

**SCHOOL AID: FY 2011-12  
Summary: Conference Report  
Senate Bill 183 (CR-1)**



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	FY 2010-11 Year-to-Date as of 2/17/11	FY 2011-12 Executive	FY 2011-12 Senate	FY 2011-12 House	FY 2011-12 Conference	Difference: Conference Vs. FY 2010-11	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>							
<b>ARRA</b>	500,526,900	0	0	0	0	(500,526,900)	(100.0)
<b>Non-ARRA</b>	1,677,806,400	1,653,331,800	1,653,331,800	1,653,331,800	1,653,331,800	(24,474,600)	(1.5)
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	10,937,260,500	10,107,684,900	10,528,263,800	10,111,241,700	10,887,098,700	(50,161,800)	(0.5)
<b>GF/GP</b>	18,642,400	412,542,400	218,642,400	461,172,700	118,642,400	100,000,000	536.4
<b>Gross</b>	<b>\$13,134,236,200</b>	<b>\$12,173,559,100</b>	<b>\$12,400,238,000</b>	<b>\$12,225,746,200</b>	<b>\$12,659,072,900</b>	<b>(\$475,163,300)</b>	<b>(3.6)</b>

Notes: (1) FY 2010-11 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 17, 2011. (2) "ARRA" represents temporary funds received under the federal American Recovery and Reinvestment Act or related sources. (3) House Action as Passed the House in HB 4325. (4) SB 183 (CR-1) also incorporates the FY 2010-11 supplemental changes as proposed in HB 4445. See page 14-15 for more detail.

**Overview**

The School Aid budget makes appropriations to the state's 551 local school districts, 247 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, Department of Licensing and Regulatory Affairs, and other entities to implement certain grants and other programs related to K-12 education.

**Major Budget Changes From FY 2010-11 YTD Appropriations**

**1. Per Pupil Reduction of \$170 (Sec. 11d)**

Executive rolls the per pupil reduction under this section into a permanent reduction of each district's foundation allowance under Sec. 20.

House, Senate, and Conference concur with Executive.

	FY 2010-11 YTD (as of 2/17/11)	Conference Change from Year-to-Date
<b>Gross</b>	<b>(\$268,590,300)</b>	<b>\$268,590,300</b>
Restricted	(268,590,300)	268,590,300

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

Executive reduces funding for FY 2011-12 by \$81.5 million to incorporate estimates in taxable values and pupil memberships. Also reflects the elimination of Sec. 6(4)(y), a declining enrollment grant which allows certain districts to use a 3-year average membership count for foundation payment purposes as opposed to the statutory one-year blend. Assumes taxable value changes and further pupil declines of 18,000 for FY 2012-13, which saves an additional \$92.0 million.

House reduces funding for FY 2011-12 by \$82.0 million to incorporate cost estimates and to eliminate all but \$100 placeholder Sec. 6(4)(y) declining enrollment grants, which was added in Sec. 22b.

Senate reduces funding by \$90.5 million for FY 2011-12 but maintains Sec. 6(4)(y).

Conference reduces by \$73.0 million to adjust for updated estimates, and maintains funding for Sec. (6)(4)(y).

<b>Gross</b>	<b>\$5,764,000,000</b>	<b>(\$73,000,000)</b>
Restricted	5,764,000,000	(73,000,000)

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Conference Change from Year-to-Date</b>
<b>3. Discretionary Payment (Sec. 22b)</b>			
<u>Executive</u> reduces funding by \$563.8 million in state funds and \$184.3 million in Federal ARRA funds for a total decrease in overall funding of \$748.0 million from the current year to adjust for the \$470 per pupil reduction in foundation allowance payments, the elimination of district specific foundation allowance adjustments (which range from an additional \$88 to \$1,173 per pupil, <i>See Major Boilerplate Changes, Section 20, Below</i> ) and for estimated changes in taxable values and pupil estimates. FY 2012-13 estimates adjust for estimated taxable value and pupil changes in the following year.	<b>Gross</b>	<b>\$3,757,756,600</b>	<b>(\$725,456,600)</b>
	ARRA	184,256,600	(184,256,600)
	Restricted	3,573,500,000	(541,200,000)
<u>House</u> reduces funding by \$512.5 million in state funds along with the elimination of Federal ARRA funds for a total reduction of \$696.8 million. Reduces the foundation allowance for each district by an amount equal to 3.5% times the district's foundation allowance in FY 2010-11 or the basic foundation allowance, whichever is less, and then further reduces it by \$170 per pupil to roll in the Sec. 11d reductions.			
<u>Senate</u> reduces by \$537.3 million to reduce foundations by rolling in the \$170 per pupil reduction as well as an additional \$170 per pupil reduction. Also assumes savings of \$175 million for half foundation for half day kindergarten.			
<u>Conference</u> reduces state funding by \$541.2 million to concur with Executive to reduce foundations by a total of \$470 per pupil. Makes no changes to kindergarten funding in FY 2011-12. Reduces Small Class size adjustments from a total of \$19.7 million to \$13.5 million and reduces other foundation adjustments from a total of \$8.6 million to \$4.0 million. Funding for small class size and other foundation allowance adjustments is one-time funding for FY 2011-12 only. (For more details see Sec. 20 under <i>Major Boilerplate Changes below.</i> )			
<b>4. School Bond Redemption Fund (Sec. 11j)</b>			
<u>Executive</u> increases by \$88.4 million to pay for increased interest payments. (FY 2010-11 costs were reduced from \$45.1 million due to one-time refinancing savings.) FY 2012-13 figures reflect estimated cost changes for the following year.	<b>Gross</b>	<b>\$5,167,800</b>	<b>\$88,407,500</b>
	Restricted	5,167,800	88,407,500
<u>House, Senate, Conference</u> concur with Executive.			
<b>5. Cash Flow Borrowing Costs (Sec.11m)</b>			
<u>Executive</u> decreases costs to reflect anticipated lower interest rates for short-term borrowing costs related to the State School Aid Fund. FY 2012-13 costs are adjusted for anticipated increases.	<b>Gross</b>	<b>\$45,000,000</b>	<b>(\$25,000,000)</b>
	Restricted	45,000,000	(25,000,000)
<u>House, Senate, Conference</u> concur with Executive.			
<b>6. Federal Education Jobs (EdJobs) Funds (Sec.11p)</b>			
<u>Executive</u> eliminates one-time federal EdJobs funding which was distributed to districts based on the 2x formula with amounts ranging from \$111 to \$222 per pupil and to intermediate school districts based on a percentage of their Sec. 81 payments.	<b>Gross</b>	<b>\$316,270,300</b>	<b>(\$316,270,300)</b>
	Federal	316,270,300	(316,270,300)
<u>House, Senate, Conference</u> concur with Executive.			
<b>7. Isolated and Rural District Grants (Sec. 22d)</b>			
<u>Executive</u> eliminates funding for the two grant programs targeted at small, rural districts.	<b>Gross</b>	<b>\$2,025,000</b>	<b>\$0</b>
	Restricted	2,025,000	0
<u>House</u> concurs with Executive.			
<u>Senate</u> increases by \$2.0 million for a total of \$4.1 million.			
<u>Conference</u> maintains current year funding of \$2.0 million.			

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Conference Change from Year-to-Date</b>
<b>8. Michigan Business Tax (MBT) Impact on Out of Formula District Grants (Sec. 22e)</b>	<b>Gross</b>	<b>\$1,800,000</b>	<b>(\$1,100,000)</b>
<u>Executive</u> eliminates funding which held out-of-formula districts harmless from local personal property tax exemptions when the MBT was created.	Restricted	1,800,000	(1,100,000)
<u>House</u> concurs with Executive.			
<u>Senate</u> reduces to \$700,000 for districts with fewer than 500 pupils.			
<u>Conference</u> concurs with Senate but as one-time funding only for FY 2011-12.			
<b>9. Best Practices One-Time Grants (Sec. 22f)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$154,000,000</b>
<u>Conference</u> provides \$154.0 million in one-time funding from the FY 2010-11 School Aid Fund balance for an appropriation in FY 2011-12 for grants to districts in an amount equal to \$100 per pupil if they satisfy 4 out of 5 best practices. (For more detail see Sec. 22f under Major Boilerplate Changes below.)	Restricted	0	154,000,000
<b>10. DHS Juvenile Detention Facilities (Sec. 24a)</b>	<b>Gross</b>	<b>\$1,440,000</b>	<b>(\$242,500)</b>
<u>Executive</u> decrease costs of education for students held in Department of Human Service (DHS) juvenile detention facilities due to facility closures and therefore fewer pupils.	Restricted	1,440,000	(242,500)
<u>House, Senate, and Conference</u> concur with Executive.			
<b>11. Youth Challenge Program (Sec. 24c)</b>	<b>Gross</b>	<b>\$742,300</b>	<b>\$0</b>
<u>Executive</u> decreases by \$97,000 to reflect actual FY 2010-11 grant award for the Youth Challenge program, a residential disciplinary program for at-risk youth, run by the Department of Military and Veterans Affairs department in Battle Creek.	Restricted	742,300	\$0
<u>House</u> concurs with Executive.			
<u>Senate</u> maintains current year funding.			
<u>Conference</u> concurs with Senate.			
<b>12. Payment in Lieu of Taxes Reimbursement (Sec. 26b)</b>	<b>Gross</b>	<b>\$3,400,000</b>	<b>(\$510,000)</b>
<u>Executive</u> decreases payments to reflect lower property values.	Restricted	3,400,000	(510,000)
<u>House</u> concurs with Executive.			
<u>Senate</u> eliminates funding for this program.			
<u>Conference</u> concurs with Executive and House.			
<b>13. Declining Enrollment Grants (Sec. 29)</b>	<b>Gross</b>	<b>\$20,000,000</b>	<b>(\$20,000,000)</b>
<u>Executive</u> eliminates funding for this grant program which provides additional funds based on a three-year average membership for districts with two consecutive years of declining enrollment.	Restricted	20,000,000	(20,000,000)
<u>House, Senate, and Conference</u> concur with Executive.			
<b>14. At-Risk Grants (Sec. 31a)</b>	<b>Gross</b>	<b>\$308,988,200</b>	<b>\$0</b>
<u>Executive</u> maintains total funding for At-risk pupil support to districts, but eliminates exceptions which currently allow Dearborn and Baldwin to qualify for funding despite language that otherwise prohibits out-of-formula funded districts from qualifying. Dearborn would lose an estimated \$4.9 million and Baldwin would lose an estimated \$243,400. The funds would be distributed among all other qualifying districts.	Restricted	308,988,200	0
<u>House</u> concurs with the total funding for At-Risk programs, but maintains exceptions to allow Dearborn and Baldwin to qualify for funding.			
<u>Senate</u> reduces the line by \$5.0 million and eliminates the exceptions for Dearborn and Baldwin.			
<u>Conference</u> concurs with Executive to maintain current year funding but eliminate exceptions for Dearborn and Baldwin.			

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Conference Change from Year-to-Date</b>
<b>15. Early Childhood Investment Corporation (ECIC) Great Start Collaboratives (Sec. 32b)</b>	<b>Gross</b>	<b>\$6,000,000</b>	<b>(\$100,000)</b>
<u>Executive</u> maintains total funding for grants to ISDs distributed through ECIC for Great Start Collaboratives to coordinate early childhood programs.	Restricted	6,000,000	(100,000)
<u>House</u> maintains funding for current year and provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32d and 32j.			
<u>Senate</u> reduces by \$100,000.			
<u>Conference</u> concurs with Senate funding and with the House's intent language for FY 2012-13.			
<b>16. Great Start School Readiness Preschool Program (Sec. 32d)</b>	<b>Gross</b>	<b>\$98,575,000</b>	<b>\$6,000,000</b>
<u>Executive</u> maintains funding for preschool programs provided by districts (\$89.4 million) and non-district programs (\$8.9 million) and a longitudinal study of preschool (\$300,000) at current funding levels.	Restricted	89,400,000	14,875,000
<u>House</u> maintains total funding for FY 2011-12 for programs but shifts all revenues to School Aid Fund and distributes funding to intermediate districts that will act as fiduciaries and distribute funds to districts and competitive programs. Provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32b and 32j. (See other changes in Major Boilerplate Changes below.)	GF/GP	\$9,175,000	(\$8,875,000)
<u>Senate</u> adds \$6.0 million to GSRP district programs.			
<u>Conference</u> concurs with Senate funding levels and with House changes to make ISD fiduciaries of all GSRP funding and intent language for FY 2012-13.			
<b>17. Great Parents Great Start Program (Sec. 32j)</b>	<b>Gross</b>	<b>\$5,000,000</b>	<b>\$0</b>
<u>Executive</u> maintains total funding for grants to ISDs for programs for parents of children age 0-5.	Restricted	5,000,000	0
<u>House</u> maintains funding for current year and provides intent to transfer funding in FY 2012-13 into early childhood block grants along with funding under Sec. 32d and 32j.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with House and Senate funding levels and House intent language for FY 2012-13.			
<b>18. Bilingual Education Grants (Sec. 41)</b>	<b>Gross</b>	<b>\$2,800,000</b>	<b>(\$2,800,000)</b>
<u>Executive</u> eliminates funding that provides districts additional funds for educating students of limited English-speaking ability.	Restricted	2,800,000	(2,800,000)
<u>House, Senate, and Conference</u> concur with Executive.			
<b>19. Special Education Payments (Sec. 51a)</b>	<b>Gross</b>	<b>\$1,517,583,000</b>	<b>(\$103,713,900)</b>
<u>Executive</u> reflects estimated federal funding decrease of \$22.3 million and reduces required state payments by \$66.1 million based on cost estimates. Adjusts FY 2012-13 funding for estimated cost increases.	Federal	459,700,000	(22,300,000)
<u>House, Senate, and Conference</u> revise costs based on estimates related to varying funding proposals.	Restricted	1,057,883,000	(81,413,900)
<b>20. Special Education Hold-Harmless Payment (Sec. 51a(3))</b>	<b>Gross</b>	<b>\$1,400,000</b>	<b>(\$400,000)</b>
<u>Executive</u> eliminates funding for ISDs that receive a hold-harmless payment that guarantees their funding will not fall below 1996-97 funding levels under former sec. 52 and 58.	Restricted	1,400,000	(400,000)
<u>House</u> concurs with Executive.			
<u>Senate</u> maintains current year funding levels.			
<u>Conference</u> reduces appropriation to \$1.0 million.			

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Conference Change from Year-to-Date</b>
<b>21. Special Education Intermediate School District (ISD) Center FICA (Sec. 51a(8))</b>	<b>Gross</b>	<b>\$15,313,900</b>	<b>(\$15,313,900)</b>
Executive eliminates funding for payments which are based on previous state allocations for retirement and Social Security costs attributable to center program employees. House concurs with Executive. Senate maintains current year funding levels. Conference concurs with Executive and House.	Restricted	15,313,900	(15,313,900)
<b>22. Middle College Program (Sec. 64)</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$2,000,000)</b>
Executive eliminates funding for this program which helps districts develop a middle college with a 5th year of high school in conjunction with a career college or university program. House, Senate, and Conference concur with Executive.	Restricted	2,000,000	(2,000,000)
<b>23. Precollege Engineering and Science Grants (Sec. 65)</b>	<b>Gross</b>	<b>\$905,100</b>	<b>(\$905,100)</b>
Executive eliminates funding for this program in Detroit, Grand Rapids, and Bay-Arenac, Huron and Tuscola ISDs. House, Senate, and Conference concur with Executive.	Restricted	905,100	(905,100)
<b>24. School Bus Inspections (Sec. 74)</b>	<b>Gross</b>	<b>\$433,800</b>	<b>\$1,095,800</b>
Executive increases funding to reflect current law, which requires the Michigan State Police to conduct all safety inspections, rather than simply doing random audits of school district safety inspections. House, Senate, and Conference concur with Executive.	Restricted	433,800	1,095,800
<b>25. ISD General Operations Support (Sec. 81)</b>	<b>Gross</b>	<b>\$65,376,800</b>	<b>(\$3,268,800)</b>
Executive reduces funding by \$3.3 million or 5.0% from current year levels. House, Senate, and Conference concur with Executive.	Restricted	65,376,800	(3,268,800)
<b>26. Postsecondary Agriculture Education Grant (Sec. 92)</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>
Executive eliminates funding for a new program added in FY 2010-11 at Saginaw Valley State University. House, Senate, and Conference concur with Executive.	Restricted	300,000	(300,000)
<b>27. State Aid to Libraries for Michigan Electronic Library Catalog (MeLCat) Support (Sec. 93)</b>	<b>Gross</b>	<b>\$1,500,000</b>	<b>(\$195,700)</b>
Executive eliminates funding for State Aid to Libraries. In addition, the Executive recommendation eliminates \$2.3 million in the Department of Education budget for State Aid to Libraries. House concurs with Executive. Senate increases funding to \$3.6 million. Conference reduces School Aid appropriation to \$1.3 million which in addition to the \$5.4 million in the MDE budget, totals \$6.75 million.	Restricted	1,500,000	(195,700)
<b>28. Center for Educational Performance and Information (CEPI) (Sec. 94a)</b>	<b>Gross</b>	<b>\$23,928,900</b>	<b>(\$15,534,000)</b>
Executive shifts \$8.4 million in School Aid Funds, which were added in FY 2010-11 to support the efforts of districts in linking individual teachers to student achievement data, to Section 152a, which reimburses districts for data collection and reporting costs. Also removes \$7.2 million in Federal funding authorization which was increased in anticipation of a Federal Race to the Top award which the state did not receive. Also includes \$80,600 in GF/GP for economic increases at CEPI. House, Senate, and Conference concur with Executive.	Federal	10,067,800	(7,174,600)
	Restricted	8,440,000	(8,440,000)
	GF/GP	\$5,421,100	\$80,600
<b>29. Positive Behavioral Support Program (Sec. 99i)</b>	<b>Gross</b>	<b>\$300,000</b>	<b>(\$300,000)</b>
Executive eliminates funding for this program in the Pontiac school district. House, Senate, and Conference concur with Executive.	Restricted	300,000	(300,000)

<b>Major Budget Changes From FY 2010-11 YTD Appropriations</b>		<b>FY 2010-11 YTD (as of 2/17/11)</b>	<b>Conference Change from Year-to-Date</b>
<b>30. Michigan Educational Assessment Program (MEAP) Program (Sec. 104)</b>	<b>Gross</b>	<b>\$43,444,400</b>	<b>\$0</b>
	Federal	3,250,000	5,000,000
	Restricted	40,194,400	(5,000,000)
Executive shifts federal Title VI funds, which were used in the FY 2010-11 Department of Education budget for a one-time rewrite of the secure site for the Office of Education Assessment and Accountability, back to the MEAP program, allowing for a reduction in School Aid Fund support. House, Senate, and Conference concur with Executive.			
<b>31. MPSERS - One-Time Cost Offset (Sec. 147a)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$155,000,000</b>
	Restricted	0	155,000,000
Conference appropriates \$155.0 million from the FY 2010-11 School Aid Fund balance for a one-time payment to districts in FY 2011-12 to partially offset increases in MPSERS employer contribution costs. Distributions will be calculated based on a share of MPSERS payroll.			
<b>32. MSPERS - Reserve for Retirement Obligation Reform (Sec. 147b)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$133,000,000</b>
	Restricted	0	133,000,000
Conference appropriates \$133.0 million from the FY 2010-11 School Aid Fund balance for a one-time appropriation in FY 2011-12 into a reserve fund for MPSERS retirement obligation reform.			
<b>33. ADAIR - Database Payment (Sec. 152a)</b>	<b>Gross</b>	<b>\$25,624,500</b>	<b>\$8,440,000</b>
	Restricted	25,624,500	8,440,000
Executive shifts \$8.4 million in School Aid Funds from CEPI, which were added in FY 2010-11 to support the efforts of districts in linking individual teachers to student achievement data, to this section which provides funds to districts for data collection and reporting costs. House, Senate, and Conference concur with Executive.			

### **Major Boilerplate Changes From FY 2010-11**

#### **Sec. 6(4)(r). Kindergarten Pupil Membership Definition - REVISED**

House maintains current law for FY 2011-12 but requires that beginning in FY 2012-13, a kindergarten pupil must receive an equal number of instructional hours as pupils in grades 1-12 to be counted as a full FTE. Therefore, districts would only receive a full foundation allowance for a kindergarten pupil for a full-day instructional program.  
Senate requires a full day of instruction for a full foundation allowance beginning in FY 2011-12.  
Conference concurs with House.

#### **Sec. 6(7). Fall Count Day - REVISED**

Executive revises the fall pupil membership count day from the fourth Wednesday in September to the first Wednesday in October.  
House maintains current law.  
Senate concurs with Executive.  
Conference concurs with Executive and Senate.

#### **Sec. 6(19). Definition of Textbook - REVISED**

Executive revises to add "electronic book, or other instructional print or electronic resource" to the definition of a textbook.  
House, Senate, and Conference concur with Executive.

#### **Sec. 11. Proration Language - REVISED**

Executive moves the language, which provides for a method for prorating school aid funds in the event that the appropriations exceed the available school aid fund revenue, to Section 195 of an Education omnibus bill. Under the bill, the proration language would now also apply to School Aid Funds appropriated to community colleges and universities.  
House concurs with the Executive, but moves the language to Section 296.  
Senate concurs with Executive on proration language applying to School Aid Funds appropriated to community colleges and universities but leaves it in Section 11 and maintains 3 separate bills for funding School Aid, community colleges and higher education.  
Conference concurs with Senate.

## **Major Boilerplate Changes From FY 2010-11**

### **Sec. 12. FY 2012-13 Appropriations - NEW**

Senate adds intent language that the same funding levels will be appropriated for FY 2012-13 as they are in FY 2011-12 adjusted for changes in taxable values, special education costs, and pupil counts.

Conference concurs.

### **Sec. 18(5). District Financial Data - REVISED**

Executive eliminates a requirement that the department make district financial data available online and shall include per pupil amounts spent on instruction and instructional support service functions, and the portion of costs attributable to salaries because it duplicates information provided in Department Bulletins 1011 and 1014. Also eliminates the requirement that districts post a link on their websites to the department website where the financial information was posted. (*This is not an elimination of the budgetary transparency information that each district and ISD are required to post on their own websites.*)

House concurs with Executive.

Senate concurs with Executive and House but adds a reporting requirement that districts and ISDs post health care bids required under the Public Employees Health Benefit Act on their websites.

Conference concurs with Senate.

### **Sec. 20. Foundation Allowances – REVISED**

Executive revises the calculation of district foundation allowances to reduce each district's foundation allowance to reflect the \$470 per pupil reduction. Also eliminates foundation allowance adjustments based on small class size and adjustments for specific districts including Bois Blanc, Wayne-Westland, Gibraltar, Garden City and Huron. Under this proposal the minimum foundation allowance would equal \$6,846 and the basic foundation allowance would equal \$8,019.

House revises the calculation of district foundation allowances to reduce each district's foundation allowance by 3.5% time the district's FY 2010-11 foundation allowance or the basic foundation allowance, whichever is less, and then further reduces each foundation allowance by \$170 per pupil in order to roll in the Section 11d per pupil reductions. Under this proposal the minimum foundation allowance would equal \$6,890 and the basic foundation allowance would equal \$8,022. Total per pupil reductions would range from \$426 per pupil at the minimum foundation to \$467 per pupil at the basic foundation or above. House concurs on elimination of district-specific and small class size foundation adjustments.

Senate revises the calculation of district foundation allowances to reduce each by \$340. Reduces the minimum foundation to \$6,976 and the basic foundation to \$8,149. Maintains \$100 placeholders for the following district specific foundation allowances: Wayne Westland, Gibraltar, Huron, and Garden City, and small class size adjustments.

Conference concurs with the Executive to reduce foundation allowances by \$470. Provides a one-time foundation allowance adjustments at 50% for Wayne Westland, Gibraltar, Huron, and Garden City for FY 2011-12 only. Provides one-time funding of \$13.5 million for small class size adjustment for FY 2011-12 only.

### **Sec. 22f. Best Practices Incentives for FY 2011-2012 – NEW**

House creates an incentive grant beginning in FY 2012-13 for districts and ISDs that implement best practices including, at a minimum, two identified practices: That a district or ISD (1) pay no more than a state maximum allowable employer contribution for health care benefits for employees and (2) develop a services consolidation plan in agreement with the department if it hasn't already done so under former Section 11d, and if it has, then it must continue to implement that plan and annually report on progress. The state maximum health care benefit would have four rates depending on type of coverage: employee only, employee spouse, employee and children, and full family. For FY 2012-13 the state maximum employer contribution would equal 80% of the state's health plan for each of the four coverage levels in FY 2011-12. In subsequent years the dollar cap would grow by the increase in the Detroit Consumer Price Index.

Senate appropriates \$200.0 million in FY 2011-12 for grants to districts and ISDs for the purposes of best practices, retirement reform, tenure appeals, testing reforms, remedial education at community colleges or universities, or other items determined by the Legislature. Could include service sharing, consolidation of administration, performance based compensation, health care cost containment and premium sharing, and fiscal transparency.

Conference provides \$154.0 million in one-time grants for districts that satisfy 4 out of the 5 following best practices: 1) Have a 90/10 premium share for employee health benefits. 2) District acts as policy holder of health insurance policies. A district that does not directly employ its staff would be considered to have satisfied this practice. 3) Enter into or continue consolidation plans. 4) Obtain competitive bid on at least one non-instructional service totaling more than \$50,000. 5) Make a public dashboard with financial indicators and other items including graduation and dropout rates, MEAP, and Merit Exam scores, and other items. Also adds subsection that if a district is found to have intentionally submitted false information to satisfy this section, that they will forfeit an amount equal to their incentive payment from their total state aid payment in FY 2012-13.

## **Major Boilerplate Changes From FY 2010-11**

### **Sec. 31a. At-Risk Payment – REVISED**

Executive eliminates exceptions made for Dearborn and Baldwin which would otherwise prohibit districts whose combined state and local revenue per pupil exceeds the basic foundation allowance from receiving At-risk funds. The exception for Dearborn is because more than 25% and at least 4,500 of its students qualify for free or reduced food programs. The exception for Baldwin is because more than 75% of its students qualify for free or reduced food programs. The current allocation for Dearborn is reduced to 75% of its allocation as would otherwise be calculated under the formula.

House retains current exceptions which allow Dearborn and Baldwin to qualify for funding. Also makes providing a crisis intervention or anti-bullying program an allowable use of at-risk funds.

Senate concurs with Executive.

Conference concurs with Executive and Senate on eliminating earmarks for Dearborn and Baldwin but concurs with House on adding a crisis intervention program or anti-bullying program an allowable use of at-risk funds.

### **Sec. 32b. Early Childhood Investment Cooperation (ECIC) Collaborative Report – REVISED**

Executive eliminates the required Department report due by December 1 of each year to the appropriations subcommittees, the state budget director, and the fiscal agencies a detailed report of the grants awarded under this section and an analysis of each grant recipient's success in addressing the development of a comprehensive system of early childhood services and supports. House maintains reporting requirement and establishes intent to move funding in FY 2012-13 to early childhood block grant program administered by ISDs in conjunction with local great start collaboratives. Requires department to work with intermediate districts, districts, great start collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to legislature by January 1, 2012.

Senate concurs with Executive but prohibits the use of funds for direct administration.

Conference concurs with House.

### **Sec. 32d. Great Start School Readiness Program (GSRP) – REVISED**

Executive eliminates the option that districts may use their GSRP funds for parenting education programs. Currently only districts that were using funds for such programs in 2006-07 may continue to do so and may not spend more than they spent in 2006-07 on parenting education programs.

House maintains current law. Senate concurs with Executive. Conference concurs with House.

Executive revises early childhood teaching requirements to recognize new early childhood teaching certification (ZS) and to require teachers to complete compliance plans within 2 years rather 4 years from the date of employment. Also eliminates exception for subcontracted programs allowing teachers with 90 credit hours and at least 4 years' teaching experience in a qualified preschool program to meet the requirements to participate in the program.

House, Senate and Conference concur with Executive.

Executive revises the definitions of a full-day program and a school-day program, such that a school-day program would be one that operates for the same length of day as the district's first grade, for a minimum of 4 days a week, 30 weeks a year. A full-day program would only be those that provide supplementary child care so that the program totals at least 10 hours per day. Only a full-day program would still be given priority in the allocation of funds (Section 39(8)).

House maintains current law. Senate and Conference concur with Executive.

House revises this subsection to allocate funds to intermediate districts or consortia to act as fiduciaries for the programs. Requires that in FY 2011-12 the intermediate districts and consortia distribute funds to districts and to competitive programs based on the current funding formula for districts in Sec. 39 and the grant award distribution for competitive programs in Sec. 32l as directed by the department. Requires districts and competitive grant recipients to comply with existing program requirements. Establishes intent to move funding in FY 2012-13 to early childhood block grant program administered by ISDs in conjunction with local great start collaboratives. Requires department to work with intermediate districts, districts, great start collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to legislature by January 1, 2012.

Senate does not include this language. Conference concurs with House.

### **Sec. 32j. Great Parents Great Start Report – REVISED**

Executive eliminates the required Department report due by December 1 of each year to the state budget director, and the fiscal agencies a report summarizing the data collected by each ISD on the number of children in families under 200% of the federal poverty level receiving services under this section and the total number of children receiving services under this section.

House concurs to delete reporting requirement and establishes intent to move funding in FY 2012-13 to early childhood block grant program administered by ISDs in conjunction with local great start collaboratives. Requires department to work with intermediate districts, districts, great start collaboratives, and ECIC to revise application processes, funding formulas, program criteria, and data reporting requirements and report recommendations to legislature by January 1, 2012.

Senate does not include this language. Conference concurs with House.

### **Sec. 40. GSRP report – REVISED**

Executive eliminates the biennial report of the department's review of alternative methods for determining number of children construed to be in need of school readiness programs.

House, Senate, and Conference concur with Executive.



**Major Boilerplate Changes From FY 2010-11**

**Sec. 51a(15). Public School Academy (PSA) Special Education – RETAINED**

Executive eliminates rules for the provision of special education programs and services and the payment for the added costs of special education for PSA pupils who live outside of the intermediate school district in which the PSA is located. Requires the responsibility and costs to remain with the district or ISD in which the pupil lives unless the PSA and the district or ISD in which it is located in have a written agreement with the resident district or ISD that specifies the responsibility for those costs.

House, Senate, and Conference maintain current language.

**Sec. 56. Special Education Millage Equalization – REVISED**

Executive revises the per pupil millage equalization levels to \$174,700 for reimbursements made in FY 2011-12 and \$173,000 for reimbursements made in FY 2012-13, to adjust for taxable value estimates.

House, Senate, and Conference concur with Executive.

**Sec. 62. Vocational Education Millage Equalization – REVISED**

Executive revises the per pupil millage equalization levels to \$190,400 for reimbursements made in FY 2011-12 and \$188,300 for reimbursements made in FY 2012-13, to adjust for taxable value estimates.

House, Senate, and Conference concur with Executive.

**Sec. 81(6). Intermediate School Districts (ISDs) General Operations – DELETED**

Executive eliminates language which would protect from future reductions the portion of an ISD's allocation under Sec. 81 equal to the amount transferred into Section 81 for each ISD in 1994-95 from former section 146 and section 147 related to (Federal Insurance Contributions Act) FICA and retirement.

House, Senate, and Conference concur with Executive.

**Sec. 94a. Center for Educational Performance and Information (CEPI) – REVISED**

Executive eliminates the CEPI advisory board language which was eliminated pursuant to Executive Order 2010-16.

House, Senate, and Conference concur with Executive.

**Sec. 98. Michigan Virtual School – RETAINED**

Executive eliminates the requirement that Michigan Virtual University (MVU) report each December 1 to the appropriations subcommittees, the fiscal agencies, and the state budget director information including a list of Michigan school served by MVU, a list of available online courses offered to Michigan schools, the total number of online course enrollments and completions, overall course completion rate, a summary of federal grant expenditures, and a summary of unmet educational needs that could be addressed by MVU.

House maintains current language. Senate concurs with Executive. Conference concurs with House.

**Sec. 99. Math and Science Centers – NEW**

Executive adds a reporting requirement that by July 1, each center receiving funds shall report to the Department performance measures including the statistical change in pre- and post-assessment scores for students enrolled in math and science activities at the center and the statistical change in pre- and post-assessment scores for teachers enrolled in professional development provided by the center.

House, Senate and Conference concur with Executive.

**Sec. 104. Assessments – RETAINED**

Senate prohibits 9th grade testing. Conference maintains current law.

**Sec. 107(6). Adult Education Community College Program – DELETED**

Executive eliminates a \$200,000 grant for expanding an innovative community college program that focuses on educating adults, which currently goes to Grand Rapids Community College.

House maintains current language. Senate and Conference concur with Executive.

**Sec. 109. Instructional Services for Students Hospitalized or Confined to Home – REVISED**

Executive eliminates the requirement that the department provide a written explanation of a district's responsibilities under this section to each district and to persons upon request and only requires the department to post them online.

House maintains an annual notification to each district but would allow the Department to do so electronically.

Senate concurs with Executive. Conference concurs with House.

**Sec. 147. Michigan Public School Employees Retirement System (MPERS) Employer Contribution Rates – REVISED**

Executive estimates the MPERS employer contribution rates for FYs 2011-12 and 2012-13 as follows:

House, Senate, and Conference concur with Executive.

	FY 2010-11		FY 2011-12		FY 2012-13	
	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010
Pension Rate	12.16%	10.66%	15.96%	14.73%	18.62%	17.39%
Retiree Health Rate	8.50%	8.50%	8.50%	8.50%	8.75%	8.75%
<b>Total Rate</b>	<b>20.66%</b>	<b>19.16%</b>	<b>24.46%</b>	<b>23.23%</b>	<b>27.37%</b>	<b>26.14%</b>



## SCHOOL AID LINE ITEM SUMMARY



Sec.	Foundation Allowance Increases:	FY 2010-11		FY 2011-12		FY 2011-12		FY 2011-12		FY 2011-12	
		PA 217 of 2010 YTD	Change From PA 217 of 2010 (\$470)	Executive Rec	Change From PA 217 of 2010 (3.5%) and (\$170)	House Passed	Change From PA 217 of 2010 (\$340)	Senate Passed	Change From PA 217 of 2010 (\$470)	Conference Committee	
11d	Per Pupil Reduction	(268,590,300)	\$268,590,300	\$0	\$268,590,300	\$0	\$268,590,300	\$0	\$268,590,300	\$0	\$0
11d	Transportation Reduction					\$0		\$0			\$0
11d	Grade Differential Reduction					\$0		\$0			\$0
11g	Durant - Debt Service	\$39,000,000		\$39,000,000		\$39,000,000		\$39,000,000		\$39,000,000	\$39,000,000
11j	School Bond Redemption Fund	\$5,167,800	\$88,407,500	\$93,575,300	\$88,407,500	\$93,575,300	\$88,407,500	\$93,575,300	\$88,407,500	\$93,575,300	\$93,575,300
11m	Cash Flow Borrowing Costs	\$45,000,000	(\$25,000,000)	\$20,000,000	(\$25,000,000)	\$20,000,000	(\$25,000,000)	\$20,000,000	(\$25,000,000)	\$20,000,000	\$20,000,000
11p	Federal Ed Jobs Funding	\$316,270,300	(\$316,270,300)	\$0	(\$316,270,300)	\$0	(\$316,270,300)	\$0	(\$316,270,300)	\$0	\$0
22a	Proposal A Obligation Payment	\$5,764,000,000	(\$81,500,000)	\$5,682,500,000	(\$82,000,000)	\$5,682,000,000	(\$90,500,000)	\$5,673,500,000	(\$73,000,000)	\$5,691,000,000	\$5,691,000,000
22b	Discretionary Payment - State	\$3,573,500,000	(\$563,787,000)	\$3,009,713,000	(\$512,499,900)	\$3,061,000,100	(\$537,286,800)	\$3,036,213,200	(\$541,200,000)	\$3,032,300,000	\$3,032,300,000
22b	Discretionary Payment - Federal ARRA	\$184,256,600	(\$184,256,600)	\$0	(\$184,256,600)	\$0	(\$184,256,600)	\$0	(\$184,256,600)	\$0	\$0
22d	Isolated District Funding	\$2,025,000	(\$2,025,000)	\$0	(\$2,025,000)	\$0	\$2,025,000	\$4,050,000		\$2,025,000	\$2,025,000
22e	MBT Impact on Out of Formula Districts	\$1,800,000	(\$1,800,000)	\$0	(\$1,800,000)	\$0	(\$1,100,000)	\$700,000	(\$1,100,000)	\$700,000	\$700,000
22f	Best Practices	\$0		\$0		\$0	\$200,000,000	\$200,000,000	\$154,000,000	\$154,000,000	\$154,000,000
24	Court-Placed Pupils	\$8,000,000		\$8,000,000		\$8,000,000	(\$500,000)	\$7,500,000		\$8,000,000	\$8,000,000
24a	Juvenile Detention Facility Programs	\$1,440,000	(\$242,500)	\$1,197,500	(\$242,500)	\$1,197,500	(\$242,500)	\$1,197,500	(\$242,500)	\$1,197,500	\$1,197,500
24c	Youth Challenge Program	\$742,300	(\$97,500)	\$644,800	(\$97,500)	\$644,800		\$742,300		\$742,300	\$742,300
26a	Renaissance Zone Reimbursement	\$26,300,000		\$26,300,000		\$26,300,000	(\$13,150,000)	\$13,150,000		\$26,300,000	\$26,300,000
26b	PLT Reimbursement	\$3,400,000	(\$510,000)	\$2,890,000	(\$510,000)	\$2,890,000	(\$3,400,000)	\$0	(\$510,000)	\$2,890,000	\$2,890,000
29	Declining Enrollment Grants	\$20,000,000	(\$20,000,000)	\$0	(\$20,000,000)	\$0	(\$20,000,000)	\$0	(\$20,000,000)	\$0	\$0
31a	"At Risk" Pupil Support	\$308,988,200		\$308,988,200		\$308,988,200	(\$5,000,000)	\$303,988,200		\$308,988,200	\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300		\$3,557,300		\$3,557,300		\$3,557,300		\$3,557,300	\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000		\$5,150,000		\$5,150,000		\$5,150,000		\$5,150,000	\$5,150,000
31d	State School Lunch Programs	\$22,495,100		\$22,495,100		\$22,495,100		\$22,495,100		\$22,495,100	\$22,495,100
31d	Federal School Lunch Programs	\$402,506,000		\$402,506,000		\$402,506,000		\$402,506,000		\$402,506,000	\$402,506,000
31f	School Breakfast Program	\$9,625,000		\$9,625,000		\$9,625,000		\$9,625,000		\$9,625,000	\$9,625,000
32b	ECIC Collaborative Grants	\$6,000,000		\$6,000,000		\$6,000,000	(\$100,000)	\$5,900,000	(\$100,000)	\$5,900,000	\$5,900,000
32c	Early Childhood Grants	\$0		\$0		\$0		\$0		\$0	\$0
32d	Great Start School Readiness - District Grants	\$89,700,000		\$89,700,000		\$89,700,000	\$6,000,000	\$95,700,000	\$6,000,000	\$95,700,000	\$95,700,000
32d	Great Start School Readiness - Competitive	\$8,875,000		\$8,875,000		\$8,875,000		\$8,875,000		\$8,875,000	\$8,875,000
32j	Great Parents Great Start ISD Grants	\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000		\$5,000,000	\$5,000,000
39a1	Federal "No Child Left Behind"	\$761,973,600		\$761,973,600		\$761,973,600		\$761,973,600		\$761,973,600	\$761,973,600
39a2	Other Federal Funding	\$32,359,700		\$32,359,700		\$32,359,700		\$32,359,700		\$32,359,700	\$32,359,700
41	Bilingual Education Grants	\$2,800,000	(\$2,800,000)	\$0	(\$2,800,000)	\$0	(\$2,800,000)	\$0	(\$2,800,000)	\$0	\$0
51a	Special Education - Federal	\$459,700,000	(\$22,300,000)	\$437,400,000	(\$22,300,000)	\$437,400,000	(\$22,300,000)	\$437,400,000	(\$22,300,000)	\$437,400,000	\$437,400,000
51a(2)	Special Ed ISD Foundation and Costs	\$248,200,000	(\$2,500,000)	\$245,700,000	(\$2,700,000)	\$245,500,000	(\$2,500,000)	\$245,700,000	(\$2,700,000)	\$245,500,000	\$245,500,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,400,000	(\$1,400,000)	\$0	(\$1,400,000)	\$0		\$1,400,000	(\$400,000)	\$1,000,000	\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000		\$2,200,000		\$2,200,000		\$2,200,000		\$2,200,000	\$2,200,000
51a(8)	Special Ed ISD Center FICA	\$15,313,900	(\$15,313,900)	\$0	(\$15,313,900)	\$0		\$15,313,900	(\$15,313,900)	\$0	\$0
51a(12)	Special Ed Foundations for Non Sec. 52 to ISDs	\$6,600,000	\$200,000	\$6,800,000	\$200,000	\$6,800,000	\$200,000	\$6,800,000	\$200,000	\$6,800,000	\$6,800,000
51c	Special Ed Headlee Obligation (Durant)	\$732,100,000	(\$63,800,000)	\$668,300,000	(\$62,200,000)	\$669,900,000	(\$63,800,000)	\$668,300,000	(\$62,200,000)	\$669,900,000	\$669,900,000
53a	Special Ed for Court Placed Pupils	\$13,500,000		\$13,500,000		\$13,500,000		\$13,500,000		\$13,500,000	\$13,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000		\$1,688,000		\$1,688,000		\$1,688,000	\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100		\$36,881,100		\$36,881,100		\$36,881,100		\$36,881,100	\$36,881,100
61a	Vocational-Technical Education Programs	\$26,611,300		\$26,611,300		\$26,611,300		\$26,611,300		\$26,611,300	\$26,611,300
62	ISD Vocational Education Millage Equalization	\$9,000,000		\$9,000,000		\$9,000,000		\$9,000,000		\$9,000,000	\$9,000,000
64	Middle College Program	\$2,000,000	(\$2,000,000)	\$0	(\$2,000,000)	\$0	(\$2,000,000)	\$0	(\$2,000,000)	\$0	\$0
65	Precollege Engineering and Science Programs	\$905,100	(\$905,100)	\$0	(\$905,100)	\$0	(\$905,100)	\$0	(\$905,100)	\$0	\$0
74	Bus Driver Safety Instruction	\$1,625,000		\$1,625,000		\$1,625,000		\$1,625,000		\$1,625,000	\$1,625,000
74	School Bus Inspections	\$433,800	\$1,095,800	\$1,529,600	\$1,095,800	\$1,529,600	\$1,095,800	\$1,529,600	\$1,095,800	\$1,529,600	\$1,529,600
81	ISD General Operations Support	\$65,376,800	(\$3,268,800)	\$62,108,000	(\$3,268,800)	\$62,108,000	(\$3,268,800)	\$62,108,000	(\$3,268,800)	\$62,108,000	\$62,108,000
92	Postsecondary Agriculture Education Program	\$300,000	(\$300,000)	\$0	(\$300,000)	\$0	(\$300,000)	\$0	(\$300,000)	\$0	\$0
93	State Aid to Libraries for MELCat Support	\$1,500,000	(\$1,500,000)	\$0	(\$1,500,000)	\$0	\$2,107,300	\$3,607,300	(\$195,700)	\$1,304,300	\$1,304,300

## SCHOOL AID LINE ITEM SUMMARY



	FY 2010-11	FY 2011-12		FY 2011-12		FY 2011-12		FY 2011-12		
		PA 217 of 2010 YTD	Change From PA 217 of 2010	Executive Rec	Change From PA 217 of 2010	House Passed	Change From PA 217 of 2010	Senate Passed	Change From PA 217 of 2010	Conference Committee
94a	Center for Educational Performance	\$13,861,100	(\$8,359,400)	\$5,501,700	(\$8,359,400)	\$5,501,700	(\$8,359,400)	\$5,501,700	(\$8,359,400)	\$5,501,700
94a	Center for Educational Performance - Federal	\$10,067,800	(\$7,174,600)	\$2,893,200	(\$7,174,600)	\$2,893,200	(\$7,174,600)	\$2,893,200	(\$7,174,600)	\$2,893,200
98	Michigan Virtual School	\$1,687,500		\$1,687,500		\$1,687,500	(\$250,000)	\$1,437,500		\$1,687,500
98	Michigan Virtual School - Federal	\$2,700,000		\$2,700,000		\$2,700,000		\$2,700,000		\$2,700,000
98d	Online Courses	\$0		\$0		\$0		\$0		\$0
99	Math and Science Centers - State	\$2,625,000		\$2,625,000		\$2,625,000	(\$100,000)	\$2,525,000		\$2,625,000
99	Math and Science Centers - Federal	\$5,249,300		\$5,249,300		\$5,249,300		\$5,249,300		\$5,249,300
99a	Math Remediation Grants	\$0		\$0		\$0		\$0		\$0
99e	Financial Emergency District Funding	\$0		\$0		\$0		\$0		\$0
99i	Positive Behavioral Support Program	\$300,000	(\$300,000)	\$0	(\$300,000)	\$0	(\$300,000)	\$0	(\$300,000)	\$0
99j	District Pilot Projects	\$0		\$0		\$0		\$0		\$0
99k	District Grants	\$0		\$0		\$0		\$0		\$0
99p	Cultural Access Grants	\$0		\$0		\$0		\$0		\$0
104	MEAP Testing - State	\$40,194,400	(\$5,000,000)	\$35,194,400	(\$5,000,000)	\$35,194,400	(\$5,000,000)	\$35,194,400	(\$5,000,000)	\$35,194,400
104	MEAP Testing - Federal	\$3,250,000	\$5,000,000	\$8,250,000	\$5,000,000	\$8,250,000	\$5,000,000	\$8,250,000	\$5,000,000	\$8,250,000
107	Adult Education	\$22,000,000		\$22,000,000		\$22,000,000		\$22,000,000		\$22,000,000
147a	MPERS One Time Cost Offset								\$155,000,000	\$155,000,000
147b	MPERS Reserve for Retirement Obligation Reform								\$133,000,000	\$133,000,000
152a	Adair - Database Payment	\$25,624,500	\$8,440,000	\$34,064,500	\$8,440,000	\$34,064,500	\$8,440,000	\$34,064,500	\$8,440,000	\$34,064,500
	<b>TOTAL APPROPRIATIONS</b>	<b>\$13,134,236,200</b>	<b>(\$960,677,100)</b>	<b>\$12,173,559,100</b>	<b>(\$908,490,000)</b>	<b>\$12,225,746,200</b>	<b>(\$733,998,200)</b>	<b>\$12,400,238,000</b>	<b>(\$475,163,300)</b>	<b>\$12,659,072,900</b>
	<b>REVENUE BY SOURCE</b>									
	Federal Aid	\$1,677,806,400	(\$24,474,600)	\$1,653,331,800	(\$24,474,600)	\$1,653,331,800	(\$24,474,600)	\$1,653,331,800	(\$24,474,600)	\$1,653,331,800
	Federal Ed Jobs	\$316,270,300	(\$316,270,300)	\$0	(\$316,270,300)	\$0	(\$316,270,300)	\$0	(\$316,270,300)	\$0
	Federal ARRA	\$184,256,600	(\$184,256,600)	\$0	(\$184,256,600)	\$0	(\$184,256,600)	\$0	(\$184,256,600)	\$0
	School Aid Fund	\$10,937,260,500	(\$829,575,600)	\$10,107,684,900	(\$826,018,800)	\$10,111,241,700	(\$408,996,700)	\$10,528,263,800	(\$50,161,800)	\$10,887,098,700
	School Aid Stabilization Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	General Fund/General Purpose	\$18,642,400	\$393,900,000	\$412,542,400	\$442,530,300	\$461,172,700	\$200,000,000	\$218,642,400	\$100,000,000	\$118,642,400
	<b>TOTAL REVENUE</b>	<b>\$13,134,236,200</b>	<b>(\$960,677,100)</b>	<b>\$12,173,559,100</b>	<b>(\$908,490,000)</b>	<b>\$12,225,746,200</b>	<b>(\$733,998,200)</b>	<b>\$12,400,238,000</b>	<b>(\$475,163,300)</b>	<b>\$12,659,072,900</b>

**SCHOOL AID BALANCE SHEET**  
**SB 184 (CR-1) - May 2011 Revenue Estimates**  
(Dollars in Millions)

	YTD May-11 FY 2010-11	May-11 FY 2011-12	May-11 FY 2012-13
<b>ESTIMATES OF REVENUE</b>			
<b>SCHOOL AID FUND REVENUE</b>			
Beginning Balance	\$255.9	\$645.9	\$0.2
Revenue Estimate (May 2011)	<u>11,111.5</u>	<u>11,335.3</u>	<u>11,626.4</u>
<b>Subtotal</b>	<b>\$11,367.4</b>	<b>\$11,981.2</b>	<b>\$11,626.6</b>
<b>OTHER REVENUE ADJUSTMENTS</b>			
General Fund/General Purpose (GF/GP) Grant	\$18.6	\$118.6	\$18.6
HBs 4361 & 4362 Tax Changes (NET)	0.0	(689.9)	(662.1)
Other Revenue	29.3	(8.0)	3.2
Federal EdJobs Funding (PA 205 HB 5872 and PA 217 HB 5887)	316.3	0.0	0.0
Federal State Fiscal Stabilization Funds (ARRA)	184.3	0.0	0.0
Federal Aid	<u>1,677.8</u>	<u>1,653.3</u>	<u>1,653.3</u>
<b>Subtotal</b>	<b>\$2,226.3</b>	<b>\$1,074.0</b>	<b>\$1,013.0</b>
<b>TOTAL REVENUE</b>	<b>\$13,593.7</b>	<b>\$13,055.2</b>	<b>\$12,639.6</b>
<b>ESTIMATED EXPENDITURES</b>			
<b>ESTIMATED EXPENDITURES</b>			
YTD appropriations (2011) / SB 183 (CR-1) (2012/2013)	\$13,134.2	\$12,659.1	\$12,194.4
Estimated Adjustments (Jan 2011)	(180.0)		
Estimated Adjustments (May 2011)	<u>(6.4)</u>		
<b>TOTAL K-12 EXPENDITURES</b>	<b>\$12,947.8</b>	<b>\$12,659.1</b>	<b>\$12,194.4</b>
<b>Community Colleges</b>	<b>\$0.0</b>	<b>\$195.9</b>	<b>\$195.9</b>
<b>Higher Education</b>	<b>\$0.0</b>	<b>\$200.0</b>	<b>\$200.0</b>
<b>Ending Balance</b>	<b>\$645.9</b>	<b>\$0.2</b>	<b>\$49.3</b>

**SCHOOL AID SUPPLEMENTAL: FY 2010-11**  
**Summary**  
**HB 4445 As Introduced**



**Analysts: Mary Ann Cleary and Bethany Wicksall**

IDG/IDT	FY 2010-11 YTD as of 2/17/11	FY 2010-11 Executive	FY 2010-11 House	FY 2010-11 Senate	FY 2010-11 Conference	Difference: House From FY 2010-11 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
<b>Federal</b>							
ARRA	500,526,900	500,526,900	500,526,900	0	0	0	--
Non-ARRA	1,677,806,400	1,677,806,400	1,677,806,400	0	0	0	--
<b>Local</b>	0	0	0	0	0	0	--
<b>Private</b>	0	0	0	0	0	0	--
<b>Restricted</b>	10,937,260,500	10,757,260,500	10,757,260,500	0	0	(180,000,000)	(1.6)
<b>GF/GP</b>	18,642,400	18,642,400	18,642,400	0	0	0	--
<b>Gross</b>	<b>\$13,134,236,200</b>	<b>\$12,954,236,200</b>	<b>\$12,954,236,200</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$180,000,000)</b>	<b>(1.4)</b>

Note: FY 2010-11 figures reflect supplementals and Executive Order (EO) actions through February 17, 2011.

**Overview**

The School Aid budget makes appropriations to the state's 551 local school districts, 247 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, Department of Energy, Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education.

**Major Budget Changes**

**1. Per Pupil Reduction of \$170 (Sec. 11d)**

**Executive** increases total appropriation in section 11 to reflect revisions in pupil estimates from the January 2011 Consensus Revenue Estimating Conference (CREC). Does not require actual appropriation change to section 11d.

**House** concurs.

	FY 2010-11 YTD	House Change From YTD
<b>Gross</b>	<b>(\$268,590,300)</b>	<b>\$1,775,300</b>
Restricted	(268,590,300)	1,775,300

**2. Cash Flow Borrowing Costs (Sec. 11m)**

**Executive** decreases costs to reflect anticipated lower interest rates for short-term borrowing costs related to the State School Aid Fund.

**House** concurs.

<b>Gross</b>	<b>\$45,000,000</b>	<b>(\$30,000,000)</b>
Restricted	45,000,000	(30,000,000)

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

**Executive** decreases funding by \$27.0 million to incorporate changes in estimates in taxable values and pupil estimates from January 2011 CREC.

**House** concurs.

<b>Gross</b>	<b>\$5,764,000,000</b>	<b>(\$27,000,000)</b>
Restricted	5,764,000,000	(27,000,000)

**4. Discretionary Payment (Sec. 22b)**

**Executive** reduces funding by \$15.1 million to incorporate changes in estimates in taxable values and pupil estimates from the January 2011 CREC.

**House** concurs.

<b>Gross</b>	<b>\$3,757,756,600</b>	<b>(\$15,075,300)</b>
Federal	184,256,600	0
Restricted	3,573,500,000	(15,075,300)

**5. Special Education Payments (Sec. 51a)**

**Executive** reduces required state payments by \$110.2 million based on updated cost estimates.

**House** concurs.

<b>Gross</b>	<b>\$1,517,583,000</b>	<b>(\$110,200,000)</b>
Federal	459,700,000	0
Restricted	1,057,883,000	(110,200,000)

**6. School Bus Inspections (Sec. 74)**

**Executive** increases funding to reflect current law, which requires the Michigan State Police to conduct all safety inspections, rather than simply doing random audits of school district safety inspections.

**House** concurs.

<b>Gross</b>	<b>\$433,800</b>	<b>\$500,000</b>
Restricted	433,800	500,000

## SCHOOL AID LINE ITEM SUMMARY



Sec.	Foundation Allowance Increases:
11d	Per Pupil Reduction
11g	Durant - Debt Service
11j	School Bond Redemption Fund
11m	Cash Flow Borrowing Costs
11p	Federal Ed Jobs Funding
22a	Proposal A Obligation Payment
22b	Discretionary Payment - State
22b	Discretionary Payment - Federal ARRA
22d	Isolated District Funding
22e	MBT Impact on Out of Formula Districts
24	Court-Placed Pupils
24a	Juvenile Detention Facility Programs
24c	Youth Challenge Program
26a	Renaissance Zone Reimbursement
26b	PILT Reimbursement
29	Declining Enrollment Grants
31a	"At Risk" Pupil Support
31a(6)	School Based Health Centers
31a(7)	Hearing and Vision Screening
31d	State School Lunch Programs
31d	Federal School Lunch Programs
31f	School Breakfast Program
32b	ECIC Collaborative Grants
32d	Great Start School Readiness - District Grants
32d	Great Start School Readiness - Competitive
32j	Great Parents Great Start ISD Grants
39a1	Federal "No Child Left Behind"
39a2	Other Federal Funding
41	Bilingual Education Grants
51a	Special Education - Federal
51a(2)	Special Ed ISD Foundation and Costs
51a(3)	Special Ed ISD Hold Harmless Payment
51a(6)	Special Ed Admin Rules Changes
51a(8)	Special Ed ISD Center FICA
51a(12)	Special Ed Foundations for Non Sec. 52 to ISDs
51c	Special Ed Headlee Obligation (Durant)
53a	Special Ed for Court Placed Pupils
54	Special Ed Michigan School Blind/Deaf
56	Special Ed ISD Millage Equalization
61a	Vocational-Technical Education Programs
62	ISD Vocational Education Millage Equalization
64	Middle College Program
65	Precollege Engineering and Science Programs
74	Bus Driver Safety Instruction
74	School Bus Inspections
81	ISD General Operations Support
92	Postsecondary Agriculture Education Program
93	State Aid to Libraries for MEL/Cat Support
94a	Center for Educational Performance
94a	Center for Educational Performance - Federal
98	Michigan Virtual School
98	Michigan Virtual School - Federal
99	Math and Science Centers - State
99	Math and Science Centers - Federal
99i	Positive Behavioral Support Program
104	MEAP Testing - State
104	MEAP Testing - Federal
107	Adult Education
152a	Adair - Database Payment
<b>TOTAL APPROPRIATIONS</b>	

FY 2010-11		
PA 217 of 2010 YTD	Recommended Changes (HB 4445)	Revised Total
(\$268,590,300)	\$1,775,300	(\$266,815,000)
\$39,000,000		\$39,000,000
\$5,167,800		\$5,167,800
\$45,000,000	(\$30,000,000)	\$15,000,000
\$316,270,300		\$316,270,300
\$5,764,000,000	(\$27,000,000)	\$5,737,000,000
\$3,573,500,000	(\$15,075,300)	\$3,558,424,700
\$184,256,600		\$184,256,600
\$2,025,000		\$2,025,000
\$1,800,000		\$1,800,000
\$8,000,000		\$8,000,000
\$1,440,000		\$1,440,000
\$742,300		\$742,300
\$26,300,000		\$26,300,000
\$3,400,000		\$3,400,000
\$20,000,000		\$20,000,000
\$308,988,200		\$308,988,200
\$3,557,300		\$3,557,300
\$5,150,000		\$5,150,000
\$22,495,100		\$22,495,100
\$402,506,000		\$402,506,000
\$9,625,000		\$9,625,000
\$6,000,000		\$6,000,000
\$89,700,000		\$89,700,000
\$8,875,000		\$8,875,000
\$5,000,000		\$5,000,000
\$761,973,600		\$761,973,600
\$32,359,700		\$32,359,700
\$2,800,000		\$2,800,000
\$459,700,000		\$459,700,000
\$248,200,000	(\$11,900,000)	\$236,300,000
\$1,400,000		\$1,400,000
\$2,200,000		\$2,200,000
\$15,313,900		\$15,313,900
\$6,600,000	(\$1,600,000)	\$5,000,000
\$732,100,000	(\$96,700,000)	\$635,400,000
\$13,500,000		\$13,500,000
\$1,688,000		\$1,688,000
\$36,881,100		\$36,881,100
\$26,611,300		\$26,611,300
\$9,000,000		\$9,000,000
\$2,000,000		\$2,000,000
\$905,100		\$905,100
\$1,625,000		\$1,625,000
\$433,800	\$500,000	\$933,800
\$65,376,800		\$65,376,800
\$300,000		\$300,000
\$1,500,000		\$1,500,000
\$13,861,100		\$13,861,100
\$10,067,800		\$10,067,800
\$1,687,500		\$1,687,500
\$2,700,000		\$2,700,000
\$2,625,000		\$2,625,000
\$5,249,300		\$5,249,300
\$300,000		\$300,000
\$40,194,400		\$40,194,400
\$3,250,000		\$3,250,000
\$22,000,000		\$22,000,000
\$25,624,500		\$25,624,500
<b>\$13,134,236,200</b>	<b>(\$180,000,000)</b>	<b>\$12,954,236,200</b>

REVENUE BY SOURCE	
Federal Aid	
Federal Ed Jobs	
Federal ARRA	
School Aid Fund	
General Fund/General Purpose	
<b>TOTAL REVENUE</b>	

\$1,677,806,400	\$0	\$1,677,806,400
\$316,270,300	\$0	\$316,270,300
\$184,256,600	\$0	\$184,256,600
\$10,937,260,500	(\$180,000,000)	\$10,757,260,500
\$18,642,400	\$0	\$18,642,400
<b>\$13,134,236,200</b>	<b>(\$180,000,000)</b>	<b>\$12,954,236,200</b>