



Senate Fiscal Agency  
 P.O. Box 30036  
 Lansing, Michigan 48909-7536



Telephone: (517) 373-2768  
 Fax: (517) 373-1986

Senate Bill 149 (as introduced)  
 Committee: Appropriations

| FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE | FY 2016-17 YEAR-TO-DATE | FY 2017-18 GOV.'S REC. | CHANGES FROM FY 2016-17 YEAR-TO-DATE |              |
|---|-------------------------|------------------------|--------------------------------------|--------------|
|   |                         |                        | AMOUNT                               | PERCENT      |
| FTE Positions.....  | N/A                     | N/A                    | 0.0                                  | 0.0          |
| <b>GROSS</b> .....  | <b>14,161,842,100</b>   | <b>14,302,088,800</b>  | <b>140,246,700</b>                   | <b>1.0</b>   |
| Less:   |                         |                        |                                      |              |
| Interdepartmental Grants Received .....                     | 0                       | 0                      | 0                                    | 0            |
| <b>ADJUSTED GROSS</b> .....                                 | <b>14,161,842,100</b>   | <b>14,302,088,800</b>  | <b>140,246,700</b>                   | <b>1.0</b>   |
| Less:   |                         |                        |                                      |              |
| Federal Funds.....  | 1,818,632,700           | 1,726,943,500          | (91,689,200)                         | (5.0)        |
| Local and Private .....                                     | 0                       | 0                      | 0                                    | 0            |
| <b>TOTAL STATE SPENDING</b> .....                           | <b>12,343,209,400</b>   | <b>12,575,145,300</b>  | <b>231,935,900</b>                   | <b>1.9</b>   |
| Less:   |                         |                        |                                      |              |
| Other State Restricted Funds.....                           | 12,124,309,400          | 12,360,145,300         | 235,835,900                          | 1.9          |
| <b>GENERAL FUND/GENERAL PURPOSE</b> .....                   | <b>218,900,000</b>      | <b>215,000,000</b>     | <b>(3,900,000)</b>                   | <b>(1.8)</b> |
| <b>PAYMENTS TO LOCALS</b> .....                             | <b>12,181,929,700</b>   | <b>12,411,741,800</b>  | <b>229,812,100</b>                   | <b>1.9</b>   |

**FY 2016-17 Year-to-Date Gross Appropriation ..... \$14,161,842,100**

**Changes from FY 2016-17 Year-to-Date:**

1. **At Risk.** Governor proposed to include all districts in funding and broaden pupil eligibility to include reduced lunch, in addition to free lunch, and homeless and migrant students. 150,000,000
2. **Foundation Allowance.** Governor proposed to increase the foundation allowance between \$50 and \$100 per pupil, using the "2x" formula. New minimum foundation allowance would be \$7,611, and new basic foundation allowance would be \$8,279 per pupil. 128,000,000
3. **MPSERS UAAL Rate Cap Increase Due to Lower Assumed Rate of Return (AROR).** Governor proposed to increase the MPSERS unfunded actuarial accrued liabilities rate cap costs by \$90.9 million above what the costs otherwise would have been, due to the proposal to lower the AROR on investments in the school retirement system, from 8.0% to 7.5% over two years. 90,884,000
4. **MPSERS Normal Cost Increase Due to Lower AROR.** Governor proposed to use one-time revenue to hold schools harmless from the increase in normal costs due to the proposal to lower the AROR on investments in the school retirement system over two years. 48,969,000
5. **Per-Pupil Added Payment for High School Pupils.** Governor proposed an extra estimated \$50 per high school pupil to recognize the higher costs of educating high school students. 22,000,000
6. **CTE Equipment Upgrades.** Governor proposed to increase funding for equipment upgrades in career and technical education programs by \$16.8 million, to \$20.0 million total. 16,800,000
7. **Declining Enrollment.** Governor proposed a new categorical to provide additional funding to districts that have lost at least 5% of enrollment over the prior two years. 7,000,000

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| 8. <b>Educator Evaluations.</b> Governor proposed the second of two years of funding for the training of personnel to complete educator evaluations.   | 7,000,000     |
| 9. <b>School Drinking Water Tests.</b> Governor transferred this program from the Department of Education budget to School Aid, to pay for tests of water at public and nonpublic schools.   | 4,500,000     |
| 10. <b>Center for Educational Performance and Information (CEPI).</b> Governor increased GF/GP funding to backfill Federal funds that had been supporting the Center via a work project, and which have now been expended.   | 4,000,000     |
| 11. <b>Partnership Model Districts.</b> Governor proposed a new program to assist districts identified to partner with other organizations to coordinate resources and improve student achievement. Eligible districts would include those with a building earning an "F" grade in the accountability system and meeting other eligibility criteria.   | 3,000,000     |
| 12. <b>Intermediate District Early Literacy Coaches.</b> Governor proposed doubling the funding for early literacy coaches at intermediate districts due to higher-than-anticipated costs.   | 3,000,000     |
| 13. <b>Technology Regional Data Hubs.</b> Governor proposed a new program to integrate local data systems based on common standards, with the goal to provide for actionable use of data by districts and intermediate districts through common reports and dashboards and for efficiently providing information to meet State and Federal reporting.  | 2,200,000     |
| 14. <b>Comprehensive Science, Technology, Engineering, and Math (STEM) Grants.</b> Governor increased funding for competitive STEM grants from \$1.0 million to \$3.0 million.   | 2,000,000     |
| 15. <b>Year-Round Schools/Balanced Calendar.</b> Governor proposed doubling the funding for year-round schools to expand to balanced calendar, from \$1.5 million to \$3.0 million.  | 1,500,000     |
| 16. <b>Cybersecurity Competitions.</b> Governor proposed a new program for grants to expand opportunities to improve computer science skills by participating in events hosted by Merit Network or the Air Force, with funding for coaches and registration and travel fees.   | 500,000       |
| 17. <b>Integrated Behavior and Learning Support (MiBLSi).</b> Governor proposed increasing this funding from \$1,125,000 to \$1,600,000 to continue implementing task for recommendations.   | 475,000       |
| 18. <b>MPSERS Rate Cap Technical Cost Savings (w/o Change to AROR).</b> In the absence of the proposed reduction in the AROR, there would have been savings in the categorical that pays the cost for the unfunded accrued liabilities above the rate cap of 20.96% of payroll.  | (112,900,000) |
| 19. <b>Cap Funding for Shared-Time Programs.</b> Governor proposed capping the amount of funding available for pupils in shared-time programs at \$60.0 million, a \$55.0 million reduction from the estimated FY 2016-17 spending level of \$115.0 million.   | (55,000,000)  |
| 20. <b>Technical Adjustments.</b> Governor included technical savings in foundation allowance costs (\$45.0 million), special education (\$9.9 million), renaissance zone reimbursement (\$2.0 million), and school bond loan fund debt service (\$1.0 million), and included technical cost increases in cash flow borrowing (\$3.5 million), school breakfast (\$2.0 million), and promise zone reimbursement (\$0.5 million). | (51,900,000)  |
| 21. <b>Federal Grants.</b> Governor reduced Federal grant appropriation authority to align with projected grants to be received.   | (91,689,200)  |
| 22. <b>Cyber Schools' Foundation Allowance 20% Reduction.</b> Governor reduced cyber schools' foundation allowances 20%, or roughly \$1,500 per pupil.   | (16,000,000)  |

|   |                         |
|---|-------------------------|
| 23. <b>Program Eliminations.</b> Governor eliminated: computer adaptive tests (\$4.0 million), gang prevention and intervention (\$3.0 million), consolidation innovation (\$3.0 million), nonpublic schools reimbursement for mandates (\$2.5 million), student transition grants in dissolved districts (\$1.9 million), financial data analysis tools (\$1.5 million), online algebra tool (\$1.5 million), Michigan Education Corps (\$1.0 million), strict discipline academies (\$750,000), dropout recovery (\$750,000), competency-based transcript (\$500,000), Detroit Pre-college Engineering Program (\$340,000), Marshall's cooperative education grant (\$300,000), Van Buren ISD's partnership grant with its health department (\$250,000), 10 Cents a Meal (\$250,000), Science Olympiad (\$250,000), Van Andel Education Institute (\$250,000), kindergarten readiness assessment (\$185,000), early learning collaborative (\$175,000), conductive learning center study (\$150,000), and culinary education (\$79,000). | (22,589,000)            |
| 24. <b>Flint Water Emergency.</b> Governor reduced funding from \$10.1 million to \$8.7 million, and changed the fund source from GF/GP to School Aid Fund.   | (1,412,500)             |
| 25. <b>Youth Challenge.</b> Governor reduced funding from \$1.6 million to \$1.5 million.   | (110,000)               |
| 26. <b>College Readiness Outreach.</b> Governor reduced funding from \$3.05 million to \$3.0 million by eliminating a \$50,000 earmark for outreach on dual enrollment programming.   | (50,000)                |
| 27. <b>Economic Adjustments.</b> Includes \$69,400 Gross and \$42,800 GF/GP for economic adjustments.   | 69,400                  |
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| Total Changes .....   | \$140,246,700           |
| <hr/>   |                         |
| <b>FY 2017-18 Governor's Recommendation .....</b>   | <b>\$14,302,088,800</b> |
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**Boilerplate Changes from FY 2016-17 Year-to-Date:**

1. **Section 20m Calculations Rolled into Base.** Governor proposed to roll the majority of the estimated costs under Section 20m (the portion of the foundation allowance increase in FY 2016-17 that exceeded inflation) into the base funding for affected districts, to the extent allowed by the estimate for the inflation measure used in FY 2017-18. (Sections 20m and 22b)
2. **School Reform Office.** Governor proposed to broaden the list of sections for which a chief executive officer may operate in schools to include Sections 391(3), 507(6), 528(6), or 561(6) of the Revised School Code. (Sec. 21)
3. **Shared-Time Pupil Payments.** Governor removed payments for shared-time pupils from Sections 22a and 22b (foundation allowance sections) and into a new Section 23f. (Sections 22a, 22b, 23f)
4. **At Risk.** Governor broadened both the districts eligible for At Risk (to include all districts) and the pupils eligible (to include those who are "economically disadvantaged"). Economically disadvantaged would include students eligible for free or reduced-price meals, those whose families are receiving supplemental nutrition or TANF assistance, those who are homeless or migrant, and those who are in foster care. (Current law only counts students eligible for free meals.) In addition, Governor changed the payment calculation from 11.5% of a district's foundation allowance to 11.5% of the statewide average (with districts above the basic capped at the basic for this calculation). Also, Governor required districts to use the funds to address chronic absenteeism, ensuring that economically disadvantaged students do not score worse as a group than non-disadvantaged students on English language arts and math assessments, and ensuring that at least 65% of high school pupils take CTE, advanced placement, or international baccalaureate classes. Other language changes would allow districts to use up to 5% for professional development on multi-tiered systems of supports, would require MDE to calculate reports on the top 30%/bottom 30% of math and English language arts exams, and would replace the formula triggered for mandatory spending in certain categories with a different process and metrics. (Sec. 31a)
5. **Great Start Readiness Program (GSRP).** Governor included GSRP workgroup recommendations that change the source of data for estimating need in each intermediate district, that require a calculation of statewide unmet need, and that would direct any additional funds to ISDs whose percentage served was less than the statewide average. Governor removed language allowing ISDs to offer services to children in families whose income was at or below 300% of the Federal poverty level (FPL) if there was no waiting list for kids served at 250% of FPL. Included language providing that funding to each ISD is the lesser of the previous number of children served or capacity. (Sections 32d and 39)

6. **Early Literacy.** Governor removed language capping the number of years allowed for funding of professional development and grants to administer diagnostic tools in early literacy programs. (Sec. 35a(2) and (3))
7. **Career and Technical Education (CTE).** Governor made slight changes to the calculation of average CTE costs for the purpose of reimbursing districts, and removed legislative intent language to reimburse districts with early/middle college programs for the added costs of providing both a high school diploma and postsecondary degree or certificate. (Section 61a)
8. **CTE Equipment Upgrades.** Governor increased funding and restructured the formulaic program to be a competitive grant program, with grants at least \$250,000 and up to \$1,000,000. Included language prescribing what would be required to be included in each grant application for equipment upgrades. (Sec. 61c)
9. **Educator Evaluations.** Governor added language specifying that local activities funded under the section may include training for evaluators and observers, professional learning for teachers, principals, and other school leaders, and the purchase of licenses, technology, and other materials to fully implement locally-chosen evaluation tools. (Sec. 95a)
10. **Michigan Virtual University.** Governor added an earmark of up to \$500,000 of existing funding to support the expansion of new online and blended educator professional development programs working with MAISA. (Sec. 98)
11. **Math and Science Education.** Governor restructured funding for the 33 existing math and science centers, replacing them with a network of 10 regional MiSTEM centers aligned with prosperity regions. (Sec. 99s)
12. **Assessments.** Governor required the Department to collaborate with CEPI to develop or select an online reporting tool for student-level assessment data. Also required the Department to begin the development and piloting of English language arts and math tests for statewide benchmark assessments three times a year. (Sections 104 and 104c)

Date Completed: 2-14-17

Fiscal Analyst: Kathryn Summers