



Senate Fiscal Agency
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Senate Bill XXX (as introduced)
 Committee: Appropriations

| FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE | FY 2014-15 YEAR-TO-DATE | FY 2015-16 GOV.'S REC. | CHANGES FROM FY 2014-15 YEAR-TO-DATE | |
|---|-------------------------|------------------------|--------------------------------------|---------------|
| | | | AMOUNT | PERCENT |
| FTE Positions..... | N/A | N/A | N/A | N/A |
| GROSS | 13,870,325,600 | 13,958,963,900 | 88,638,300 | 0.6 |
| Less: | | | | |
| Interdepartmental Grants Received | 0 | 0 | 0 | 0.0 |
| ADJUSTED GROSS..... | 13,870,325,600 | 13,958,963,900 | 88,638,300 | 0.6 |
| Less: | | | | |
| Federal Funds..... | 1,808,162,700 | 1,775,769,200 | (32,393,500) | (1.8) |
| Local and Private | 0 | 0 | 0 | 0.0 |
| TOTAL STATE SPENDING..... | 12,062,162,900 | 12,183,194,700 | 121,031,800 | 1.0 |
| Less: | | | | |
| Other State Restricted Funds..... | 11,947,262,900 | 12,137,294,700 | 190,031,800 | 1.6 |
| GENERAL FUND/GENERAL PURPOSE..... | 114,900,000 | 45,900,000 | (69,000,000) | (60.1) |
| PAYMENTS TO LOCALS | 11,905,777,600 | 12,022,427,700 | 116,650,100 | 1.0 |

FY 2014-15 Year-to-Date Gross Appropriation \$13,870,325,600

Changes from FY 2014-15 Year-to-Date:

- MPSERS Rate Cap.** Governor increased funding to pay for the State support of the local employer rate cap in the Michigan Public School Employees' Retirement System (MPSERS). Total funding for the rate cap in the K-12 budget is \$893.5 million. 218,800,000
- Foundation Allowance.** Governor proposed a \$75 across-the-board increase in the per-pupil foundation allowance, bringing the minimum to \$7,326. 108,000,000
- At Risk.** Governor proposed a 32.4%, or \$100.0 million, increase in the At Risk program. 100,000,000
- District Fiscal Emergency Contingency Fund.** Governor proposed a \$71.0 million increase in the amount deposited into this reserve fund, intended to make payments to districts in fiscal distress under certain conditions. FY 2014-15 funding was \$4.0 million. 71,000,000
- Career and Technical Education.** Governor proposed \$17.8 million for career and technical education/dual enrollment, \$3.0 million GF/GP for the Michigan College Access Network (MCAN), which was transferred into the budget from the Higher Education budget, and \$600,000 GF/GP for a public awareness campaign and an online career planning tool. 21,400,000
- Early Literacy Initiatives.** Governor proposed \$10.0 million in grants to support additional instruction time for kindergarteners; a \$5.0 million increase in block grants to intermediate districts to expand home visits for parenting skills and early identification of children with additional needs; a \$3.0 million investment in literacy coaches for K-3 teachers; a \$2.6 million increase in assessments for grades K-2; and other early literacy funding totaling another \$5.4 million (of which \$2.0 million is GF/GP). 26,000,000

FY 2015-16 SCHOOL AID BUDGET

| | |
|--|-------------------------|
| 7. Debt Service, Payments in Lieu of Taxes (PILT), Promise Zones. Governor proposed an increase in the required debt service for the School Bond Loan Fund (\$17.0 million), a \$316,900 increase for Promise Zone reimbursement, and a \$66,800 increase for PILT reimbursement. | 17,383,700 |
| 8. Gang Prevention and Intervention. Governor proposed a new \$1.0 million program to provide grants for gang prevention and intervention. | 1,000,000 |
| 9. Michigan Virtual University (MVU). Governor proposed a \$600,000 GF/GP increase for MVU to expand the online course catalog to include community college courses for the purpose of dual enrollment and to create a network of school-based mentors for online learning. | 600,000 |
| 10. MPSERS Additional Payment toward Liabilities. Governor proposed eliminating a \$108.0 million appropriation that makes an additional payment toward unfunded accrued liabilities. | (108,000,000) |
| 11. Equity Payment. Governor proposed eliminating the separate equity payment (up to \$125 per pupil in FY 2014-15) and instead rolled it into base funding. | (103,000,000) |
| 12. Technical Cost Adjustments. Governor reduced costs for foundation allowances and special education due to newer estimates. | (58,400,000) |
| 13. Pupil Performance, Best Practices, and Technology Grants. Governor eliminated funding for pupil performance grants (\$51.1 million), reduced best practices by \$45.0 million, and reduced technology infrastructure grants by \$16.5 million. | (112,600,000) |
| 14. Durant Bonds. Governor eliminated funding for <i>Durant</i> non-plaintiff debt service, since FY 2014-15 was the last year of payments. | (39,500,000) |
| 15. Federal Grants. Governor reduced Federal grants by \$32.4 million. | (32,393,500) |
| 16. Educator Evaluations. Governor eliminated FY 2015-16 funding for educator evaluations, but added language for FY 2014-15 funding to be designated as a work project. | (14,800,000) |
| 17. Other Program Eliminations. Governor eliminated funding for bus conversion grants (\$3.0 million), an online nutrition program (\$1.2 million), professional development in science, technology, engineering, and math (\$330,000), and a career readiness study (\$250,000). | (4,780,000) |
| 18. Other Program Reductions. Governor reduced funding for strict discipline academies (\$1.0 million), vocational education (\$1.0 million), and a payment for consolidated Intermediate School Districts (\$7,000). | (2,007,000) |
| 19. Economic Adjustments. Includes (\$98,200) Gross and (\$68,300) GF/GP for OPEB and \$33,300 Gross and \$12,500 GF/GP for other economic adjustments. | (64,900) |
| Total Changes | \$88,638,300 |
| FY 2015-16 Governor's Recommendation | \$13,958,963,900 |

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **Fiscal Emergency Fund.** Governor expanded the uses to support the rehabilitation of districts experiencing severe academic and financial stress to mitigate the impact on learning, instead of only for dissolved districts. (Sec. 11r)
2. **Data Submission Dates.** Governor moved from October 15 to November 1 the yearly reporting of prior fiscal year financial data, and included language allowing for up to 10% of school aid to be withheld if a district does not adopt a budget that complies with the Uniform Budgeting and Accounting Act or post required information. (Sec. 18)
3. **Online Learning.** Governor added community colleges to the section allowing for dual enrollment in online courses provided they meet specified conditions, and added clarifying language that the primary district (instead of educating) is responsible for the program. In addition, Governor added a requirement that the primary district assign to each pupil a mentor to monitor the pupil's progress during the online course and supply the providing district with the mentor's contact information. (Sec. 21f)

4. **Best Practices.** Governor reduced the maximum per-pupil grant from \$50 to \$20, and changed the eligibility from meeting seven out of the current eight, to meeting both financial best practices (including providing department-approved training to board members if the General Fund balance is below 5.0%) and academic best practices (including administering a kindergarten entry assessment, administering department-approved diagnostic tools to monitor early literacy and reading skills in grades K-3, or assessing the effectiveness of college and career advising programs in the district), newly defined in the bill. (Sec. 22f)
5. **Technology Readiness Grants.** Governor added data systems that use evidence-based literacy diagnostic tools to inform teachers of pupils in grades K-3 as an allowable use of grant funding. (Sec. 22i)
6. **At-Risk.** Governor deleted from the definition of at-risk pupil the following three criteria: victim of child abuse or neglect; pregnant teenager or teenage parent; and, family history of school failure, incarceration, or substance abuse. In addition, Governor added language requiring the Department of Education to collaborate with the Department of Human Services to prioritize assigning Pathways to Potential Success coaches to elementary schools that have a high percentage of pupils in grades K-3 not reading at grade level. (Sec. 31a)
7. **Gant Prevention.** Governor added a new section that would provide grants to districts that form partnerships with nonprofit organizations, law enforcement, and other community resources to provide programs that divert young adults from gang-related criminal activity. Grant recipients would have to partner with a university to collect data to evaluate the effectiveness of programs in reducing violent crime and gang-related activity in the community. (Sec. 31c)
8. **Early Literacy.** Governor added a new section stating that the increased funds in (new) sections 35a to 35g will be used to ensure children are reading at grade level by the end of third grade, and so that Michigan will be in the top 10 most improved states in fourth grade reading proficiency as measured by the 2019 National Assessment of Educational Progress (NAEP), and in the top 10 states overall by 2025. (Sec. 35.)
9. **Parent University.** Governor added a new section outlining a pilot of a parent education program for parents of children less than four years old so that children are ready to success at school entry. Grants would be the lesser of \$130,000 or \$120 per four-year-old in the district or consortium. The program would be overseen by a certificated teacher with an early childhood focus, with at least two hours per week for parents and their eligible children to participate in parent education programs with structured learning activities. (Sec. 35a)
10. **Professional Development Related to Current State Literacy Standards.** Governor added a new section providing funding for professional development with the Department determining the level of grant awards and collaborating with the Michigan Virtual University to provide the training online to educators of pupils in grades K-3. (Sec. 35b)
11. **Other Early Literacy Sections.** Governor added five additional sections related to early literacy, including adoption of a certification test for newly certified elementary teachers (Sec. 35c); diagnostic tools to monitor the development of early literacy and reading skills of pupils in grades K-3 (Sec. 35d); early literacy coaches (Sec. 35e); grants for providing additional instructional time to pupils in grades K-3 that have been identified as needing additional support (Sec. 35f); and, establishing a clearinghouse of best practices (Sec. 35g).
12. **Reallocation of Lapsing Special Education Money.** Governor proposed eliminating a provision that distributes money that otherwise would lapse under special education to districts affected by changes related to the costs of itinerant staff. (Sec. 51a(7)(c))
13. **Career and Technical Education Early/Middle College Programs.** Governor added a new section for early/middle college programs (five-year programs) designed to increase the number of residents with high quality degrees or credentials, and to increase the number of students who are college- and career-ready upon high school graduation. Funding would be distributed to an Intermediate School District (ISD) serving as a fiscal agent in each of the 10 prosperity regions, and would be for programs that have been identified in the highest five career cluster rankings, allowing for a student to earn a high school diploma and achieve either a certificate, associate's degree, apprenticeship, or transferable credits. (Sec. 61b)
14. **Michigan College Access Network (MCAN).** Governor transferred from the Higher Education budget the MCAN, which is intended to inform students of college and career options and provide an array of tools to increase the number of students adequately prepared to make decisions on college and career. (Sec. 67) Of the \$3.6 million appropriation, \$0.6 million is earmarked for dual enrollment outreach and an online career planning tool. (Sec. 67)
15. **ISD Best Practices.** Governor deleted two current best practices (obtaining competitive bids and acting as the policy holder), and changed the eligibility from meeting five out of six to meeting all remaining four best practices. (Sec. 81)

16. **Educator Evaluations.** Governor struck language prohibiting the use of these funds unless House Bills 5223 and 5224 of the previous legislative session were enacted (i.e., the funds could be used). (Sec. 95a)
17. **Michigan Virtual University.** Governor added a requirement that MVU create a statewide network of school-based mentors serving as liaisons between students, online instructors, parents, and school staff, and provide mentors with training and assistance designed to help more students be successful online learners. Also, language was added for MVU to include online courses offered by community college in the statewide catalog of online learning, and language was added capping the amount of funding that MVU can use to subsidize the cost paid by districts for online courses at \$1.0 million. (Sec. 98)
18. **Deficit Districts.** Governor included numerous changes related to deficit elimination plans and enhanced deficit elimination plans, reflective of 'early warning' legislation that was deliberated in the previous legislative session. (Sec. 102)
19. **Transmittal of Budgetary Assumptions.** Governor included a new section for transmitting budgetary assumptions, reflective of 'early warning' legislation that was deliberated in the previous legislative session. (Sec. 103a)
20. **Determination of Fiscal Stress.** Governor included a new section requiring a notification of fiscal stress, deficit, or financial emergency and a request for assistance, reflective of "early warning" legislation that was deliberated in the previous legislative session. (Sec. 103b)
21. **Periodic Financial Status Reports.** Governor included a new section requiring a district to submit periodic financial status reports if the Superintendent or State Treasurer determine that financial stress may exist, that a deficit is projected to arise, or that the district may be unable to meet its financial obligations, reflective of "early warning" legislation that was deliberated in the previous legislative session. (Sec. 103c)
22. **Merit Exam.** Governor changed 'shall' to 'may' for the requirement of one or more writing components, and added language allowing the Department to augment the college entrance and work skills components to develop the assessment, dependent on their alignment to Michigan content standards. (Sec. 104b)
23. **M-STEP.** Governor added grade 11 to the summative assessments for English Language Arts (ELA) and math (currently grades 3-10), and added language requiring the Department to field test additional components (fall and spring assessments to measure ELA and math in grades 1 and 2, and kindergarten entry assessment) in the assessment system beginning in FY 2015-16 for full implementation in FY 2016-17.
24. **Adult Education.** Governor added individuals more than 20 years old enrolled in an adult basic education program and testing at below 9th grade in reading or math to the list of eligible participants. (Sec. 107)
25. **Administration of Instructional Programs.** Governor added language prohibiting a noncertificated educator to administer instructional programs in an elementary or secondary school, or in an adult basic education or high school completion program, unless that educator is fulfilling applicable continuing education requirements. (Sec. 163)
26. **Repealers.** Sections 12 (intent to appropriate for the upcoming year), 22c (equity payment), 22j (pupil performance grants), 31b (year-round schooling), 32r (Race to the Top Federal grant), 64c (career readiness study), 64d (IT education opportunities), 74a (bus conversion grants), 99b (STEM professional development), 147d (one-time additional payment toward MPERS liabilities), and 166 (5.0% penalty if dispensing a family planning drug or device), were repealed by the Governor.

Date Completed: 2-13-15

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