



SENATE
FISCAL
AGENCY

SCHOOL AID
S.B. xxxx

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FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2012-13 YEAR-TO-DATE	FY 2013-14 GOV'S REC.	CHANGES FROM FY 2012-13 Y-T-D	
			GOVERNOR AMOUNT	PERCENT
FTE Positions.....	N/A	N/A	N/A	N/A
GROSS.....	12,944,687,000	13,235,234,800	290,547,800	2.2
Less:				
Interdepartmental Grants Received.....	0	0	0	0.0
ADJUSTED GROSS.....	12,944,687,000	13,235,234,800	290,547,800	2.2
Less:				
Federal Funds.....	1,701,041,400	1,764,421,300	63,379,900	3.7
Local and Private.....	0	0	0	0.0
TOTAL STATE SPENDING.....	11,243,645,600	11,470,813,500	227,167,900	2.0
Less:				
Other State Restricted Funds.....	10,961,245,600	11,240,813,500	279,567,900	2.6
GENERAL FUND/GENERAL PURPOSE.....	282,400,000	230,000,000	(52,400,000)	(18.6)
PAYMENTS TO LOCALS.....	10,935,149,700	11,309,030,900	373,881,200	3.4

* Includes ongoing appropriations only.

SCHOOL AID SECTION-BY-SECTION HIGHLIGHTS Current Law and Governor's Recommendation Fiscal Years 2012-13, 2013-14, and 2014-15					SFA Analysts: Kathryn Summers Cameron Mock
SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 6 Definitions	Provides definitions including those for pupils in membership.	<p>(4) Adds a pupil's participation in an online course defined in Section 21f to the definition of pupil membership.</p> <p>(4)(r) Removes old language pertaining to seeking Federal clarification on title I money and kindergarten, and the reporting requirement of children in half-day kindergarten programs.</p> <p>(4)(t)(ii) Changes the requirement for home-bound education to include computers.</p> <p>(6) Allows a nonresident to enroll a pupil in membership in online learning under Section 21f without first receiving permission from the district of residence.</p> <p>(16) Amends the definition of 'tuition pupil' to specify that tuition may be charged to <i>the district of residence</i>. Further, the definition is amended to state that tuition pupil does not include a pupil whose parent of guardian voluntarily enrolls the pupil in a district that is not the pupil's resident district.</p>			

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 revenue is not sufficient to support appropriations.	<p>FY 2012-13 School Aid Fund (SAF) revised appropriation of \$10,933,752,600 and General Fund appropriation of \$282,400,000.</p> <p>FY 2013-14 SAF appropriation of \$11,090,813,500, MPSERS retirement obligation reserve fund appropriation of \$150,000,000, and General Fund appropriation of \$230,000,000.</p> <p>FY 2014-15 SAF appropriation of \$11,393,154,500, MPSERS reserve fund appropriation of \$100,000,000, and GF appropriation of \$233,000,000.</p> <p>*Note that throughout the budget, the Governor recommends FY 2014-15 funding levels that are adjusted by economic factors, caseload, etc., with exceptions noted explicitly in this document.</p>			
Sec. 11g Durant Bond payment	FY 2012-13 appropriation of \$39,000,000.	FY 2013-14 and FY 2014-15 appropriation is increased by \$500,000 to \$39,500,000.			
Sec. 11j Debt Service on School Bond Loan Fund	FY 2012-13 appropriation of \$120,390,000 for debt service payments on school bond loan revolving fund obligations.	Proposes to increase the required payment in FY 2013-14 to \$131,660,000, and to \$139,900,000 for FY 2014-15.			

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 11m School Aid Fund Cash Flow Borrowing Costs	FY 2012-13 appropriation of \$3,200,000 to pay for cash-flow borrowing costs at the State level.	FY 2013-14 appropriation is proposed to be \$6,000,000 and FY 2014-15 appropriation is \$8,000,000.			
Sec. 11t Renaming of School Aid Fund	States intent of the Legislature to enact legislation renaming the State School Aid Fund as the "Comprehensive Education Fund".	Repealed			
Sec. 11u Study of Categoricals	States 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.	Repealed			
Sec. 12 FY 2013-14 Appropriations	States intent of the Legislature to appropriate the same funding amounts in FY 2013-14 as FY 2012-13, adjusted for revenue, taxable value, special education costs, and pupil counts.	Repealed			
Sec. 18 Spending and Audit Requirements	Specifies allowable uses of funds and requires yearly financial and pupil audits.	Removes report due by December 31, 2012 that analyzes the per-pupil costs of online learning offered by districts or intermediate districts.			
Sec. 18b Public School Academy Property	Describes the process/conditions by which property of a PSA should be transferred to the State.	Adds a subsection requiring a public school academy corporation to initiate a dissolution process within 30 days after its contract's expirations.			

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<p>Sec. 19 Data Reporting Requirements</p>	<p>Prescribes the pupil reporting requirements and other data requirements that must be submitted to the Center for Educational Performance and Information (CEPI).</p> <p>States 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.</p>	<p>Removes language stating intent to implement not later than 2014-15 statewide standard reporting requirements for education data approved by the department in conjunction with the CEPI.</p>			
<p>Sec. 20 Foundation Allowance Calculation</p>	<p>Basic foundation allowance for FY 2012-13 is \$8,019 and the minimum foundation is \$6,966.</p> <p>Maintains class-size reduction foundation allowance adjustments at \$13.3 million (2/3 of the full-funding amount).</p> <p>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 provides an increase somewhere in between for districts with foundations in between.</p>	<p>Basic foundation allowance for FY 2013-14 and FY 2014-15 is \$8,019, and the minimum is \$6,966. (However, in Sec. 22c, a one-time nonbase equity payment is proposed for districts below \$7,000 per pupil to receive \$7,000 per pupil in FY 2013-14. This one-time payment is not proposed to be built into base funding for FY 2014-15.)</p> <p>(12) Proposes a change in the class-size grant formula such that districts with foundation allowances below \$7,500 per pupil would receive not more than \$100 per pupil for class size reduction, and districts with foundations at or above</p>			

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		<p>\$7,500 would receive not more than \$50 per pupil for class size grants. This change in funding formula results in savings of \$4.0 million from the current formula.</p>			
<p>Sec. 21F – NEW ONLINE LEARNING</p>	<p>N/A</p>	<p>Allows a pupil enrolled in any of grades 5 to 12 to enroll in up to two online courses per academic term with the consent of the parent or guardian. However, if the pupil has demonstrated previous success with online courses and the district and the parent/guardian determine that it is in the best interest of the pupil, the pupil may be enrolled in more than two online courses per academic term. The pupil may enroll in online courses offered by the educating district or in courses found in the statewide catalog of online courses maintained by the Michigan Virtual University (MVU).</p> <p>A district is required to determine whether it has capacity to accept applications from nonresidents and may use that limit as the reason for refusal to enroll an applicant. However, if the district has capacity, it must accept all applicants. An educating district may prohibit pupil enrollment in online courses</p>			

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		<p>if any of the following apply: the pupil has previously gained the credits provided from the completion of the online course; the online course is not capable of generating academic credit; the online course is inconsistent with the remaining graduating requirements or career interests of the pupil, or the pupil does not possess the prerequisite knowledge and skills to be successful in the online course.</p> <p>A district offering online courses must provide MVU with the course syllabi and a link to the syllabi, and provide a link to the statewide catalog maintained by MVU. The district also must offer online courses on an open entry and exit method, or aligned to the appropriate academic term.</p> <p>For a pupil enrolled in one or more online courses, the district shall use foundation allowance funds to pay for the expenses associated with the course(s). If a pupil successfully completes an online course, the educating district shall grant appropriate academic credit and count that credit toward completion of graduation and subject area requirements.</p>			

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<p>Sec. 22a Proposal A Obligation Payment (The Constitutionally required portion of the foundation allowance.)</p>	<p>FY 2012-13 appropriation of \$5,712,000,000.</p> <p>This section provides funding equal to the FY 1994-95 Proposal A foundation allowance levels multiplied by pupils.</p>	<p>FY 2012-13 appropriation is \$5,631,000,000.</p> <p>FY 2013-14 appropriation is \$5,558,000,000.</p> <p>FY 2014-15 appropriation is \$5,464,000,000.</p> <p>(6) removes outdated FY 2011-12 language regarding property tax settlements.</p>			
<p>Sec. 22b Discretionary Payment (The discretionary portion of the foundation allowance.)</p>	<p>FY 2012-13 appropriation of \$3,152,300,000.</p> <p>This funding provides roughly the difference between the current foundation allowance and the 1994-95 foundation allowance, multiplied by general education pupils.</p> <p>Special education funding is paid under Section 51a.</p>	<p>FY 2012-13 appropriation revised to \$3,217,000,000.</p> <p>FY 2013-14 appropriation of \$3,304,000,000.</p> <p>FY 2014-15 appropriation of \$3,383,000,000.</p> <p>For FY 2013-14, the appropriation reflects \$10.0 million in assumed savings from kindergarten age eligibility changes and \$4.0 million in savings from the formulaic change in class size grants.</p> <p>In FY 2014-15, the savings are increased to \$20.0 million for kindergarten age eligibility and class size grants are eliminated.</p>			

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
Sec. 22C-- NEW EQUITY PAYMENT	N/A	\$24,000,000 to provide funding for all districts with foundation allowances below \$7,000 in FY 2013-14 to receive a one-time payment such that they receive \$7,000 per pupil in FY 2013-14. This is not proposed to be built into the base for FY 2014-15.			
Sec. 22d Isolated Districts/ Transportation Funding	Appropriates \$2,025,000 in FY 2012-13 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 2013-14 and FY 2014-15.			
Sec. 22f Best Practices	<p>FY 2012-13 appropriation of \$80,000,000 to provide payments of \$52 per pupil for districts meeting six out of eight of the following "best practices" criteria, by not later than 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 noninstructional service in FY 2012-13.</p>	<p>Reduces funding to \$25,000,000 for FY 2013-14, and eliminated for FY 2014-15.</p> <p>Grants of \$16 per pupil for districts that meet 7 out of 8 criteria by June 1, 2014.</p> <p>The criteria remain the same as those in FY 2012-13, with the following exceptions:</p> <p>a) adds a VEBA as a qualifying entity</p> <p>b) Requires competitive bids to exclude the unfunded accrued liability costs for retirement and other benefits from the district's current costs for comparison of the costs of providing services.</p>			

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	<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 enrollment, advanced placement, middle college, or other opportunities for high school diploma plus coursework applied toward satisfaction of a degree). Districts not offering all high school grades may inform parents of postsecondary opportunities for students while in high school.</p> <p>f) The district offers online instructional programs or blended learning opportunities to all eligible pupils.</p>	<p>f) requires a district to publish an online course syllabi as described in section 21f for every online course offered</p> <p>g) requires the dashboard to also include revenue and expenditure projections for the district for fiscal years 2013-14 and 2014-15, a listing of all debt service obligations, detailed by project, and a listing of total outstanding debt</p>			

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	<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 or health education consistent with State-board adopted policies.</p>				
<p>Sec. 22g. Competitive Assistance Grants to Districts and ISDs – Consolidation Costs</p>	<p>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, between a district or ISD and a local unit of government, or the consolidation of districts or ISDs. Grant funding is available for consolidations that occur on or after June 1, 2012.</p>	<p>Repealed</p>			

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
<p>Sec. 22i Technology Infrastructure Grants</p>	<p>FY 2012-13 appropriation of \$50,000,000 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, or for accessing a computer adaptive test.</p> <p>The Department will 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>	<p>FY 2013-14 appropriation reduced to \$13,500,000, and language is added specifying that the funding is for the second year of the two-year technology grants.</p> <p>Adds "instructional practice and the shared service consolidation of technology, and data" to the allowable uses for the grants.</p>			
<p>Sec. 22j District Performance Grants</p>	<p>FY 2012-13 appropriation of \$30,000,000 for district performance grants based on the following:</p> <p>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>\$30,000,000 is appropriated for both FY 2013-14 and FY 2014-15. The program is unchanged.</p>			

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	<p>\$40 per pupil for students meeting a specified level of growth over a four-year period on the high school assessment.</p> <p>The department is allowed to prorate grant funding on an equal percentage basis.</p>				
<p>Sec. 22K – NEW STUDENT-CENTRIC GRANTS</p>	<p>N/A</p>	<p>New section appropriating \$8,000,000 for FY 2013-14 only for competitive student-centric grants to eligible districts. In order to be eligible, a district must:</p> <p>a) provide a rigorous curriculum aligned to State, nation and international standards</p> <p>b) organize instructional delivery in such a way that individual students advance to the next level of learning based on their individual mastery of each subject area</p> <p>c) allow for school site-based autonomy in decision making</p> <p>d) ensure that teachers have access to timely and meaningful student academic achievement data, best instructional practices, time to collaborate with others, mentors, and professional development tied to student needs as demonstrated by data.</p>			

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Sec. 24 Court-Placed Pupils	Appropriates \$8,000,000 in FY 2012-13 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 2013-14 and FY 2014-15.			
Sec. 24a Educating Pupils in DHS Juvenile Justice Service Facilities	Appropriates \$2,135,800 in FY 2012-13 for payments to intermediate districts for pupils who are placed in juvenile justice facilities.	Appropriates \$2,167,500 in both FY 2013-14 and FY 2014-15.			
Sec. 24c Youth Challenge Program	Appropriates \$1,500,000 in FY 2012-13 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 \$1,500,000 appropriation into both FY 2013-14 and FY 2014-15.			
Sec. 25 Adjusting Memberships for Pupils Moving after the Count Day	Allows for the adjustment of FTE counts for strict discipline academies, when pupils enroll after the count day.	No change.			
Sec. 26a Renaissance Zone Reimbursement	In FY 2012-13, appropriates \$26,300,000 from the School Aid Fund to reimburse districts for lost local revenue due to taxes not collected in Renaissance Zones, and \$1,500,000 from the General Fund to reimburse libraries for lost revenue.	Continues the School Aid Fund appropriation into both FY 2013-14 and FY 2014-15. Transfers the \$1,500,000 GF library funding to the Department of Education budget.			

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Sec. 26b PILT Reimbursement	Appropriates \$3,169,500 in FY 2012-13 to reimburse districts for lost local revenue due to taxes not collected on State-owned land.	Appropriates \$4,009,500 in FY 2013-14 and \$4,410,500 in FY 2014-15.			
Sec. 26c Promise Zone Reimbursement	This categorical is necessary to reimburse local districts and ISDs for Promise Zone reimbursements. FY 2011-12 reimbursement of \$276,800 and FY 2012-13 reimbursement of \$347,800.	Appropriates \$224,000 for both FY 2013-14 and FY 2014-15.			
Sec. 31a At-Risk Funding/ Adolescent Health Centers/ Hearing and Vision Screenings	<p>Appropriates \$317,695,500 to the section in FY 2012-13.</p> <p>Out of the total funding, the earmark for At-Risk funding equals \$308,988,200.</p> <p>(6) Out of the total, this subsection allocates \$3,557,300 for Child and Adolescent Health Centers.</p> <p>(7) Out of the total, this subsection allocates \$5,150,000 for hearing and vision screenings.</p>	<p>Continues the \$317,695,500 appropriation into FY 2013-14 and FY 2014-15.</p> <p>Adds preschool programs under the Great Start Readiness Program as an allowable use of At-Risk funds.</p> <p>Allows any district to use at-risk funding for class size reduction instead of requiring a waiver first.</p> <p>Adds to the definition of 'at-risk pupil' those pupils in a priority school as defined by the Federal Elementary and Secondary Education Act of 2001 flexibility request approved by the US Department of Education.</p>			

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Sec. 31d School Lunch Program	Appropriates \$22,495,100 SAF for FY 2012-13 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 State appropriations into FY 2013-14 and FY 2014-15. Federal funds are increased both years to \$463,200,000.			
Sec. 31f School Breakfast	Appropriates \$9,625,000 in FY 2012-13 to provide reimbursement for the State school breakfast program.	Reduces the appropriation in FY 2013-14 and FY 2014-15 to \$5,625,000 to reflect actual disbursements.			
Sec. 32d Great Start Readiness Program (GSRP)	Appropriates \$100,400,000 from the School Aid Fund for FY 2012-13 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 for competitive GSRP grants to entities other than schools. (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. Can only be spent on families with	For FY 2013-14, the appropriation for the GSRP grants is increased by \$65,000,000, and the money previously earmarked for private providers is rolled into the funding allocated to intermediate districts and consortia, for total available funding of \$174,275,000. For FY 2014-15, the appropriation is further increased another \$65,000,000 to \$239,275,000. For both FY 2013-14 and FY 2014-15, the longitudinal study remains funded at \$300,000 GF/GP. (1)(b) is deleted. Aligns the age eligibility for GSRP to the age eligibility for attending school as provided under Sec. 1147 of the Revised School Code. Programs eligible for funding must participate in the			

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	<p>incomes below 300% of the Federal poverty level.</p>	<p>State's Great Start to Quality process with a rating of at least three stars.</p> <p>The program must ensure that at least 90% (current law requires 75%) of children participating in the program for whom the provider is receiving GSRP funds are children who live with families whose household income is less than 300% Federal poverty level.</p> <p>Transportation costs are newly included as eligible costs.</p> <p>ISDs or consortia of ISDs may provide services directly or may contract with local districts, or public or private for-profit or nonprofit providers, and may retain 7% of the grant for administrative services (an increase from 5% in current law). A reduction from 10% to 2% is proposed for expense on recruiting and public awareness.</p> <p>An ISD or consortium of ISDs must conduct a local process to contract with interested and eligible public and private for-profit and nonprofit community-based providers.</p>			

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		<p>Grant recipients are required (instead of encouraged under current law) to establish a sliding scale of tuition rates based upon household income for children participating in GSRP who live in families with household income that is more than 300% of the FPL. A grant recipient is required (instead of allowed) to charge tuition for children above 300% FPL.</p>			
<p>Sec. 32p Early Childhood Block Grant Program</p>	<p>Appropriates \$10,900,000 as a new early childhood block grant program, using funding previously allocated under sections 32b and 32j. ISDs 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,</p>	<p>Continues the appropriations into FY 2013-14 and FY 2014-15.</p> <p>The goals of the program are changed from the previous 6 components of a great start system (physical health, social-emotional health, family supports, basic needs, economic stability and safe, and parenting education and early education and care) to the following four outcomes:</p> <ul style="list-style-type: none"> i) children born healthy ii) children healthy, thriving, and developmentally on track from birth to 3rd grade iii) children developmentally ready to succeed in school at the time of school entry iv) children prepared to succeed in fourth grade and beyond by reading proficiently by the end of the 3rd grade 			

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	economic stability and safety, and parenting education and early education and care. ISDs must fund not only a local Great Start collaborative, but also a parent collation, and if the collaborative is found to be ineffective, the ISD may dissolve it.	The previous six components become the responsibility of each local great start collaborative.			
Sec. 39 School Readiness Per-Pupil Grant and Formula	Per-pupil grant is \$3,400.	Per-pupil grant is increased to \$3,625, roughly ½ of the average district foundation allowance.			
Sec. 39a Federal Funds	(1) Appropriates \$818,328,500 for FY 2012-13 in Federal No Child Left Behind (NCLB) funds. (2) Appropriates \$33,514,100 in other Federal funds for education.	Appropriates \$811,828,500 in FY 2013-14 and FY 2014-15 in Federal NCLB grants, and \$31,700,000 in other Federal funds.			
Sec. 51a(1) Total Special Education Funding 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.	Appropriation of \$954,769,100 from SAF and \$437,400,000 in Federal funding for special education programs for FY 2011-12. (7)(c) Provides for the allocation until FY 2014-15 of lapsing funds under Section 51a to ISDs adversely impacted by the "itinerant" language change implemented in 2003-04.	FY 2012-13 SAF revised appropriation of \$954,569,100 and Federal appropriation of \$439,000,000. FY 2013-14 SAF appropriation of \$980,569,100, and Federal appropriation of \$444,000,000. FY 2014-15 SAF appropriation of \$1,004,869,100 and Federal appropriation of \$444,000,000. (7)(c) Strikes the provision for allocating until 2014-15 any lapsing funds under Section 51a to ISDs adversely impacted by the			

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		"itinerant" language change implemented in 2003-04.			
Sec. 51c Special Education - <i>Durant</i> Payment	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.	FY 2012-13 revised appropriation of \$643,000,000. FY 2013-14 appropriation of \$662,500,000. FY 2014-15 appropriation of \$682,000,000.			
Sec. 56 ISD Special Education Millage Equalization	Appropriates \$36,881,100 to ensure that the millage levied by ISDs for special education brings in a minimum amount per mill. For FY 2012-13, each ISD's payment was equal to their 2011-12 payment.	Continues the \$36,881,100 appropriation into FY 2013-14 and FY 2014-15, but returns the formula to its previous methodology, stating a minimum per-mill guarantee.			
Sec. 61a Vocational Education	Appropriates \$26,611,300 for FY 2012-13 to support career and technical education programs.	Continues the \$26,611,300 appropriation into FY 2013-14 and FY 2014-15.			
Sec. 62 Vocational Education Millage Equalization	Appropriates \$9,000,000 for FY 2012-13 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. For FY 2012-13, each ISD's payment was equal to their 2011-12 payment.	Continues the \$9,000,000 appropriation into FY 2013-14 and FY 2014-15, but returns the formula to its previous methodology, stating a minimum per-mill guarantee.			

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<p>Sec. 74 Bus Driver Safety</p>	<p>Appropriates \$3,259,900 for FY 2012-13.</p> <p>Of the total appropriation, \$1,625,000 is to reimburse intermediate districts and universities for providing bus driver safety instruction.</p> <p>The remaining \$1,634,900 is to reimburse districts and ISDs for the cost of the Michigan State Police to inspect school buses.</p>	<p>Increases the appropriation to \$3,299,000 to pay for economic increases of the MSP.</p> <p>Removes the 75% cap on reimbursement of actual costs.</p> <p>Bus driver safety instruction remains funded at \$1,625,000 and MSP reimbursement increases to \$1,674,000.</p>			
<p>Sec. 81 Intermediate School Districts (ISD) General Operations Funding</p>	<p>Appropriates \$64,108,000 for basic operational funding in FY 2012-13.</p> <p>Of the total appropriation, \$2,000,000 is earmarked for Best Practices for ISDs that meet four of five of the following best practices by June 1, 2013:</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; 	<p>Increases the appropriation by \$7,000 to \$64,115,000 in both FY 2013-14 and FY 2014-15 (and for FY 2012-13) to pay the incentive payment to two ISDs that consolidated (Oceana and Mason Lake) for three years, ending after FY 2014-15.</p> <p>Removes an outdated subsection of language that prohibited the department for increasing an ISD's allocation because of an adjustment made by the department during the fiscal year in the ISD's taxable value for a prior year. Instead, the language directed the department to report the adjustment and the estimated amount of the increase.</p>			

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	<p>d) provide a dashboard with specified information;</p> <p>e) work in a consortium to develop information management system requirements addressing student management systems, learning management tools, and business services.</p>	<p>Requires ISDs to meet five out of six criteria to receive best practices funding, with the new criteria being that the ISD be the policyholder if providing health care, or a VEBA would qualify as well.</p> <p>Also requires an ISD that developed a service consolidation plan to implement it, or if it didn't develop one, to go ahead and do so, and make the plan publicly available. Requires UAL costs to be excluded from competitive bid comparisons. Requires a tech plan to be implemented. Adds revenue and expenditure projections, and indebtedness.</p>			
Sec. 93 State Aid to Libraries	Appropriates \$1,304,300 in GF for FY 2012-13 to supplement the Department of Education budget bill funding for State Aid to public libraries.	Transferred to Department of Education budget bill and repealed from the School Aid Act.			
Sec. 94a Center for Educational Performance and Information (CEPI)	<p>Appropriates \$9,218,400 GF/GP and \$193,500 in Federal funds in FY 2012-13 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>Of the total funding, \$850,000 is earmarked for competitive grants to support collaborative efforts on the P-20 longitudinal</p>	Increases GF/GP appropriation by \$216,700 to \$9,435,100 for CEPI operations in FY 2013-14 and FY 2014-15. The increase in General Fund is to pay for economic adjustments.			

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	<p>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>Sec. 95 Grants for Principal Training</p>	<p>FY 2012-13 appropriation of \$1,750,000 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>The Department of Education is required to approve all training programs recommended by the Governor's Council on Educator Effectiveness.</p> <p>Grants are not to exceed \$350 per participant.</p>	<p>Continues the program but at a reduced ongoing cost of \$500,000 for both FY 2013-14 and FY 2014-15.</p>			
<p>Sec. 98 Michigan Virtual University (MVU)</p>	<p>Appropriates \$4,387,500 GF/GP to MVU in FY 2011-12 for operations of the Virtual High School and the Center for Online Learning Research and Innovation.</p> <p>The MVU is charged with establishing the Center for Online Learning Research and Innovation, tasked</p>	<p>Increases the GF appropriation to \$14,387,500 in FY 2013-14 and then reduces that funding to \$9,387,500 in FY 2014-15.</p> <p>The name of the Center is changed to the Michigan Virtual Learning Research Institute. The Institute is charged with providing an extensive professional</p>			

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	<p>with numerous items, including: a) support and accelerate innovation (including research of online and blended education models, and analyzing the 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>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. The \$500,000 is to be paid out using an amount per online course enrollment not to exceed 1/12 of the</p>	<p>development program to a minimum of 1,000 education personnel prior to August 31, 2014 that focuses on integration of digital learning into curricula and instruction.</p> <p>Beginning in FY 2013-14, MVU is required to award up to \$2,200,000 in competitive grants to ISDs or consortia of ISDs to support and accelerate statewide efforts to expand the integration of online and blended learning. MVU is required to report to the appropriations subcommittees on the barriers and other opportunities to encourage the acceptance of digital learning in public education no later than December 1, 2014.</p> <p>The Institute is required to report its recommendations for a new digital learning teacher endorsement credential no later than September 30, 2013, and MVU is required to convene and support a statewide cohort of higher education faculty members to implement the new teacher endorsement.</p> <p>MVU is also required to research and establish an internet-based platform that educators can use to create student-centric learning tools</p>			

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	<p>State's minimum per-pupil foundation allowance.</p>	<p>and resources and facilitate a user network to assist educators in using the platform.</p> <p>Further, MVU is required to create and maintain a public statewide catalog of online learning courses being offered by all public schools in Michigan. The Institute is required to determine a list of nationally recognized best practices for online learning and use the list to provide reviews of online course vendors, courses, and instructional practices, with these results made available to the public through the catalog. By 2014-15, the catalog also shall include the number of pupils enrolled in each online course in the previous year, the number of pupils who successfully completed each online course in the previous year, and the completion rate for each online course.</p> <p>The \$500,000 pilot study is removed.</p> <p>A definition of 'digital learning' is included to mean instruction delivered via a web-based educational delivery system that uses various information technologies to provide a structured learning environment, including online</p>			

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		and blended learning instructional methods.			
Sec. 99 Math and Science Centers	Appropriates for FY 2012-13 \$2,625,000 SAF and \$5,249,300 in Federal funds for the funding of 33 math and science centers throughout the state, and \$100,000 to a single center participating in STEM to connect math and science centers for STEM purposes.	Continues the \$2,725,000 in total funding into both FY 2013-14 and FY 2014-15.			
Sec. 101 Days and Hours	Provides the minimum number of days of pupil instruction (170 beginning in FY 2012-13). Minimum number of hours in any year is 1,098.	Changes the reporting requirement for pupil count data to be remitted to the CEPI from the seventh Wednesday after count day to the sixth Wednesday after count day.			
Sec. 102 Deficit Districts	Prescribes the process for districts in deficit or anticipating deficit to submit a deficit reduction plan.	Changes the term 'definition reduction plan' to 'definition elimination plan'.			
Sec. 104 Assessment Funding	Appropriates \$26,694,400 for FY 2012-13 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	Continues the \$26,694,400 State funding and \$8,250,000 Federal funding for assessments into both FY 2013-14 and FY 2014-15.			

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	following sections of the School Code: 1249, 1278a, 1278b, 1279, 1279g, and 1280b.				
Sec. 107 Adult Education	Appropriates \$22,000,000 in FY 2012-13 for Adult Education programs.	Continues the \$22,000,000 appropriation into both FY 2013-14 and FY 2014-15.			
Sec. 147 Retirement Contribution Rate	<p>For FY 2012-13, the employer rates vary between 20.96% and 24.32% of payroll paid by the employer and the remainder of the total retirement contribution rate by the State under Section 147c. The variation in rates is driven by the different plans available/chosen by employees based on hire date.</p> <p>The employer rates shown above do not include defined contribution amounts paid by the employer directly into the employee's DC account(s).</p>	<p>The employer rate for FY 2013-14 varies between 20.96% and 24.79% of payroll paid by the employer and the remainder of the total rate paid by the State under Section 147c. The variation in rates is driven by the different plans available/ chosen by employees based on hire date.</p> <p>The employer rate for FY 2014-15 varies between 20.96% and 25.78% of payroll paid by the employer and the remainder of the total rate paid by the State under Section 147c. The variation in rates is driven by the different plans available/ chosen by employees based on hire date.</p> <p>The employer rates shown above do not include defined contribution amounts paid by the employer directly into the employee's DC account(s).</p>			
Sec. 147a MPSERS FY 12 Payment	Appropriates \$155,000,000 from the FY 2012-13 SAF for payments to districts (not ISDs) to assist with their current-year MPSERS liabilities.	Continues the \$155,000,000 appropriation into FY 2013-14 and FY 2014-15.			

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	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.				
Sec. 147b Reserve Fund	Appropriates \$41,000,000 in FY 2012-13 for an appropriation/transfer to the MPSERS reserve for retirement obligation reform.	Adds legal language that first says that money available in the fund may not be expended with a specific appropriation, and second, that if the employee retiree health care 3% contributions described in Section 43e of the MPSERS Act (currently in an escrow account) are found constitutional, that those monies be deposited into the MPSERS reforms fund to be used solely for health care unfunded accrued liabilities.			
Sec. 147c MPSERS Rate Cap	Appropriates \$130,000,000 to the Michigan Public School Employees' Retirement System pursuant to Section 41 of the MPSERS Act.	FY 2012-13 supplemental request for total funding of \$160,500,000 to pay for the "granny clause" on retiree health care under SB 1040 and the two-month window extension. FY 2013-14 appropriation of \$253,300,000 from the SAF and \$150,000,000 from the MPSERS reforms fund (Sec. 147b). FY 2014-15 appropriation of \$549,200,000 from the SAF and \$100,000,000 from the MPSERS reforms fund.			

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		<p>The payments are equal to the difference between the unfunded accrued liability rate and the maximum employer rate of 20.96% stipulated under Section 41 of the Public School Employees' Retirement Act.</p> <p>Money will be appropriated to districts that will in turn make payments to the MPSERS system.</p>			
<p>Sec. 152a Adair Lawsuit: Data Collection Costs</p>	<p>FY 2012-13 appropriation of \$38,000,500 for the purpose of paying necessary costs related to the state-mandated collection, maintenance, and reporting of data.</p>	<p>FY 2013-14 and FY 2014-15 appropriations remain at \$38,000,500.</p>			
<p>Repealers</p>	<p>N/A</p>	<p>Sections 11q (Ed Jobs Fund), 11t (intent to rename School Aid Fund), 11u (intent to examine categoricals), 12 (intent to appropriate same funding for FY 2013-14), 22g (\$10.0 million one-time consolidation incentive grants), 22h (\$4.0 million one-time Highland Park student transition grants), 25d (FY 2012-13 language on alternative education programs), 32g (kindergarten assessments and tiered quality ratings system), 32L (competitive GSRP grants), 93 (state aid to libraries), 101a (enrollment of individual who has dropped out of another district), and</p>			

SECTION	CURRENT LAW	GOVERNOR	SENATE	HOUSE	CONFERENCE
		166 (forfeiture of 5% State aid for dispensing/referrals of family planning drugs or referrals for abortions) are recommended for repeal.			