

## Brief Narrative on Conference Committee's Recommendation for School Aid

### FY 2014-15 Revisions

For the current year, the Conference Committee does not reduce funding appropriated for Teacher Evaluations, but does incorporate technical cost adjustments saving \$13.0 million.

### FY 2015-16 Recommendation

#### Foundation Allowance

The Conference Committee recommends an increase in the per-pupil foundation grant from \$70 per pupil to \$140 per pupil, using the '2x' formula to distribute the increases. The cost of this proposal is \$183.0 million, or \$75.0 million more than the Governor's \$75 per pupil across-the-board proposal. The equity payment, which is currently a separate categorical, is rolled into base funding for FY 2015-16. Another \$12.0 million is allocated to ensure all districts receive at least a net \$25 per-pupil increase when combining the increases in the foundation allowance and at risk with reductions from eliminating best practices funding and pupil performance grants.

#### New Programs

New programs include \$31.5 million for early literacy initiatives, including grants for additional instructional time with kindergarteners, literacy coaches for K-3 teachers, expanding ISD home visiting programs focusing on parenting skills and identification of children needing special services, funding for the Michigan Education Corps, assessments for kindergarten entry and Grades 1 and 2, updating the elementary teacher certification test to include early literacy, and other items.

Other new programs include \$10.0 million for grants to CTE middle colleges to support the five most 'in-demand' career clusters identified by the regions, and a \$1.0 million increase to the Michigan College Access Network (which is transferred to the School Aid budget from the Higher Education budget), bringing total funding for MCAN to \$3.0 million. Also, the bill includes \$4.0 million for reimbursement of the purchase of a computer adaptive test, \$1.5 million for reimbursement of the purchase of data analysis tools, \$1.0 million for gang prevention, \$800,000 for various STEM-related initiatives, \$300,000 to support pupils attending Marshall from Albion's closed high school, \$150,000 for a study of conductive learning related to cerebral palsy, and \$60,000 for a Civics Education.

#### Increases in Existing Programs

The Conference Committee includes a \$70.0 million increase in At-Risk funding (to \$379.0 million), and a \$2.0 million increase for school health centers. The proposal increases standard career and technical education (CTE) funding by \$10.0 million, and adult education funding and consolidation incentive grants by \$3.0 million each. The proposal adds \$9.7 million to return to blending pupil counts using the prior year, and \$2.4 million to reimburse more districts for transportation costs.

The bill funds required cost increases, including a \$216.6 million increase for the school employer rate cap in the Michigan Public School Employees' Retirement System, \$500,000 for School Bond Loan Fund debt service, and other obligation payments.

#### Decreases or Eliminations of Existing Programs

The proposal recommends the elimination of the one-time payment toward MPERS liabilities (\$19.6 million remaining). Also, pupil performance grants (\$51.1 million) and best practices funding (\$75.0 million) are eliminated, along with *Durant* debt service of \$39.5 million (since FY 2014-15 is the last payment), and bus conversion grants (\$3.0 million). Technology readiness grants are reduced \$18.0 million, and no funding is appropriated for the distressed district fund or teacher evaluations in FY 2015-16.

The balance sheet for the School Aid Fund projects a \$50.0 million year-end balance under the conference appropriations for FY 2015-2016.