

FY 2019-20 SUPPLEMENTAL APPROPRIATIONS
Summary: As Passed by the Senate
Senate Bill 373 (S-3)



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FY 2019-20 APPROPRIATION SUMMARY

Budget Area		FY 2019-20 Year-to-Date Appropriations	FY 2019-20 Supplemental Change	% Change
School Aid	Gross	\$15,177,263,600	\$135,963,600	0.9
	Federal	1,749,578,500	512,000,000	29.3
	Restricted	13,365,065,100	(587,016,400)	(4.4)
	GF/GP	\$62,620,000	\$210,980,000	336.9
Community Colleges	Gross	\$414,719,000	\$0	0.0
	Federal	0	36,273,400	--
	Restricted	414,719,000	(36,273,400)	(8.7)
	GF/GP	\$0	\$0	0.0
Higher Education	Gross	\$1,691,395,000	\$0	0.0
	Federal	134,026,400	163,726,600	122.2
	Restricted	349,419,300	(163,726,600)	(46.9)
	GF/GP	\$1,207,949,300	\$0	0.0
TOTAL	Gross	\$16,868,658,600	\$135,963,600	0.8
	Federal	1,883,604,900	712,000,000	37.8
	Restricted	14,129,203,400	(787,016,400)	(5.6)
	GF/GP	\$1,270,569,300	\$210,980,000	16.6

Overview

SCHOOL AID

Reflects \$136.0 million Gross increase to the School Aid budget due to the following revenue adjustments:

- Reduces by \$977.2 million SAF due to reduced SAF revenue as of the May 2020 Consensus Revenue Estimating Conference (CREC)
- Includes a \$350.0 million deposit from the Countercyclical Budget and Economic Stabilization Fund (BSF) to SAF
- Increases by \$30 million MPSERS Retirement Obligation Reform Reserve Fund from Sec. 147b for a total of \$31.9 million
- Includes \$9.7 million Talent Investment Fund (TIF) from lapsing the remaining Marshall Plan for Talent work projects
- Includes a \$500,000 increase to Community District Trust Fund due to CREC cost adjustments
- Increases by \$211.0 million GF/GP
- Increases by \$512.0 million Federal Coronavirus Relief Fund (CRF)

COMMUNITY COLLEGES

Reflects \$0.0 Gross change to the Community Colleges budget due to the following revenue adjustments:

- Reduces by \$36.3 million SAF due to reduced SAF revenue as of the May 2020 CREC
- Increases by \$36.3 million Federal CRF

HIGHER EDUCATION

Reflects \$0.0 Gross change to the Higher Education budget due to the following revenue adjustments:

- Reduces by \$163.7 million SAF due to reduced SAF revenue as of the May 2020 CREC
- Increases by \$163.7 million Federal CRF

FY 2019-20 Supplemental Appropriation Items

**Appropriation
Change**

SCHOOL AID

1. Per-Pupil Reduction of \$175 (Sec. 11d) – NEW

Reduces state school aid to districts by \$175 per pupil and allows districts to absorb the cut by reducing or eliminating any other funded program except the following protected sections:

Gross (\$256,000,000)
Restricted (256,000,000)
GF/GP \$0

- 11j (School Bond Redemption Fund)
- 22a (Proposal A portion of the foundation allowance)
- 26a (Renaissance Zone Reimbursement)
- 26b (Payment in Lieu of Taxes Reimbursement)
- 26c (Promise Zone Funding)
- 31d (State School Lunch Programs)
- 31f (School Breakfast Program)
- 51a(2) (Special Education ISD Foundation and Costs)
- 51a(11) (Special Education Foundations for Non-Sec. 52)
- 51c (Special Education Headlee Obligation)
- 53a (Special Education for Court-Placed Pupils)
- 147c (MPSERS State Share of Unfunded Liability Payments)
- 147e(2)(a) (MPSERS Added Normal/DC Costs for PA 92 of 2017)
- 152a (Adair – Database Payment)

For districts for which the reduction is greater than the amount of unprotected funds in the final FY 2019-20 monthly payment, or if a district provides evidence that the reduction would cause hardship in fulfilling pledged loan repayment requirements, MDE will establish a receivable in the amount of the overpayment and recoup the amount in subsequent monthly operations payments within one fiscal year.

2. Coronavirus Relief Fund (Sec. 11p) – NEW

Provides \$512.0 million Federal, awarded from the CRF under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, to districts in an amount equal to \$350 per pupil. Districts must comply with the federal requirements, including that CRF may only be used to cover costs that were not accounted for in the most recently approved budget as of March 27, 2020. This appropriation eliminates the CRF appropriation authorized in the same amount and for the same purpose under Sec. 302 of 2020 PA 67.

Gross \$512,000,000
Federal 512,000,000
Restricted 0
GF/GP \$0

3. Cash Flow Borrowing (Sec. 11m)

Decreases by \$59.0 million SAF to a total of \$7.0 million SAF to reflect updated cost estimates for the interest costs of inter-fund borrowing between the School Aid Fund and the General Fund to balance the timing of revenue collections and required state aid payments.

Gross (\$59,000,000)
Restricted (59,000,000)
GF/GP \$0

4. Foundation Allowances (Secs. 22a and 22b)

Decreases by \$8.0 million SAF to a total of \$9.5 billion Gross to reflect updated consensus cost estimates for pupil membership counts and taxable values.

Gross (\$8,000,000)
Restricted (8,000,000)
GF/GP \$0

5. Promise Zone Funding (Sec. 26c)

Decreases by \$1.0 million SAF to a total of \$7.4 million SAF to reflect updated consensus cost estimates for required funds for districts and ISDs with approved Promise Zone development plans for the purposes of the local Promise Zone Authority.

Gross (\$1,000,000)
Restricted (1,000,000)
GF/GP \$0

6. Local Produce in School Meals (Sec. 31j)

Provides \$575,000 GF/GP to continue a program to support districts in the purchase of locally grown fruits and vegetables for use in school lunches. Distributes \$125,000 to each of prosperity regions 2, 4, 6, and 9 and \$75,000 to prosperity region 8. Permits a prosperity region to retain up to 10% and MDE to retain up to 6% of funding for administration. If MDE administers the program for a prosperity region, MDE may retain up to 10% of funding.

Gross \$575,000
Restricted 0
GF/GP \$575,000

7. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)

Decreases by \$21.2 million SAF to reflect revised consensus cost estimates based on actual FY 2018-19 year-end special education costs data. Total estimated special education costs for FY 2019-20 are \$1.5 billion.

Gross (\$21,200,000)
Restricted (21,200,000)
GF/GP \$0

8. Career and Technical Education (CTE) (Sec. 61a)

Maintains total funding of \$37.6 million but revises to replace \$9.7 million SAF with a corresponding amount of TIF.

Gross \$0
Restricted 0
GF/GP \$0

<u>FY 2019-20 Supplemental Appropriation Items</u>		Appropriation Change	
9. Center for Educational Performance and Information (CEPI) (Sec. 94a)		Gross	(\$411,400)
Reduces by \$411,400 GF/GP to a total of \$16.0 million GF/GP to reflect a 2.5% savings from hiring and spending freezes.		Restricted	0
		GF/GP	(\$411,400)
10. Statewide Evaluation Tool (Sec. 95b)		Gross	\$0
Revises to require MDE to continue the model value-added growth and projection analytics system in FY 2019-20, but does not continue funding (\$2.5 million GF/GP in FY 2018-19). Provides intent language that the legislature fund the model in FY 2021-22 only if both of the following are verified by MDE and CEPI in a report by March 31, 2021: at least 50% of districts that are not public school academies (PSAs) opt in to student-teacher linkages provided by the model; and the value-added reporting platform continued hosting and delivery of historical reporting. Requires the platform to offer MDE additional supports in research, analysis, web reporting, and training. Requires the vendor and MDE to provide statewide training for educators to understand the reporting that details the impact to student learning and growth.		Restricted	0
		GF/GP	\$0
11. School Safety Grants (Sec. 97)		Gross	(\$10,000,000)
Eliminates \$10.0 million SAF for grants to public schools, districts, and ISDs to purchase technology, upgrade hardening measures, or conduct school building safety assessments.		Restricted	(10,000,000)
		GF/GP	\$0
12. FIRST Robotics (Sec. 99h)		Gross	(\$800,000)
Reduces by \$800,000 SAF to a total of \$3.9 million SAF for grants to districts and ISDs for participation in K-12 events hosted by FIRST Robotics or other competitive robotics programs.		Restricted	(800,000)
		GF/GP	\$0
13. Education Assessments (Sec. 104)		Gross	(\$6,000,000)
Reduces SAF appropriation by \$6.0 million to a total of \$26.0 million SAF and maintains \$6.3 million Federal. Michigan received a federal waiver for state assessments for FY 2019-20 due to the COVID-19 pandemic.		Federal	0
		Restricted	(6,000,000)
		GF/GP	\$0
14. MPSERS State Share of Unfunded Liability Payments (Sec. 147c)		Gross	\$0
Maintains total funding of \$1.0 billion but revises to replace \$30.0 million SAF with a corresponding amount of MPSERS Retirement Obligation Reform Reserve Fund.		Restricted	0
		GF/GP	\$0
15. MPSERS Added Normal/DC Costs for 2017 PA 92 (Sec. 147e)		Gross	(\$14,200,000)
Reduces SAF appropriation by \$14.2 million to a total of \$26.5 million SAF and maintains \$1.9 million MPSERS Retirement Obligation Reform Reserve Fund. Savings reflect updated cost estimates.		Restricted	(14,200,000)
		GF/GP	\$0
COMMUNITY COLLEGES			
16. Operations Funding Reduction		Gross	(\$36,273,400)
Reduces each individual community college base operations and performance funding appropriation by 11% SAF. The reduction is greater than the amount of the final FY 2019-20 monthly payment, which will result in community colleges getting an overpayment for the fiscal year. The Department of Technology, Management, and Budget (DTMB) will establish a receivable in the amount of the overpayment and recoup the amount in subsequent monthly operations payments within one fiscal year.		Restricted	(36,273,400)
		GF/GP	\$0
17. Operations Funding Increase		Gross	\$36,273,400
Increases each individual community college base operations and performance funding appropriation by an amount equal to the 11% SAF reduction using federal Coronavirus Relief Fund.		Federal	36,273,400
		GF/GP	\$0
HIGHER EDUCATION			
18. Operations Funding Reduction		Gross	(\$163,726,600)
Reduces each individual university base operations and performance funding appropriation by 11% SAF. The reduction is greater than the amount of the final FY 2019-20 monthly payment, which will result in universities getting an overpayment for the fiscal year. DTMB will establish a receivable in the amount of the overpayment and recoup the amount in subsequent monthly operations payments within one fiscal year.		Restricted	(163,726,600)
		GF/GP	\$0
19. Operations Funding Increase		Gross	\$163,726,600
Increases each individual university base operations and performance funding appropriation by an amount equal to the 11% SAF reduction using federal Coronavirus Relief Fund.		Federal	163,726,600
		GF/GP	\$0

FY 2019-20 Supplemental Boilerplate Items

SCHOOL AID

Sec. 11q. Budget Stabilization Fund – NEW

Appropriates \$287.2 million BSF to SAF. This amount represents the maximum appropriation allowed under Sec. 352(2) of the Management and Budget Act, 1984 PA 431.

Appropriates an additional \$62.8 million BSF to SAF pursuant to Sec. 358 of 1984 PA 431, considered an emergency appropriation from the fund.

Sec. 20. Foundation Allowances – REVISED

Revises the per-pupil foundation allowance calculation for PSAs to equal the minimum foundation allowance.

Sec. 32d. Great Start Readiness Program – REVISED

Revises to allow subrecipients operating with a federally approved indirect rate for other early childhood programs to include indirect costs, not to exceed the federal 10% de minimis.

COMMUNITY COLLEGES

Sec. 201. FY 2019-20 Appropriations – REVISED

Adds new language stating if DTMB overpaid the amount of a community college's operations and performance funding, the department will establish a receivable in the amount of the overpayment and recoup the amount in subsequent monthly operations payments within one fiscal year.

Sec. 201c. Coronavirus Relief Fund Appropriations – NEW

Lists individual appropriations to individual community colleges. States that a community college must comply with all the requirements of the CARES Act. Community colleges found not to be in compliance with the act must return the funds allocated or have future appropriations withheld.

HIGHER EDUCATION

Sec. 236. FY 2019-20 Appropriations – REVISED

Adds new language stating if DTMB overpaid the amount of a university's operations and performance funding, the department will establish a receivable in the amount of the overpayment and recoup the amount in subsequent monthly operations payments within one fiscal year.

Sec. 236g. Coronavirus Relief Fund Appropriations – NEW

Lists individual appropriations to individual universities. States that a university must comply with all the requirements of the CARES Act. Universities found not to be in compliance with the act must return the funds allocated or have future appropriations withheld.

Sec. 256. Tuition Incentive Program (TIP) – REVISED

Specifies criteria for TIP eligibility. Revises requirements for 2019-20 high school graduates or recipients of high school equivalency certificates in needing to certify TIP eligibility to the Department of Treasury from August 31, 2020 to August 31, 2021.

SCHOOL AID LINE ITEM SUMMARY



Sec.	
11d	Per-Pupil School Aid Reduction of \$175 - NEW
11j	School Bond Redemption Fund
11m	Cash Flow Borrowing Costs
11p	Coronavirus Relief Fund Federal Funding - NEW
11s	Flint Declaration of Emergency
20f	Categorical Offset Payments
21h	Partnership Model Districts
22a	Foundations: Proposal A Obligation Payment
22b	Foundations: Discretionary Payment
22d	Isolated District Funding
22m	Technology Regional Data Hubs
24	Court-Placed Pupils
24a	Juvenile Detention Facility Programs
25f	Strict Discipline Academy
25g	Dropout Recovery Programs
26a	Renaissance Zone Reimbursement
26b	PILT Reimbursement
26c	Promise Zone Funding
31a	At-Risk Pupil Support
31a(7)	School Based Health Centers
31a(8)	Hearing and Vision Screening
31a(16)	At-Risk Pupil Hold Harmless
31d	State School Lunch Programs
31d	Federal School Lunch Programs
31f	School Breakfast Program
31j	Local Produce in School Meals - NEW
31n	School Mental Health and Support Services
32d	Great Start Readiness Program
32p	Early Childhood Block Grants
35a(4)	Early Literacy Teacher Coaches
35a(5)	Early Literacy Added Instructional Time
35a(7)	Literacy Essentials
35a(9)	Summer School Literacy Intervention Grants
35c	Multisensory Education
39a(1)	Federal ESSA Grant Funds
39a(2)	Other Federal Funding
41	English Language Learner Grants
51a(1)	Special Education - Federal Reimbursement
51a(2)	Special Ed ISD Foundation and Costs
51a(3)	Special Ed ISD Hold Harmless Payment
51a(6)	Special Ed Admin Rules Changes
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs
51c	Special Ed Headlee Obligation (Durant)
51d	Special Education - Other Federal Grants
51f	Special Education Cost Reimbursement
53a	Special Ed for Court Placed Pupils
54	Special Ed Michigan School Blind/Deaf
54b	Special Education Task Force Reforms (MiBLSI)
54d	Spec. Ed. Task Force - Early On
54e	PLAY Project - Autism Intervention
56	Special Ed ISD Millage Equalization
61a	Career & Tech Ed Programs
61b	Career & Tech Ed Early/Middle College
61d	CTE Incentive Payment
62	ISD Career & Tech Ed Millage Equalization
65	Detroit PreCollege Engineering
67	Career and College Readiness Tools
74	School Bus Driver Safety Instruction

FY 2019-2020		
FY 20 PA 162 of 2019 YTD	FY 20 Revisions SB 373	Change from YTD
\$0	(\$256,000,000)	(\$256,000,000)
\$111,000,000		\$111,000,000
\$66,000,000	(\$59,000,000)	\$7,000,000
\$0	\$512,000,000	\$512,000,000
\$8,075,100		\$8,075,100
\$18,000,000		\$18,000,000
\$6,000,000		\$6,000,000
\$4,943,000,000	(\$27,000,000)	\$4,916,000,000
\$4,556,000,000	\$19,000,000	\$4,575,000,000
\$7,000,000		\$7,000,000
\$2,200,000		\$2,200,000
\$7,150,000		\$7,150,000
\$1,355,700		\$1,355,700
\$1,600,000		\$1,600,000
\$750,000		\$750,000
\$15,300,000		\$15,300,000
\$4,641,100		\$4,641,100
\$8,400,000	(\$1,000,000)	\$7,400,000
\$510,000,000		\$510,000,000
\$8,000,000		\$8,000,000
\$5,150,000		\$5,150,000
\$12,000,000		\$12,000,000
\$23,144,000		\$23,144,000
\$537,200,000		\$537,200,000
\$4,500,000		\$4,500,000
\$0	\$575,000	\$575,000
\$31,300,000		\$31,300,000
\$249,950,000		\$249,950,000
\$13,400,000		\$13,400,000
\$31,500,000		\$31,500,000
\$19,900,000		\$19,900,000
\$1,000,000		\$1,000,000
\$5,000,000		\$5,000,000
\$300,000		\$300,000
\$725,600,000		\$725,600,000
\$49,100,000		\$49,100,000
\$13,000,000		\$13,000,000
\$370,000,000		\$370,000,000
\$297,800,000	(\$10,900,000)	\$286,900,000
\$1,000,000		\$1,000,000
\$2,200,000		\$2,200,000
\$2,900,000	\$200,000	\$3,100,000
\$689,100,000	(\$10,500,000)	\$678,600,000
\$61,000,000		\$61,000,000
\$60,207,000		\$60,207,000
\$10,500,000		\$10,500,000
\$1,688,000		\$1,688,000
\$1,600,000		\$1,600,000
\$7,150,000		\$7,150,000
\$350,000		\$350,000
\$40,008,100		\$40,008,100
\$37,611,300		\$37,611,300
\$8,000,000		\$8,000,000
\$5,000,000		\$5,000,000
\$9,190,000		\$9,190,000
\$400,000		\$400,000
\$3,000,000		\$3,000,000
\$2,025,000		\$2,025,000

SCHOOL AID LINE ITEM SUMMARY



Sec.	
74	School Bus Inspections
81	ISD General Operations Support
94	AP/IB/CLEP Incentive Program
94a	Center for Educational Performance and Information
94a	Center for Educational Performance and Info - Federal
97	School Safety Grants
98	Michigan Virtual University
99h	FIRST Robotics
99s(2)(3)	MiSTEM Council and Grants
99s(4)	MiSTEM Grants - Math and Science Centers - Federal
99s(4)(6)	MiSTEM Centers Transition
99s(11)	MiSTEM Executive Director
104	Education Assessments - State
104	Education Assessments - Federal
107	Adult Education
147a(1)	MPSERS Cost Offset
147a(2)	MPSERS Normal Cost Offset for Lower AROR/Dedicated Gains
147c	MPSERS State Share of Unfunded Liability Payments
147e	MPSERS Added Normal/DC Costs for PA 92 of 2017
152a	Adair - Database Payment
TOTAL APPROPRIATIONS	

REVENUE BY SOURCE	
Federal Aid	
School Aid Fund	
MPSERS Retirement Obligation Reform Reserve Fund	
Community District Trust Fund/Other Restricted Fund	
Marshall Plan - Talent Investment Fund	
Budget Stabilization Fund Deposit to School Aid Fund	
General Fund/General Purpose	
TOTAL REVENUE	

FY 2019-2020		
FY 20 PA 162 of 2019 YTD	FY 20 Revisions SB 373	Change from YTD
\$1,747,900		\$1,747,900
\$69,138,000		\$69,138,000
\$1,000,000		\$1,000,000
\$16,457,200	(\$411,400)	\$16,045,800
\$193,500		\$193,500
\$10,000,000	(\$10,000,000)	\$0
\$6,312,500		\$6,312,500
\$4,700,000	(\$800,000)	\$3,900,000
\$3,050,000		\$3,050,000
\$235,000		\$235,000
\$4,584,300		\$4,584,300
\$300,000		\$300,000
\$32,009,400	(\$6,000,000)	\$26,009,400
\$6,250,000		\$6,250,000
\$30,500,000		\$30,500,000
\$100,000,000		\$100,000,000
\$172,069,000		\$172,069,000
\$1,030,900,000		\$1,030,900,000
\$42,571,000	(\$14,200,000)	\$28,371,000
\$38,000,500		\$38,000,500
\$15,177,263,600	\$135,963,600	\$15,313,227,200

\$1,749,578,500	\$512,000,000	\$2,261,578,500
\$13,287,765,000	(\$977,234,200)	\$12,310,530,800
\$1,900,000	\$30,000,000	\$31,900,000
\$75,400,100	\$500,000	\$75,900,100
\$0	\$9,717,800	\$9,717,800
\$0	\$350,000,000	\$350,000,000
\$62,620,000	\$210,980,000	\$273,600,000
\$15,177,263,600	\$135,963,600	\$15,313,227,200