



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

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 GOV.'S REC.	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	N/A	N/A	N/A	N/A
GROSS	14,584,313,900	14,635,968,800	51,654,900	0.4
Less:				
Interdepartmental Grants Received	0	0	0	0.0
ADJUSTED GROSS	14,584,313,900	14,635,968,800	51,654,900	0.4
Less:				
Federal Funds	1,726,943,500	1,724,743,500	(2,200,000)	(0.1)
Local and Private	0	0	0	0.0
TOTAL STATE SPENDING	12,857,370,400	12,911,225,300	53,854,900	0.4
Less:				
Other State Restricted Funds	12,642,370,400	12,866,225,300	223,854,900	1.8
GENERAL FUND/GENERAL PURPOSE	215,000,000	45,000,000	(170,000,000)	(79.1)
PAYMENTS TO LOCALS	12,679,972,800	12,733,596,100	53,623,300	0.4

*As of February 7, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$14,584,313,900
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Changes from FY 2017-18 Year-to-Date:

- Foundation Allowance.** The Governor increased the foundation allowance using the "2x" formula, from \$120-\$240 per pupil, bringing the minimum to \$7,871 and basic to \$8,409. 312,000,000
- MPSERS Rate Cap.** The Governor increased funding required to be paid by the State due to the statutory cap on payments made by local employers for legacy costs in the Michigan Public School Employees Retirement System (MPSERS). 71,916,000
- MPSERS Hold Harmless.** The Governor increased funding to hold districts harmless from increased normal costs due to the lowering of the assumed rate of return on assets. 39,170,000
- Special Education.** The Governor increased funding to reflect recent cost estimates. 23,100,000
- Cash Flow Borrowing Costs.** The Governor increased funding by \$17.5 million to reimburse the General Fund for the School Aid Fund's cash flow borrowing costs. 17,500,000
- MPSERS Increased Costs under P.A. 92 of 2017.** Legislation enacted under Public Act 92 of 2017 increased costs required to be paid by the School Aid Fund. The Governor increased this line item's funding by \$14.5 million. 14,500,000
- Special Education - Early On.** The Governor recommended \$5.0 million for a new program recommended by the Special Education Task Force for Early On services. 5,000,000
- Career and Technical Education (CTE) Incentive.** The Governor recommended \$5.0 million in new funding to incentivize districts to enroll students in CTE programs. 5,000,000
- Partnership Model.** The Governor recommended a \$2.0 million increase (for a total of \$8.0 million) for the partnership model with MDE and academically-struggling districts. 2,000,000

10. Promise Zones. The Governor increased promise zone reimbursements by \$1.5 million.	1,500,000
11. School Lunch. The Governor increased school lunch funding by \$648,900.	648,900
12. Special Education - Parental Support and Mediation. The Governor recommended \$500,000 GF/GP for a new program recommended by the Special Education Task Force for mediation and parental support services.	500,000
13. MPSERS One-Time Additional Payment toward Unfunded Liabilities. The Governor removed the \$200.0 million one-time additional payment toward unfunded liabilities.	(200,000,000)
14. Technical Foundation Allowance Cost Adjustments. The Governor included technical adjustments to the foundation allowance due to pupils and taxable values.	(97,700,000)
15. Reduction in Shared-Time Funding. The Governor capped the number of shared-time FTEs that may be claimed by a district, resulting in estimated State savings of \$67,900,000.	(67,900,000)
16. Reduction in Cyber School Foundation Allowance. The Governor reduced the foundation allowance for cyber schools by 25%, saving the State \$25,000,000.	(25,000,000)
17. Elimination of Numerous Programs. The Governor eliminated the following programs, totaling \$23,429,000: computer adaptive tests (\$4.0 million), reimbursement for nonpublic mandates (\$2.5 million GF/GP), Michigan Education Corps (\$2.5 million GF/GP), value-added growth and projection analytics (\$2.5 million GF/GP), Microsoft information technology certifications (\$2.3 million GF/GP), financial data analysis grants (\$1.5 million), year-round schools grants (\$1.5 million), CTE counselors (\$1.2 million), Algebra Nation (\$1.1 million GF/GP), Imagine Learning (\$1.0 million GF/GP), MiBright Future (\$1.0 million GF/GP), competency-based education grants (\$500,000 GF), cybersecurity competitions (\$500,000), 10 Cents a Meal (\$375,000 GF/GP), Detroit Precollege Engineering/DAPCEP (\$340,000 GF/GP), digital assessment preparation (\$250,000 GF/GP), Early Learning Collaborative (\$175,000), and Van Andel Education Institute (\$150,000 GF/GP).	(23,429,000)
18. CTE Equipment. The Governor eliminated GF/GP grants to upgrade CTE equipment.	(12,500,000)
19. Flint Declaration of Emergency. The Governor reduced funding to \$3.2 million GF/GP.	(5,500,000)
20. Reduction to Online Reporting Tool for Assessments. The Governor reduced funding for an online reporting tool for assessments from \$3.2 million to \$0.5 million.	(2,700,000)
21. Federal Grants. The Governor reduced Federal grants by \$2.2 million.	(2,200,000)
22. Renaissance Zone Costs. The Governor reduced renaissance zone funding by \$2.0 million to align with projected reimbursements.	(2,000,000)
23. Elimination of Kindergarten Entry Observation Tool. Of the total assessment funding, the Governor eliminated \$1.0 million supporting a kindergarten entry observation tool.	(1,000,000)
24. MDE Early Literacy Administration. The Governor transferred \$1.0 million GF/GP for early literacy administration to the MDE budget.	(1,000,000)
25. FIRST Robotics for Nonpublics. The Governor eliminated \$300,000 GF/GP supporting FIRST Robotics classes in nonpublic schools.	(300,000)
26. Conductive Learning Center Study. The Governor eliminated \$150,000 supporting a study of conductive learning due to FY 2017-18 being the last year of planned funding.	(150,000)
27. GF/GP Fund Shift. The Governor reduced GF/GP support of the K-12 budget from \$215.0 million in FY 2017-18 to \$45.0 million in FY 2018-19, replaced with School Aid Fund revenue.	0
28. Economic Adjustments. Includes \$199,000 Gross and \$140,700 GF/GP for total economic adjustments, of which an estimated \$37,500 Gross and \$23,900 GF/GP is for legacy retirement costs (pension and retiree health).	199,000
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Total Changes	\$51,654,900
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FY 2018-19 Governor's Recommendation	\$14,635,968,800
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Boilerplate Changes from FY 2017-18 Year-to-Date:

1. **Hardship Repayments.** The Governor reduced from nine to four the number of years a district may repay an adjustment, when that repayment is determined to cause a hardship, and removed language allowing for the Department to waive all or a portion of a repayment under certain conditions. (Sec. 15)
2. **Cyber School Reporting.** The Governor included cyber schools in the mandated report provided by districts on the costs to provide virtual learning. (Sec. 18)
3. **Data Hub Network.** The Governor removed a hard deadline of September 30, 2018 for districts to adopt the Michigan data hub network. Instead, language was included to promote the adoption of the network. (Sec. 22m)
4. **At Risk.** The Governor made a number of changes in this section, including: changing K-3 to K-12 for compliance with Section 1280f of the School Code; adding numeracy for the allowable use of resources; requiring multi-tiered systems of supports for at least grades K-8 (current law is grades 4-8); implementing culturally and linguistically responsive teaching strategies for English language learners; amending MTSS components; increase from 3% to 5% the amount of funding that may be used for certain professional development; and replacing the current formula that would otherwise take effect in FY 2018-19 for districts meeting certain academic benchmarks with a requirement that a district whose At Risk population performed lower than the statewide average would be required to either attain the statewide average or an improvement of at least 10 percentage points by FY 2020-21. If the district failed to meet either of those benchmarks by that date, then the district would be subject to the partnership model. (Sec. 31a)
5. **Early Literacy.** The Governor included language requiring the State Superintendent to designate as critical shortage any employees hired or contracted for under the funds provided in Section 35a. (Sec. 35a)
6. **FIRST Robotics.** The Governor included intermediate districts as eligible grantees for Robotics. (Sec. 99h)
7. **STEM Participation Report.** The Governor removed a report that would provide the number of male and female participants in MiSTEM centers, and the steps centers take to reduce disparity in participation. (Sec. 99s)
8. **Assessment Changes.** The Governor changed the grades for the summative science test to be taken from 4 and 7 to 5 and 8, and added language requiring the Department to provide guidance to districts on optionally adopting and implementing department-approved benchmark assessments, and to recommend that districts commit to using the same benchmark assessment for not less than three years before changing to another test. (Sec. 104c)
9. **School Start before Labor Day.** The Governor removed the requirement that the public hearing held before a school seeks a waiver to start school before Labor Day be a joint meeting with the Department. (Sec. 160)
10. **Noncertificated Educators.** The Governor proposed several changes to guidelines for when a "noncertificated educator" may or may not provide instruction or counseling services in a district. (Sec. 163)
11. **Legal Action against the State.** The Governor proposed to repeal the section providing for a penalty in an amount equal to the amount spent if a district or ISD uses State funding to pay for an expense related to a legal action initiated by the district or ISD against the State. (Sec. 164g)
12. **Collective Bargaining Agreement Penalty.** The Governor proposed to repeal a section penalizing a district or ISD 5% of its State aid if it enters into certain bargaining agreements outlined in the section. (Sec. 164h)
13. **Shared Time.** The Governor proposed to remove the payment for nonpublic kindergarten students enrolled in shared time programs at a public school. In addition, the Governor added language clarifying that State aid would be provided only for nonessential elective courses, and that a curricular offering may include an optional experience. However, to be provided State aid, that course and optional experience must be available to full-time pupils in the minor's grade level or age group, subject to the same requirements that apply to a full-time pupil's participation. (Sec. 166b)

Date Completed: 2-13-18

Fiscal Analyst: Kathryn Summers

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.

FY 2017-18 Year-to-Date and Revised Appropriations and Governor's Rec for FY 2018-19 (Dollars in Thousands)

Line Item Description	Revised PA 143 11/02/2017	FY 18 Gov's Rec Supplemental	FY 19 Gov's Rec 02/07/2018	FY 19 Change from Current Law
Sec. 11j School Bond Loan Fund Payments - Debt Service	\$125,500.0	\$125,500.0	\$125,500.0	\$0.0
Sec. 11m Cash Flow Borrowing Costs	\$6,500.0	\$18,000.0	\$24,000.0	\$17,500.0
Sec. 11o/s Flint Declaration of Emergency	\$8,730.1	\$8,730.1	\$3,230.1	(\$5,500.0)
Sec. 20f Categorical Offset Payments	\$18,000.0	\$18,000.0	\$18,000.0	\$0.0
Sec. 21h Partnership Model Districts	\$6,000.0	\$6,000.0	\$8,000.0	\$2,000.0
Sec. 21j District Grants for Competency-Based Education	\$500.0	\$500.0	\$0.0	(\$500.0)
Sec. 22a Proposal A Obligation Payment	\$5,181,800.0	\$5,176,000.0	\$5,048,000.0	(\$133,800.0)
Sec. 22b Discretionary Payment - State	\$4,037,500.0	\$4,019,000.0	\$4,228,600.0	\$191,100.0
Sec. 22d Isolated Districts Funding	\$5,000.0	\$5,000.0	\$5,000.0	\$0.0
Sec. 22m Technology Regional Data Hubs	\$2,200.0	\$2,200.0	\$2,200.0	\$0.0
Sec. 22n High School Per-Pupil Bonus	\$11,000.0	\$11,000.0	\$11,000.0	\$0.0
Sec. 23f Shared-Time Pupils	\$0.0	\$0.0	\$64,100.0	\$64,100.0
Sec. 24 Court-Placed Pupils	\$8,000.0	\$8,000.0	\$8,000.0	\$0.0
Sec. 24a Juvenile Detention Facilities	\$1,339.0	\$1,339.0	\$1,355.7	\$16.7
Sec. 24c Challenge Program	\$1,528.4	\$1,528.4	\$1,545.4	\$17.0
Sec. 25f Strict Discipline Academies	\$750.0	\$750.0	\$750.0	\$0.0
Sec. 25g Dropout Recovery	\$750.0	\$750.0	\$750.0	\$0.0
Sec. 26a Renaissance Zone Costs	\$17,000.0	\$15,000.0	\$15,000.0	(\$2,000.0)
Sec. 26b PILT Reimbursement	\$4,405.1	\$4,405.1	\$4,405.1	\$0.0
Sec. 26c Promise Zone	\$1,500.0	\$1,600.0	\$3,000.0	\$1,500.0
Sec. 31a "At Risk" Pupil Support	\$499,000.0	\$499,000.0	\$499,000.0	\$0.0
Sec. 31a Child and Adolescent Health Centers	\$6,057.3	\$6,057.3	\$6,057.3	\$0.0
Sec. 31a Vision/Hearing Screening	\$5,150.0	\$5,150.0	\$5,150.0	\$0.0
Sec. 31b Year-Round Schools Grants	\$1,500.0	\$1,500.0	\$0.0	(\$1,500.0)
Sec. 31d School Lunch Programs - State Share	\$22,495.1	\$22,802.0	\$23,144.0	\$648.9
Sec. 31d School Lunch Programs - Federal Share	\$523,200.0	\$523,200.0	\$523,200.0	\$0.0
Sec. 31f School Breakfast	\$4,500.0	\$4,500.0	\$4,500.0	\$0.0
Sec. 31j Support of Local Produce in School Meals	\$375.0	\$375.0	\$0.0	(\$375.0)
Sec. 32d Great Start - School Readiness	\$243,900.0	\$243,900.0	\$243,900.0	\$0.0
Sec. 32p Great Start Early Childhood Block Grants	\$13,400.0	\$13,400.0	\$13,400.0	\$0.0
Sec. 32q Early learning Cooperative	\$175.0	\$175.0	\$0.0	(\$175.0)
Sec. 35 MDE Administration of Early Reading Initiatives	\$1,000.0	\$1,000.0	\$0.0	(\$1,000.0)
Sec. 35a(4) Investment in Literacy Coaches for K-3 Teachers	\$6,000.0	\$6,000.0	\$6,000.0	\$0.0
Sec. 35a(5) Early Literacy District Grants	\$20,900.0	\$20,900.0	\$20,900.0	\$0.0
Sec. 35a(6) Michigan Education Corps	\$2,500.0	\$2,500.0	\$0.0	(\$2,500.0)
Sec. 39a(1) NCLB Federal DOE Grants	\$731,600.0	\$731,600.0	\$730,600.0	(\$1,000.0)
Sec. 39a(2) Other Non-NCLB Federal DOE Grants	\$30,000.0	\$30,000.0	\$30,000.0	\$0.0
Sec. 41 Bilingual Education	\$6,000.0	\$6,000.0	\$6,000.0	\$0.0
Sec. 51a Special Education - Federal IDEA	\$370,000.0	\$370,000.0	\$370,000.0	\$0.0
Sec. 51a(2) Spec. Ed. Foundations - State Share	\$264,200.0	\$266,400.0	\$272,100.0	\$7,900.0
Sec. 51a(3) Spec. Ed. Hold Harmless to ISDs - State Share	\$1,000.0	\$1,000.0	\$1,100.0	\$100.0
Sec. 51a(6) Spec. Ed. Rules Change - State Share	\$2,200.0	\$2,200.0	\$2,200.0	\$0.0
Sec. 51a(11) Spec. Ed. Non Sec. 52 to ISDs - State Share	\$3,600.0	\$3,300.0	\$3,400.0	(\$200.0)
Sec. 51a(16) Spec. Ed. ISD Compliance Reimbursement - State Share	\$500.0	\$500.0	\$500.0	\$0.0
Sec. 51c Special Education Headlee - State Share	\$635,300.0	\$636,600.0	\$650,600.0	\$15,300.0
Sec. 51d Special Education - Other Federal	\$61,000.0	\$61,000.0	\$61,000.0	\$0.0
Sec. 53a Court-Placed Spec. Ed. FTEs - State Share	\$10,500.0	\$10,500.0	\$10,500.0	\$0.0
Sec. 54 MI School for Deaf and Blind - State Share	\$1,688.0	\$1,688.0	\$1,688.0	\$0.0
Sec. 54b Integrated Behavior and Learning Support (MiBLSi)	\$1,600.0	\$1,600.0	\$1,600.0	\$0.0
Sec. 54c Special Ed Taskforce - Mediation and Parental Supports - NEW	\$0.0	\$0.0	\$500.0	\$500.0
Sec. 54d Special Ed Taskforce - Early On - NEW	\$0.0	\$0.0	\$5,000.0	\$5,000.0
Sec. 55 Conductive Learning Center Study	\$150.0	\$150.0	\$0.0	(\$150.0)
Sec. 56 Spec. Ed. Millage Equalization - State Share	\$37,758.1	\$37,758.1	\$37,758.1	\$0.0
Sec. 61a Vocational Education	\$37,850.3	\$37,850.3	\$36,611.3	(\$1,239.0)
Sec. 61b Career and Technical Education/Dual Enrollment	\$8,000.0	\$8,000.0	\$8,000.0	\$0.0
Sec. 61c Career and Technical Education Equipment Upgrades	\$12,500.0	\$12,500.0	\$0.0	(\$12,500.0)
Sec. 61d CTE Incentive Payments - NEW	\$0.0	\$0.0	\$5,000.0	\$5,000.0

FY 2017-18 Year-to-Date and Revised Appropriations and Governor's Rec for FY 2018-19 (Dollars in Thousands)

Line Item Description	Revised PA 143 11/02/2017	FY 18 Gov's Rec Supplemental	FY 19 Gov's Rec 02/07/2018	FY 19 Change from Current Law
Sec. 62 ISD Vocational Ed Millage Equalization	\$9,190.0	\$9,190.0	\$9,190.0	\$0.0
Sec. 64b Dual Enrollment Incentive Payments	\$1,750.0	\$1,750.0	\$1,750.0	\$0.0
Sec. 64d Information Technology Certifications	\$2,300.0	\$2,300.0	\$0.0	(\$2,300.0)
Sec. 65 Detroit Precollege Engineering	\$340.0	\$340.0	\$0.0	(\$340.0)
Sec. 67 College and Career Readiness Tools	\$3,000.0	\$3,000.0	\$3,000.0	\$0.0
Sec. 67a Career Preparation and Readiness Platform	\$1,000.0	\$1,000.0	\$0.0	(\$1,000.0)
Sec. 74 Bus Driver Safety Instruction	\$2,025.0	\$2,025.0	\$2,025.0	\$0.0
Sec. 74 School Bus Inspections	\$1,705.3	\$1,705.3	\$1,729.9	\$24.6
Sec. 81 ISD General Operations Support	\$67,108.0	\$67,108.0	\$67,108.0	\$0.0
Sec. 94 Advanced Placement (AP) Incentive Program	\$750.0	\$750.0	\$750.0	\$0.0
Sec. 94a Center for Educ. Perf. and Information - State Share	\$16,216.0	\$16,216.0	\$16,356.7	\$140.7
Sec. 94a Center for Educ. Perf. and Information - Federal	\$193.5	\$193.5	\$193.5	\$0.0
Sec. 95b Value-Added Growth and Projection Analytics System	\$2,500.0	\$2,500.0	\$0.0	(\$2,500.0)
Sec. 98 Michigan Virtual High School - State	\$7,387.5	\$7,387.5	\$7,387.5	\$0.0
Sec. 99h FIRST Robotics	\$2,800.0	\$2,800.0	\$2,500.0	(\$300.0)
Sec. 99k Cybersecurity Competitions	\$500.0	\$500.0	\$0.0	(\$500.0)
Sec. 99r STEM Executive Director	\$250.0	\$250.0	\$400.0	\$150.0
Sec. 99s(2) Comprehensive STEM Initiative (Administration)	\$50.0	\$50.0	\$100.0	\$50.0
Sec. 99s(3) Comprehensive STEM Grants	\$2,850.0	\$2,850.0	\$2,850.0	\$0.0
Sec. 99s(4) Math/Science Centers - State	\$3,299.3	\$3,299.3	\$0.0	(\$3,299.3)
Sec. 99s(4) Math/Science Centers - Federal	\$4,700.0	\$4,700.0	\$3,500.0	(\$1,200.0)
Sec. 99s(5) ISD Reimbursement for Transition Costs	\$85.0	\$85.0	\$0.0	(\$85.0)
Sec. 99s(6) Transition to MiSTEM Network Regions	\$1,400.0	\$1,400.0	\$4,584.3	\$3,184.3
Sec. 99s(13) Van Andel Education Institute	\$150.0	\$150.0	\$0.0	(\$150.0)
Sec. 99t Online Algebra Tool	\$1,100.0	\$1,100.0	\$0.0	(\$1,100.0)
Sec. 99u Online Mathematics Program	\$1,000.0	\$1,000.0	\$0.0	(\$1,000.0)
Sec. 102d Reimbursement for Purchase of Financial Data Analysis Tool(s)	\$1,500.0	\$1,500.0	\$0.0	(\$1,500.0)
Sec. 104 MEAP Testing - State Share	\$34,709.4	\$34,709.4	\$31,009.4	(\$3,700.0)
Sec. 104 MEAP Testing - Federal Share	\$6,250.0	\$6,250.0	\$6,250.0	\$0.0
Sec. 104d Computer Adaptive Test	\$4,000.0	\$4,000.0	\$0.0	(\$4,000.0)
Sec. 104e Digital Assessment Preparation	\$250.0	\$250.0	\$0.0	(\$250.0)
Sec. 107 Adult Education - State	\$27,000.0	\$27,000.0	\$27,000.0	\$0.0
Sec. 147a(1) MPSERS District Reimbursement	\$100,000.0	\$100,000.0	\$100,000.0	\$0.0
Sec. 147a(2) MPSERS Normal Cost Reimbursement for Lower AROR	\$48,969.0	\$48,969.0	\$88,139.0	\$39,170.0
Sec. 147c(1) MPSERS Rate Cap (Section 41 of MPSERS Act)	\$960,784.0	\$960,784.0	\$1,032,700.0	\$71,916.0
Sec. 147c(2) MPSERS Additional UAAL Payment	\$200,000.0	\$200,000.0	\$0.0	(\$200,000.0)
Sec. 147e MPSERS Additional Normal/DC Costs for PA 92 of 2017	\$23,100.0	\$23,100.0	\$37,600.0	\$14,500.0
Sec. 152a Adair v State of Michigan	\$38,000.5	\$38,000.5	\$38,000.5	\$0.0
Sec. 152b Reimbursement for Nonpublic Mandates	\$2,500.0	\$2,500.0	\$0.0	(\$2,500.0)
TOTAL SCHOOL AID APPROPRIATIONS	\$14,584,313.9	\$14,573,120.8	\$14,635,968.8	\$51,654.9
TOTAL REVENUE				
Federal Aid	\$1,726,943.5	\$1,726,943.5	\$1,724,743.5	(\$2,200.0)
School Aid Fund (SAF)	\$12,547,270.3	\$12,673,077.2	\$12,762,325.2	\$215,054.9
MPSERS Reforms Fund	\$23,100.0	\$23,100.0	\$31,900.0	\$8,800.0
General Fund/General Purpose	\$215,000.0	\$78,000.0	\$45,000.0	(\$170,000.0)
Community District Education Trust Fund (\$72.0 m)/Other (\$100 Flint Reserve)	\$72,000.1	\$72,000.1	\$72,000.1	\$0.0
TOTAL REVENUE	\$14,584,313.9	\$14,573,120.8	\$14,635,968.8	\$51,654.9