,988,200 | $18,000,000 | $396,988,200 |
| 31a(7) | School Based Health Centers | $5,557,300 | | $5,557,300 | | $5,557,300 | | $5,557,300 |
| 31a(8) | Hearing and Vision Screening | $5,150,000 | | $5,150,000 | | $5,150,000 | | $5,150,000 |
| 31c | Gang Prevention and Intervention Programs | $1,000,000 | | $1,000,000 | ($1,000,000) | $0 | $3,000,000 | $4,000,000 |
| 31d | State School Lunch Programs | $22,495,100 | | $22,495,100 | | $22,495,100 | | $22,495,100 |
| 31d | Federal School Lunch Programs | $513,200,000 | | $513,200,000 | | $513,200,000 | | $513,200,000 |
| 31f | School Breakfast Program | $5,625,000 | ($3,125,000) | $2,500,000 | ($3,125,000) | $2,500,000 | ($3,125,000) | $2,500,000 |
| 31h | Cooperative Education Grant | $300,000 | | $300,000 | ($300,000) | $0 | ($300,000) | $0 |
| 32d | Great Start Readiness Program | $243,900,000 | | $243,900,000 | | $243,900,000 | | $243,900,000 |
| 32p | Early Childhood Block Grants | $13,400,000 | | $13,400,000 | | $13,400,000 | | $13,400,000 |
| 35 | Early Literacy Implementation | $1,000,000 | | $1,000,000 | | $1,000,000 | | $1,000,000 |
| 35a(2) | Early Literacy Parents University Pilot | $1,000,000 | | $1,000,000 | ($1,000,000) | $0 | ($1,000,000) | $0 |
| 35a(3) | Early Literacy Professional Development | $950,000 | | $950,000 | | $950,000 | | $950,000 |
| 35a(4) | Early Literacy Diagnostic Tools | $1,450,000 | | $1,450,000 | | $1,450,000 | | $1,450,000 |
| 35a(5) | Early Literacy Teacher Coaches | $3,000,000 | | $3,000,000 | | $3,000,000 | | $3,000,000 |
| 35a(6) | Early Literacy Added Instructional Time | $17,500,000 | | $17,500,000 | | $17,500,000 | | $17,500,000 |
| 35a(7) | Early Literacy - Michigan Education Corps | $1,000,000 | | $1,000,000 | ($1,000,000) | $0 | ($1,000,000) | $0 |
| 35a(8) | Early Literacy Teacher Certification Test | $500,000 | | $500,000 | ($500,000) | $0 | ($500,000) | $0 |
| 39a(1) | Federal NCLB/ESSA Grant Funds | $779,076,400 | | $779,076,400 | $42,863,500 | $821,939,900 | $42,863,500 | $821,939,900 |
| 39a(2) | Other Federal Funding | $30,800,000 | | $30,800,000 | | $30,800,000 | | $30,800,000 |
| 41 | Bilingual Education Grants | $1,200,000 | | $1,200,000 | | $1,200,000 | | $1,200,000 |
| 43 | Teacher Certification Test Rewrite | $1,800,000 | | $1,800,000 | ($1,800,000) | $0 | ($1,800,000) | $0 |
| 51a(1) | Special Education - Federal Reimbursement | $370,000,000 | | $370,000,000 | | $370,000,000 | | $370,000,000 |
| 51a(2) | Special Ed ISD Foundation and Costs | $251,800,000 | $12,300,000 | $264,100,000 | $19,800,000 | $271,600,000 | $19,800,000 | $271,600,000 |
| 51a(3) | Special Ed ISD Hold Harmless Payment | $1,300,000 | ($300,000) | $1,000,000 | ($200,000) | $1,100,000 | ($200,000) | $1,100,000 |
| 51a(6) | Special Ed Admin Rules Changes | $2,200,000 | | $2,200,000 | | $2,200,000 | | $2,200,000 |
| 51a(11) | Special Ed Foundations for Non Sec. 52 to ISDs | $3,300,000 | $700,000 | $4,000,000 | $400,000 | $3,700,000 | $400,000 | $3,700,000 |
| 51c | Special Ed Headlee Obligation (Durant) | $610,000,000 | $16,000,000 | $626,000,000 | $34,500,000 | $644,500,000 | $34,500,000 | $644,500,000 |
| 51d | Special Education - Other Federal Grants | $71,000,000 | | $71,000,000 | | $71,000,000 | | $71,000,000 |
| 53a | Special Ed for Court Placed Pupils | $10,500,000 | | $10,500,000 | | $10,500,000 | | $10,500,000 |
| 54 | Special Ed Michigan School Blind/Deaf | $1,688,000 | | $1,688,000 | | $1,688,000 | | $1,688,000 |
| 54b | Special Education Task Force Reforms **- NEW** | $0 | | $0 | $1,370,000 | $1,370,000 | $1,370,000 | $1,370,000 |
| 55 | Conductive Learning Study | $150,000 | | $150,000 | | $150,000 | | $150,000 |

# SCHOOL AID LINE ITEM SUMMARY

| | | FY 2015-16 | | | FY 2016-17 | | FY 2016-17 | |
|---|---|---|---|---|---|---|---|---|
| | | HB 4115 (PA 85) SB 134 (PA 139) Enacted | Change from YTD | House Subcommittee Supplemental | Change from FY16 YTD | Executive Recommendation | Change from FY16 | House Subcommittee |
| 56 | Special Ed ISD Millage Equalization | $37,758,100 | | $37,758,100 | | $37,758,100 | | $37,758,100 |
| 61a | Career & Tech Ed Programs | $36,611,300 | | $36,611,300 | | $36,611,300 | $115,000 | $36,726,300 |
| 61b | Career & Tech Ed Early/Middle College | $10,000,000 | | $10,000,000 | $5,000,000 | $15,000,000 | $5,000,000 | $15,000,000 |
| 61c | Career & Tech Ed Equipment Upgrades **- NEW** | $0 | | $0 | $10,000,000 | $10,000,000 | $10,000,000 | $10,000,000 |
| 62 | ISD Vocational Education Millage Equalization | $9,190,000 | | $9,190,000 | | $9,190,000 | | $9,190,000 |
| 64b | Dual Enrollment Incentive Payments | $1,750,000 | | $1,750,000 | | $1,750,000 | | $1,750,000 |
| 65 | Detroit PreCollege Engineering | $340,000 | | $340,000 | | $340,000 | | $340,000 |
| 67 | Career and College Readiness Tools | $3,600,000 | | $3,600,000 | ($550,000) | $3,050,000 | ($550,000) | $3,050,000 |
| 74 | School Bus Driver Safety Instruction | $1,625,000 | | $1,625,000 | | $1,625,000 | | $1,625,000 |
| 74 | School Bus Inspections | $1,690,700 | | $1,690,700 | $4,900 | $1,695,600 | $4,900 | $1,695,600 |
| 78 | Statewide School Water Testing **- NEW** | $0 | | $0 | $9,000,000 | $9,000,000 | | $0 |
| 81 | ISD General Operations Support | $67,108,000 | | $67,108,000 | $1,074,000 | $68,182,000 | $1,074,000 | $68,182,000 |
| 94 | Advanced Placement (AP) Incentive Program | $250,000 | | $250,000 | | $250,000 | | $250,000 |
| 94a | Center for Educational Performance and Information | $11,967,000 | | $11,967,000 | $206,200 | $12,173,200 | $206,200 | $12,173,200 |
| 94a | Center for Educational Performance and Info - Federal | $193,500 | | $193,500 | | $193,500 | | $193,500 |
| 95a | Educator and Administrator Evaluations | $0 | | $0 | $10,000,000 | $10,000,000 | | $0 |
| 98 | Michigan Virtual University | $7,387,500 | | $7,387,500 | | $7,387,500 | | $7,387,500 |
| 99c | Civic Education | $60,000 | | $60,000 | ($60,000) | $0 | ($60,000) | $0 |
| 99h | FIRST Robotics | $2,000,000 | | $2,000,000 | $500,000 | $2,500,000 | | $2,000,000 |
| 99s(2) | MiSTEM Grants - Council | $50,000 | | $50,000 | $2,475,000 | $2,525,000 | | $50,000 |
| 99s(3) | MiSTEM Grants - Math and Science Centers - State | $2,750,000 | | $2,750,000 | | $2,750,000 | | $2,750,000 |
| 99s(3) | MiSTEM Grants - Math and Science Centers - Federal | $5,249,300 | | $5,249,300 | | $5,249,300 | | $5,249,300 |
| 99s(4) | MiSTEM Grants - Michigan STEM Partnership | $475,000 | | $475,000 | ($475,000) | $0 | | $475,000 |
| 99s(5) | MiSTEM Grants - STEM Professional Development | $250,000 | | $250,000 | ($250,000) | $0 | | $250,000 |
| 99s(6) | MiSTEM Grants - Science Olympiad | $250,000 | | $250,000 | ($250,000) | $0 | | $250,000 |
| 99s(7) | MiSTEM Grants - Van Andel Education Institute | $250,000 | | $250,000 | ($250,000) | $0 | | $250,000 |
| 99t | Online Algebra Tool **- NEW** | | | | | | $2,000,000 | $2,000,000 |
| 102d | Financial Data Analysis Tools | $1,500,000 | | $1,500,000 | | $1,500,000 | $100,000 | $1,600,000 |
| 104 | Education Assessments - State | $43,994,400 | | $43,994,400 | ($10,100,000) | $33,894,400 | ($21,994,400) | $22,000,000 |
| 104 | Education Assessments - Federal | $6,250,000 | | $6,250,000 | | $6,250,000 | | $6,250,000 |
| 104d | Computer Adaptive Test | $4,000,000 | | $4,000,000 | ($4,000,000) | $0 | ($4,000,000) | $0 |
| 107 | Adult Education | $25,000,000 | | $25,000,000 | | $25,000,000 | | $25,000,000 |
| 147a | MPSERS Cost Offset | $100,000,000 | | $100,000,000 | | $100,000,000 | | $100,000,000 |
| 147c | MPSERS State Share of Unfunded Liability Payments | $893,500,000 | | $893,500,000 | $89,300,000 | $982,800,000 | $89,300,000 | $982,800,000 |
| 152a | Adair - Database Payment | $38,000,500 | | $38,000,500 | | $38,000,500 | | $38,000,500 |
| 152b | Nonpublic School Reimbursement **- NEW** | | | | | | $1,000,000 | $1,000,000 |
| | **TOTAL APPROPRIATIONS** | **$13,900,654,300** | **($64,445,800)** | **$13,836,208,500** | **$282,457,800** | **$14,183,112,100** | **$283,528,400** | **$14,184,182,700** |
| | **REVENUE BY SOURCE** | | | | | | | |
| | Federal Aid | $1,775,769,200 | $0 | $1,775,769,200 | $42,863,500 | $1,818,632,700 | $42,863,500 | $1,818,632,700 |
| | School Aid Fund | $12,078,985,100 | ($73,645,800) | $12,005,339,300 | ($16,505,800) | $12,062,479,300 | ($6,435,200) | $12,072,549,900 |
| | Community District Trust Fund/Other Restricted Fund | $0 | | $0 | $72,000,100 | $72,000,100 | $72,000,100 | $72,000,100 |
| | General Fund/General Purpose | $45,900,000 | $9,200,000 | $55,100,000 | $184,100,000 | $230,000,000 | $175,100,000 | $221,000,000 |
| | **TOTAL REVENUE** | **$13,900,654,300** | **($64,445,800)** | **$13,836,208,500** | **$282,457,800** | **$14,183,112,100** | **$283,528,400** | **$14,184,182,700** |

**SCHOOL AID FUND (SAF) BALANCE SHEET**
**FY 2016-17 - HB 5266 (H-1) Draft 1**
**(Dollars in Millions)**

| | Exec FY 2015-16 | House Subcommittee FY 2015-16 | Exec FY 2016-17 | House Subcommittee FY 2016-17 |
|---|---|---|---|---|
| Beginning School Aid Fund Balance | $190.2 | $190.2 | $47.9 | $57.9 |
| Beginning MPSERS Reserve Fund Balance | $0.0 | $0.0 | $0.0 | $0.0 |
| **TOTAL BEGINNING BALANCE** | **$190.2** | **$190.2** | **$47.9** | **$57.9** |
| **ESTIMATED REVENUE** | | | | |
| **SCHOOL AID FUND (SAF) REVENUE** | | | | |
| Revenue Estimates (May 2015 CREC) | $12,131.6 | $12,131.6 | $12,486.2 | $12,486.2 |
| HMO Use Tax | $203.3 | $203.3 | $50.9 | $50.9 |
| Venture Michigan Fund Certificates | $0.0 | $0.0 | ($9.5) | ($9.5) |
| ***Subtotal: SAF Revenue*** | **$12,334.9** | **$12,334.9** | **$12,527.6** | **$12,527.6** |
| **OTHER REVENUE ADJUSTMENTS** | | | | |
| General Fund/General Purpose (GF/GP) Grant | $24.2 | $24.2 | $188.0 | $179.0 |
| Personal Property Tax Reform: GF Transfer to School Aid | $30.9 | $30.9 | $42.0 | $42.0 |
| Detroit Public Schools Trust Fund | $0.0 | $0.0 | $72.0 | $72.0 |
| Federal Aid | $1,775.8 | $1,775.8 | $1,818.6 | $1,818.6 |
| ***Subtotal: Other Revenue*** | **$1,830.9** | **$1,830.9** | **$2,120.6** | **$2,111.6** |
| **TOTAL REVENUE** | **$14,165.8** | **$14,165.8** | **$14,648.2** | **$14,639.2** |
| **ESTIMATED EXPENDITURES** | | | | |
| **ESTIMATED SCHOOL AID EXPENDITURES** | | | | |
| Ongoing Baseline | $13,773.0 | $13,763.0 | $14,147.6 | $14,148.6 |
| Expenditures funded with One-time Revenue | $73.2 | $73.2 | $35.6 | $35.6 |
| ***Subtotal: SCHOOL AID EXPENDITURES*** | **$13,846.2** | **$13,836.2** | **$14,183.2** | **$14,184.2** |
| **Community Colleges** | $256.7 | $256.7 | $260.4 | $260.4 |
| **Higher Education** | $205.2 | $205.2 | $237.1 | $237.1 |
| ***Subtotal: Post Secondary Expenditures*** | **$461.9** | **$461.9** | **$497.5** | **$497.5** |
| **TOTAL EXPENDITURES** | **$14,308.1** | **$14,298.1** | **$14,680.7** | **$14,681.7** |
| **Current Year: Revenues - Expenditures** | **($142.3)** | **($132.3)** | **($32.5)** | **($42.5)** |
| **TOTAL ENDING BALANCE** | **$47.9** | **$57.9** | **$15.4** | **$15.4** |