

**SCHOOL AID SUPPLEMENTAL: FY 2011-12**  
**Summary: Floor Substitute**  
**HB 4445 (H-2)**



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	FY 2011-12 YTD	FY 2011-12 Executive	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Enacted	Difference: House From FY 2011-12 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>	1,653,331,800	1,658,031,800	1,653,331,800	1,658,031,800	0	4,700,000	0.3
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	10,887,098,700	10,963,333,600	10,899,598,700	10,967,333,600	0	80,234,900	0.7
<b>GF/GP</b>	118,642,400	118,642,400	118,642,400	118,642,400	0	0	--
<b>Gross</b>	<b>\$12,659,072,900</b>	<b>\$12,740,007,800</b>	<b>\$12,671,572,900</b>	<b>\$12,744,007,800</b>	<b>\$0</b>	<b>\$84,934,900</b>	<b>0.7</b>

Note: FY 2011-12 figures reflect supplementals and Executive Order (EO) actions through February 9, 2012. Figures above do not include changes recommended under HB 4445 as originally passed by the House on April 13, 2011, which would have amended appropriations for FY 2010-11. Executive represents Supplemental Request 2012-9.

**Overview**

The School Aid budget makes appropriations to the state's 549 local school districts, 256 public school academies, and 57 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Education Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

**Major Budget Changes**

**1. School Aid Fund Cash Flow Borrowing Costs (Sec. 11m)**

Decreases by \$12.5 million to reflect lower interest rates for short-term borrowing costs related to the School Aid Fund.

	FY 2011-12 YTD	House Change From YTD
<b>Gross</b>	<b>\$20,000,000</b>	<b>(\$11,500,000)</b>
Restricted	20,000,000	(11,500,000)

**2. Federal Education Jobs (EdJobs) Fund Program (Sec. 11q)**

Adds \$4.7 million to recognize additional federal Education Jobs Fund revenue made available from unspent funds redistributed to the states. Funds would be distributed based on each district's or public school academy's relative proportion of the FY 2010-11 EdJobs funding under former Sec. 11p.

<b>Gross</b>	<b>\$0</b>	<b>\$4,700,000</b>
Federal	0	4,700,000

**3. Proposal A Obligation Payment (Sec. 22a)**

Increases by \$78.0 million to adjust for January 2012 consensus pupil estimates and for recent reductions in taxable values due to the recognition of several tax appeal decisions and foreclosures as well as recent reclassifications of property of from industrial real property (taxable) to industrial personal property (non-taxable). Includes a one-time payment of \$6.0 million to recognize a settlement agreement for Covert to reimburse the district for lost revenue due to a tax tribunal appeal regarding the reclassification of a power plant.

<b>Gross</b>	<b>\$5,691,000,000</b>	<b>\$78,000,000</b>
Restricted	5,691,000,000	78,000,000

**4. Foundation Allowances - Discretionary Payment (Sec. 22b)**

Increases by \$19.7 million to adjust for January 2012 consensus pupil estimates, special education cost estimates and taxable value reductions. Also reduces the GF/GP funding to make it available for the additional early childhood programs and replaces it with additional School Aid Fund revenue.

<b>Gross</b>	<b>\$3,032,300,000</b>	<b>\$19,700,000</b>
Restricted	2,922,561,100	32,200,000
GF/GP	\$109,738,900	(\$12,500,000)

**5. Distressed District Student Transition Grants (Sec. 22h)**

Adds \$4.0 million in grants equal to \$4,000 per pupil to districts that agree to enroll students currently enrolled in a distressed district or to a district or ISD that enters into a memorandum of agreement with a distressed district to transfer management functions to the district or ISD for the purposes of educating distressed district students who want to remain in the distressed district. (See Major Boilerplate changes below for more detail).

<b>Gross</b>	<b>\$0</b>	<b>\$4,000,000</b>
Restricted	0	4,000,000

<b>Major Budget Changes</b>		<b>FY 2011-12 YTD</b>	<b>House Change From YTD</b>
<b>6. Juvenile Detention Facility Program (Sec. 24a)</b>	<b>Gross</b>	<b>\$1,197,500</b>	<b>\$917,300</b>
Increases by \$862,200 to cover actual current year costs of providing education in Department of Human Services (DHS) facilities as well as \$55,100 for Other Post Employment Benefit (OPEB) prefunding.	Restricted	1,197,500	917,300
<b>7. Youth Challenge Program (Sec. 24c)</b>	<b>Gross</b>	<b>\$742,300</b>	<b>\$23,300</b>
Increases by \$23,300 for OPEB prefunding.	Restricted	742,300	23,300
<b>8. Payment in Lieu of Taxes (PILT) Reimbursement (Sec. 26b)</b>	<b>Gross</b>	<b>\$2,890,000</b>	<b>(\$1,052,000)</b>
Reduces by \$1.1 million due to a shift for PILT payments on lands purchased with Natural Resources Trust Fund (NRTF) revenue from the School Aid Fund to the NRTF pursuant to Public Acts 117 and 118 of 2011.	Restricted	2,890,000	(1,052,000)
<b>9. Office of Great Start (Sec. 32g)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$12,500,000</b>
Provides \$12,500,000 to the Office of Great Start for the following:	Restricted	0	0
<ul style="list-style-type: none"> <li>\$3,250,000 for kindergarten entry status assessments for training, purchasing an assessment tool and integrating into the P-20 data system, parent education and outreach, and project administration.</li> <li>\$9,250,000 for services to early childhood providers to assist them in attaining higher quality ratings under the Tiered Quality Rating and Improvement System. Funds would be used for training, aligning current state licensing, early learning standards, and the state professional registry, assessment of early learning settings across multiple quality indicators, purchase of educational rating tools, creation of a data tracking system to connect high need children with high quality early learning settings, family and parent education, evaluation, and quality improvement.</li> </ul>	GF/GP	\$0	\$12,500,000
<b>10. Special Education Funding (Sec. 51a et al)</b>	<b>Gross</b>	<b>\$1,414,869,100</b>	<b>(\$22,700,000)</b>
Reduces special education funding by \$22.7 million due to revised cost estimates.	Federal	437,400,000	0
	Restricted	977,469,100	(22,700,000)
<b>11. School Bus Inspections (Sec. 74)</b>	<b>Gross</b>	<b>\$1,529,600</b>	<b>\$79,300</b>
Increases by \$79,300 for OPEB prefunding.	Restricted	1,529,600	79,300
<b>12. Center for Educational Performance and Information (CEPI) (Sec. 94a)</b>	<b>Gross</b>	<b>\$8,394,900</b>	<b>\$267,000</b>
Increases by \$267,000 for OPEB prefunding.	Federal	2,893,200	0
	GF/GP	\$5,501,700	\$267,000

### **Major Boilerplate Changes From FY 2011-12**

#### **Sec. 11a. School Aid Stabilization Fund - REVISED**

Transfers \$100.0 million from the School Aid Fund into the School Aid Stabilization Fund.

#### **Sec. 22h. Distressed District Student Transition Grants - NEW**

Provides \$4,000 per pupil to districts that qualify in one of two ways:

- A district could agree to enroll students currently enrolled in a distressed district. To qualify, a district would have to open enrollment to distressed district students beginning not later than March 5, 2012. A qualifying pupil must have been counted in the distressed district on the supplemental count day in February 2012 and would have to be enrolled in and in regular daily attendance on March 22, 2012. The enrolling district would have to report the number of such pupils to CEPI by May 2, 2012.

The enrolling district would not have to have the permission of a pupil's resident district to enroll the pupil and could limit the number of qualifying students it accepts in a grade, school, or program. An enrolling district could not refuse enrollment based on a number of specified criteria, but could refuse to enroll a pupil that has been suspended within the previous 2 years or has ever been expelled or convicted of a felony.

- Additionally, a district or ISD could enter into a memorandum of agreement with a distressed district that has an Emergency Manager to assume the management functions of the distressed district for the purposes of educating pupils who want to remain in the distressed district. Pupils would have to be enrolled in and in regular daily attendance in the distressed district on March 22, 2012 as reported by the managing district or ISD to CEPI by May 2, 2012.

A distressed district is defined as being located in a county with a population exceeding 800,000 in 2010, has received a deferred adjustment under Section 15(2), and levies a sinking fund millage of more than 4.5 mills.

## SCHOOL AID LINE ITEM SUMMARY



Sec.	Foundation Allowance Increases:	FY 2011-12	FY 2011-12	
		YTD Enacted PA 62 of 2011	HB 4445 Supplemental 2012-9	Revised
11g	Durant - Debt Service	\$39,000,000		\$39,000,000
11j	School Bond Redemption Fund	\$93,575,300		\$93,575,300
11m	Cash Flow Borrowing Costs	\$20,000,000	(\$11,500,000)	\$8,500,000
11p	Federal Ed Jobs Funding	\$0	\$4,700,000	\$4,700,000
22a	Proposal A Obligation Payment	\$5,691,000,000	\$78,000,000	\$5,769,000,000
22b	Discretionary Payment - State	\$3,032,300,000	\$19,700,000	\$3,052,000,000
22d	Isolated District Funding	\$2,025,000		\$2,025,000
22e	MBT Impact on Out of Formula Districts	\$700,000		\$700,000
22f	Performance-Based and Best Practices Grants	\$154,000,000		\$154,000,000
22g	Consolidation Innovation Grants - NEW	\$0		\$0
22h	Distressed District Student Transition Grants	\$0	\$4,000,000	\$4,000,000
24	Court-Placed Pupils	\$8,000,000		\$8,000,000
24a	Juvenile Detention Facility Programs	\$1,197,500	\$917,300	\$2,114,800
24c	Youth Challenge Program	\$742,300	\$23,300	\$765,600
26a	Renaissance Zone Reimbursement	\$26,300,000		\$26,300,000
26b	PILT Reimbursement	\$2,890,000	(\$1,052,000)	\$1,838,000
31a	"At Risk" Pupil Support	\$308,988,200		\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300		\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000		\$5,150,000
31d	State School Lunch Programs	\$22,495,100		\$22,495,100
31d	Federal School Lunch Programs	\$402,506,000		\$402,506,000
31f	School Breakfast Program	\$9,625,000		\$9,625,000
32b	ECIC Collaborative Grants	\$5,900,000		\$5,900,000
32d	Great Start School Readiness - District Grants	\$95,700,000		\$95,700,000
32d	Great Start School Readiness - Competitive	\$8,875,000		\$8,875,000
32g	Early Learning Assessment/Quality Rating - NEW	\$0	\$12,500,000	\$12,500,000
32j	Great Parents Great Start ISD Grants	\$5,000,000		\$5,000,000
39a1	Federal "No Child Left Behind"	\$761,973,600		\$761,973,600
39a2	Other Federal Funding	\$32,359,700		\$32,359,700
51a(1)	Special Education - Federal Reimbursement	\$363,400,000		\$363,400,000
51a(2)	Special Ed ISD Foundation and Costs	\$245,500,000	\$1,500,000	\$247,000,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000		\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000		\$2,200,000
51a(12)	Special Ed Foundations for Non Sec. 52 to ISDs	\$6,800,000	(\$1,800,000)	\$5,000,000
51c	Special Ed Headlee Obligation (Durant)	\$669,900,000	(\$22,400,000)	\$647,500,000
51d	Special Education - Other Federal Grants	\$74,000,000		\$74,000,000
53a	Special Ed for Court Placed Pupils	\$13,500,000		\$13,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100		\$36,881,100
61a	Vocational-Technical Education Programs	\$26,611,300		\$26,611,300
62	ISD Vocational Education Millage Equalization	\$9,000,000		\$9,000,000
74	Bus Driver Safety Instruction	\$1,625,000		\$1,625,000
74	School Bus Inspections	\$1,529,600	\$79,300	\$1,608,900
81	ISD General Operations Support	\$62,108,000		\$62,108,000
93	State Aid to Libraries for MELCat Support	\$1,304,300		\$1,304,300
94a	Center for Educational Performance	\$5,501,700	\$267,000	\$5,768,700
94a	Center for Educational Performance - Federal	\$2,893,200		\$2,893,200
95	Principal Educator Evaluation Training - NEW	\$0		\$0
98	Michigan Virtual School	\$1,687,500		\$1,687,500
98	Michigan Virtual School - Federal	\$2,700,000		\$2,700,000
99	Math and Science Centers - State	\$2,625,000		\$2,625,000
99	Math and Science Centers - Federal	\$5,249,300		\$5,249,300
104	MEAP Testing - State	\$35,194,400		\$35,194,400
104	MEAP Testing - Federal	\$8,250,000		\$8,250,000
107	Adult Education	\$22,000,000		\$22,000,000
147a	MPSERS One Time Cost Offset	\$155,000,000		\$155,000,000
147b	MPSERS Reserve for Retirement Obligation Reform	\$133,000,000		\$133,000,000
152a	Adair - Database Payment	\$34,064,500		\$34,064,500
<b>TOTAL APPROPRIATIONS</b>		<b>\$12,659,072,900</b>	<b>\$84,934,900</b>	<b>\$12,744,007,800</b>
<b>REVENUE BY SOURCE</b>				
	Federal Aid	\$1,653,331,800	\$4,700,000	\$1,658,031,800
	School Aid Fund	\$10,887,098,700	\$80,234,900	\$10,967,333,600
	General Fund/General Purpose	\$118,642,400	\$0	\$118,642,400
<b>TOTAL REVENUE</b>		<b>\$12,659,072,900</b>	<b>\$84,934,900</b>	<b>\$12,744,007,800</b>