

**Summary: Executive Budget Recommendation
for Fiscal Year 2019-20
SCHOOL AID**



Analysts: Samuel Christensen and Jacqueline Mullen

	FY 2018-19 Year-to-Date as of 3/5/19	FY 2019-20 Executive	Difference: FY 2019-20 Vs. FY 2018-19	
			Amount	%
IDG/IDT	\$0	\$0	\$0	--
Federal	1,745,943,500	1,749,578,500	3,635,000	0.2
Local	0	0	0	--
Private	0	0	0	--
Restricted	13,010,725,300	13,576,660,400	565,935,100	4.3
GF/GP	87,920,000	45,000,000	(42,920,000)	(48.8)
Gross	\$14,844,588,800	\$15,371,238,900	\$526,650,100	3.5

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The School Aid budget makes appropriations to the state's 539 local school districts, 297 public school academies (PSAs), and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates fund to the Michigan Department of Education (MDE), Center for Educational Performance and Information (CEPI), the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations	FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
1. Foundation Allowance (Sec. 22a and 22b)	Gross \$9,431,000,000	\$235,000,000
Includes \$235.0 million to provide increases ranging from \$120 to \$180 per pupil using a 1.5x formula. The minimum foundation allowance would increase from \$7,871 to \$8,051 (2.3%) and the state maximum guaranteed foundation allowance would increase from \$8,409 to \$8,529 (1.4%).	Restricted 9,397,152,200	257,750,500
	GF/GP \$33,847,800	(\$22,750,500)
2. Cyber Schools Foundation Allowance Reduction (Sec. 22a and 22b)	Gross NA	(\$22,000,000)
Reduces cyber school foundation allowances to 80.0% of the minimum foundation allowance for an estimated savings of \$22.0 million. For FY 2019-20, the cyber foundation allowance would be \$6,441.	Restricted NA	(22,000,000)
	GF/GP NA	\$0
3. Weighted Allocations: Special Education (Sec. 28(3)) – NEW	Gross NA	\$120,000,000
Includes \$120.0 million in School Aid Fund (SAF) revenues to increase reimbursements for districts' and ISDs' special education costs by approximately 4.0 percentage points. Currently, districts and ISDs are reimbursed for a portion of total special education costs and total special education transportation costs as mandated by the Durant court case.	Restricted NA	120,000,000
	GF/GP NA	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
4. Weighted Allocations: Economically Disadvantaged (Sec. 28(4)) – NEW	Gross	NA	\$619,000,000
Transfers in current at-risk (Sec. 31a) funding of \$517.0 million SAF and adds \$102.0 million SAF for a net appropriation of \$619.0 million SAF for economically disadvantaged students. Revises payment formula from 11.5% of the statewide average foundation allowance per economically disadvantaged pupil to 11.0% of a district's foundation allowance, capped at the minimum foundation allowance. In FY 2018-19, the at-risk (Sec. 31a) prorated payment is estimated to equal \$719 per economically disadvantaged pupil; under this section in FY 2019-20, payments are expected to be fully funded at \$886 per economically disadvantaged pupil, although payments may be prorated if funds are insufficient. Revises allocation to a hold harmless an out-of-formula district from 30% to 50% of the amount for which it would otherwise be eligible. (See Major Boilerplate Changes for Sec. 28(4) below.)	Restricted	NA	619,000,000
	GF/GP	NA	\$0
5. At-Risk Pupil Support (Sec. 31a)	Gross	\$517,000,000	(\$517,000,000)
Reduces by \$517.0 million to roll funding into Sec. 28(4). (See Major Boilerplate Changes for Sec. 31a below.)	Restricted	517,000,000	(517,000,000)
	GF/GP	\$0	\$0
6. Weighted Allocations: Career and Technical Education (CTE) (Sec. 28(5)) – NEW	Gross	NA	\$55,000,000
Includes \$55.0 million SAF to districts for students in grades 9-12 enrolled in state-approved Career and Technical Education (CTE) programs within students' self-identified career pathways. A district's per-pupil allocation is 6.0% of the district's foundation allowance, capped at the minimum foundation allowance. The existing \$5.0 million CTE Incentive Payment (Sec. 61d) categorical is eliminated and rolled into this subsection. Payments may be prorated if funds are insufficient. Excludes cyber schools and pupils enrolled in shared time from receiving funds. (See Major Boilerplate Changes for Sec. 28(5) below.)	Restricted	NA	55,000,000
	GF/GP	NA	\$0
7. CTE Incentive Payments (Sec. 61d)	Gross	\$5,000,000	(\$5,000,000)
Eliminates \$5.0 million SAF for CTE incentive payments that provide \$25 per pupil for pupils in grades 9 to 12 enrolled in CTE programs and an additional \$25 per pupil for those in CTE programs identified as "critical skills" programs and transfers funding to Sec. 28(5).	Restricted	5,000,000	(5,000,000)
	GF/GP	\$0	\$0
8. Great Start Readiness Program (GSRP) (Sec. 32d)	Gross	\$244,900,000	\$84,000,000
Increases by \$84.0 million SAF to a total of \$328.9 million Gross (\$300,000 GF/GP) for school readiness preschool programs for four-year-old children in low-income families. Increases the family income eligibility threshold from 250% to 300% of the federal poverty level (FPL) and increases allocation per child from \$7,250 to \$8,500 for a full-day program and from \$3,625 to \$4,250 for a part-day program. Eliminates \$2.0 million SAF to ISDs for professional development and training materials for educators in programs implementing new curricula.	Restricted	244,600,000	84,000,000
	GF/GP	\$300,000	\$0
9. Early Literacy Teacher Coaches (Sec. 35a(4))	Gross	\$7,000,000	\$24,500,000
Includes \$24.5 million SAF for a total of \$31.5 million to increase the number of literacy coaches from 93 to 279. Removes requirement that ISDs provide 50% matching funds and increases state funding per coach from \$75,000 to \$112,500.	Restricted	7,000,000	24,500,000
	GF/GP	\$0	\$0

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
10. Flint Declaration of Emergency (Sec. 11s)	Gross	\$3,230,100	\$4,845,000
Increases by \$4.8 million SAF to a total of \$8.1 million, including a \$200,000 reduction in the allocation for school nurses, classroom aides, and school social workers; a \$4.0 million allocation for early intervention services for children between 3-5 years of age; a \$1.0 million allocation to enroll children in GSRP regardless of household eligibility requirements; and a \$45,000 increase for the allocation for nutritional services. Replaces \$3.2 million GF/GP with a corresponding amount of SAF. Maintains additional \$100 appropriation from the Drinking Water Declaration of Emergency Reserve Fund.	Restricted	100	8,075,000
	GF/GP	\$3,230,000	(\$3,230,000)
11. Youth ChalleNGe Program (Sec. 24c)	Gross	\$1,625,400	(\$1,625,400)
Eliminates \$1.6 million SAF and transfers the Youth ChalleNGe Program, a boot camp program for at-risk youth, to the Department of Military and Veterans Affairs (DMVA) budget, where the fund source would be GF/GP.	Restricted	1,625,400	(1,625,400)
	GF/GP	\$0	\$0
12. Promise Zone Funding (Sec. 26c)	Gross	\$3,000,000	\$5,400,000
Increases by \$5.4 million SAF to a total of \$8.4 million for districts and ISDs with an approved Promise Zone development plan. A majority of the increase is due to two new zones coming online: City of Detroit (\$3.3 million) and Mason County (\$745,000).	Restricted	3,000,000	5,400,000
	GF/GP	\$0	\$0
13. School Mental Health and Support Services (Sec. 31n)	Gross	\$31,300,000	(\$8,000,000)
Reduces by \$8.0 million for the School Mental Health and Support Services Fund for ISD-based behavioral assessment teams. Maintains \$23.3 million Gross (\$1.3 million GF/GP) for student mental health supports, but replaces \$22.0 million from the School Mental Health and Support Services Fund with a corresponding amount of SAF.	Restricted	30,000,000	(8,000,000)
	GF/GP	\$1,300,000	\$0
14. Early Literacy – Michigan Education Corps (Sec. 35a(7))	Gross	\$3,000,000	\$0
Maintains \$3.0 million GF/GP appropriation for the Michigan Education Corps, but removes the Math Corps as an eligible grant recipient.	Restricted	0	0
	GF/GP	\$3,000,000	\$0
15. Special Education (Secs. 51a, 51c, 51d, 53a, 54, & 56)	Gross	\$1,414,696,100	\$62,300,000
Increases by \$62.3 million SAF to reflect revised consensus cost estimates for special education costs. Also, reflects a \$500,000 fund shift from GF/GP to SAF.	Federal	431,000,000	0
	Restricted	983,196,100	62,800,000
	GF/GP	\$500,000	(\$500,000)
16. Special Education Task Force: MiBLSI (Sec. 54b)	Gross	\$1,600,000	\$0
Replaces \$1.6 million GF/GP with a corresponding amount of SAF to pilot statewide implementation of the Michigan Integrated Behavior and Learning Support Initiative (MiBLSI).	Restricted	0	1,600,000
	GF/GP	\$1,600,000	(\$1,600,000)
17. Career and Technical Education (CTE) (Sec. 61a)	Gross	\$36,611,300	\$0
Maintains \$36.6 million SAF for added costs for CTE programs.	Restricted	36,611,300	0
	GF/GP	\$0	\$0
18. ISD General Operations Support (Sec. 81)	Gross	\$68,453,000	\$2,396,000
Increases by \$2.4 million SAF for payments to ISDs for general operations. Each ISD would receive 103.5% of its FY 2018-19 funding.	Restricted	68,453,000	2,396,000
	GF/GP	\$0	\$0
19. FIRST Robotics (Sec. 99h)	Gross	\$4,800,000	(\$1,800,000)
Reduces by \$1.5 million SAF for grants to districts and ISDs for participation in K-12 events hosted by FIRST Robotics or other competitive robotics programs. Eliminates \$300,000 GF/GP for nonpublic schools to participate in K-12 competitive robotics or Science Olympiad programs.	Restricted	4,500,000	(1,500,000)
	GF/GP	\$300,000	(\$300,000)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
20. MiSTEAM Network (Sec. 99s)	Gross	\$11,434,300	(\$3,265,000)
Maintains state funding of \$7.6 million SAF and \$300,000 GF/GP, but reflects a reduction in authorized federal funds from \$3.5 million to \$235,000. Re-brands MiSTEM Network to MiSTEAM to account for an additional focus on the arts. Permits MiSTEAM Network to receive private funds. (See Major Boilerplate Changes for Sec. 99s below.)	Federal	3,500,000	(3,265,000)
	Restricted	7,634,300	0
	GF/GP	\$300,000	\$0
21. Education Assessments (Sec. 104)	Gross	\$38,759,400	(\$1,500,000)
Reduces by \$1.5 million SAF to a total of \$37.3 million. Reduces funding for K-2 benchmark assessments by \$2.5 million SAF. Increases by \$1.0 million SAF to a total of \$2.5 million SAF for the Michigan kindergarten entry observation (KEO) tool. Revises the implementation of the KEO tool from districts in prosperity regions 2 to 9 to a representative sample of not less than 35% of the total kindergarten pupils enrolled statewide. Additionally, requires MDE to do both of the following: collaborate with GSRP-funded ISDs to implement a Train the Trainer professional development model on the observation tool; and report the results from the observation tool, including the demonstrated readiness of kindergarten pupils, effectiveness of GSRP, and effectiveness of other state early childhood programs.	Federal	6,250,000	0
	Restricted	32,509,400	(1,500,000)
	GF/GP	\$0	\$0
22. District Assessments (Sec. 104d)	Gross	\$9,200,000	(\$9,200,000)
Eliminates \$9.2 million SAF for district reimbursements related to the purchase of computer-adaptive tests, diagnostic tools, screening tools, or benchmark assessments.	Restricted	9,200,000	(9,200,000)
	GF/GP	\$0	\$0
23. MPSERS (Secs. 147a, 147c, & 147e)	Gross	\$1,258,439,000	\$87,101,000
Increases total state support for K-12 MPSERS costs by \$87.1 million to a total of \$1.4 billion with the following changes:	Restricted	1,257,691,000	87,266,000
<ul style="list-style-type: none"> Increases by \$83.9 million Gross (\$35,000 GF/GP) to a total of \$172.1 million Gross (\$83,000 GF/GP) for reimbursements for employer normal cost increases resulting from a reduced assumed rate of return (AROR) from 7.5% to 7.05% due to a dedicated gains policy (Sec. 147a(2)). Increases by \$5.0 million to a total of \$42.6 million SAF for the larger defined contribution for employers and the higher hybrid plan normal costs required under PA 92 of 2017 (Sec. 147e). Reduces the state share of the unfunded actuarial accrued liability (UAAL) by \$1.8 million Gross (\$200,000 GF/GP) to a total of \$1.0 billion (Sec. 147c). Deposits \$40.0 million SAF into the MPSERS Retirement Obligation Reform Reserve Fund. 	GF/GP	\$748,000	(\$165,000)

Major Budget Changes From FY 2018-19 Year-to-Date (YTD) Appropriations		FY 2018-19 YTD (as of 3/5/19)	Executive Change from YTD
24. Eliminated Categorical Grants	Gross	\$24,820,000	(\$24,820,000)
Reduces by \$24.8 million Gross (\$14.5 GF/GP) by eliminating 28 categorical grant programs and contracts that were below \$3.0 million.	Restricted	10,345,000	(10,345,000)
	GF/GP	\$14,475,000	(\$14,475,000)
<ul style="list-style-type: none"> • Sec. 25f—Strict Discipline Academy Membership (\$1.6 million SAF) • Sec. 25g—Dropout Recovery Programs (\$750,000 SAF) (See Major Boilerplate Changes for Sec. 25g below.) • Sec. 25h—Dropout Prevention Grant (\$100,000 SAF) • Sec. 31b—Year-Round Balanced Calendar (\$750,000 SAF) • Sec. 32q—Early Learning Collaborative Partnership (\$175,000 SAF) • Sec. 35a(8)—Summer Reading Project (\$500,000 GF/GP) • Sec. 35b—Dyslexia Center (\$250,000 GF/GP) • Sec. 55—Conductive Learning (\$250,000 GF/GP) • Sec. 61a(4)—CTE Restaurant Curriculum (\$100,000 GF/GP) • Sec. 61a(5)—CTE Counselors (\$1.0 million SAF) • Sec. 61c—CTE Equipment Upgrades (\$2.5 million GF/GP) • Sec. 61f—Pipeline 2 Promise (\$200,000 SAF) • Sec. 61g—Energy Technology and Cybersecurity Jobs (\$50,000 SAF) • Sec. 61h—Virtual Reality Skilled Trades (\$1.2 million SAF) • Sec. 64b—Dual Enrollment Incentive Payments (\$1.8 million SAF) • Sec. 64d—Information Technology Education (\$2.3 million GF/GP) • Sec. 65—Detroit Area PreCollege Engineering Program (\$400,000 SAF) • Sec. 74a—School Bus Safety Program (\$810,000 SAF) • Sec. 95b—Statewide Evaluation Tool (\$2.5 million GF/GP) • Sec. 99t—Online Algebra Tool (\$1.5 million GF/GP) • Sec. 99u—Imagine Learning (\$3.0 million GF/GP) • Sec. 99v—Dana Center (\$25,000 GF/GP) • Sec. 99w—Fitness Foundation (\$500,000 GF/GP) • Sec. 99x—Teach for America (\$300,000 GF/GP) • Sec. 99y—STEM and Entrepreneurship (\$60,000 SAF) • Sec. 102d—Financial Data Analysis Tools (\$1.5 million SAF) • Sec. 104f—Digital Learning Preparation (\$500,000 GF/GP) • Sec. 152b—Nonpublic School Reimbursement (\$250,000 GF/GP) 			
25. Other Major Cost Adjustments	Gross	\$562,200,000	\$46,300,000
Revises the following to reflect updated cost estimates:	Federal	523,200,000	14,000,000
<ul style="list-style-type: none"> • Sec. 11m—Increases cash flow borrowing by \$32.0 million SAF to \$56.0 million. • Sec. 26a—Increases renaissance zone reimbursements by \$300,000 SAF to \$15.3 million. • Sec. 31d—Increases school lunch federal costs by \$14.0 million to \$537.2 million. 	Restricted	39,000,000	32,300,000
	GF/GP	\$0	\$0
26. Economic Adjustments	Gross	NA	\$118,500
Reflects increased costs of \$118,500 Gross (\$100,500 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	Restricted	NA	18,000
	GF/GP	NA	\$100,500

Major Boilerplate Changes From FY 2018-19

Sec. 6. Pupil Membership Definitions – REVISED

Strikes provision allowing a pupil in a dropout recovery program to be counted as more than 1.0 FTE position and paid under Sec. 25g (Sec. 25g is repealed).

Major Boilerplate Changes From FY 2018-19

Sec. 15. State Aid Allocation Adjustments – REVISED

Revises the period of time MDE may spread deductions resulting from an audit from 9 to 4 years. Adds requirement that if MDE bases an adjustment under this section on a finding that a district or ISD employed an educator in violation of certification requirements, MDE shall prorate the adjustment according to the period of noncompliance. Revises the period of time MDE may conduct audits of funding received under the Act from the preceding fiscal year to the preceding 3 fiscal years.

Sec. 17c. Grant Process Timeline – DELETED

Requires MDE to do the following for grants distributed by the department, unless otherwise specified: open grant application and provide lists of grants and schedules to districts, ISDs, and on MDE website by September 1; and publish grant awards by December 1. Requires information on non-federal grants to be placed on the August State Board agenda.

Sec. 22p. Partnership District Discretionary Payment – DELETED

Requires that for a district with a signed partnership agreement to receive funding under Sec. 22b it meet the following: include measurable academic outcomes to be achieved after 18 and 36 months; and include accountability measures, including school closure or reconstitution, to be imposed if district fails to meet outcomes.

Sec. 25e. Pupil Count Transfer Process – REVISED

Strikes legislative intent that CEPI determine the number of pupils who, between the October 2018 count day and the February 2019 supplemental count day, moved into the state and enrolled in a district or ISD, or moved out of the state after being counted in membership.

Sec. 28(4). Weighted Allocations – Economically Disadvantaged – NEW

Requires districts to comply with Sec. 31a to receive funding. Adds that districts must use funds show progress toward the following goals: provide at least 1 tutor per 100 economically disadvantaged pupils; provide at least 1 pupil support position (including behavior specialists, reading support experts, and counselors) per 125 economically disadvantaged pupils; provide at least 1 summer school teaching position per 120 economically disadvantaged pupils; expand professional development opportunities for teachers; and provide additional supports for students on the completion of the Free Application for Federal Student Financial Aid (FAFSA).

Sec. 28(5). Weighted Allocations – Career and Technical Education (CTE) – NEW

States intent that payments under this section are to support hiring of additional CTE staff and career counselors; to update and maintain facilities, equipment, and materials related to CTE programming; and to expand the number of CTE programs available to students.

Sec. 31a. At-Risk Pupil Support – REVISED

Currently allows DPS and districts with greater than 50% of pupils who are economically disadvantaged to use up to 20% of funds for school security; adds that school security align with the district's needs assessment and MTSS model. Currently allows districts with greater than 40% of pupils who are at-risk to use funds for schoolwide reforms consistent with the district's needs assessment and improvement plan; adds that reforms must consist of Tier I, evidence-based practices, defined as research-based instruction and classroom interventions that are available to all learners and effectively meet the needs of most students. Revises from allowing 5% of funds to allowing 10% of funds to go toward implementing a coaching model that supports MTSS or to provide professional development related to implementing MTSS or implementing MCL 380.1280f (3rd grade reading legislation).

Currently requires districts to expend a proportion of funds on tutoring or other methods of improving proficiency if at least 50% of at-risk pupils in an applicable grade are not proficient in or do not achieve at least one year's growth in English language arts by the end of 3rd grade or math by the end of 8th grade, or are not career- and college-ready by the end of 11th grade; revises from "at-risk pupils" to "economically disadvantaged pupils" in the applicable grades and strikes language on achieving at least one year's growth. Replaces "tutoring" with "interventions."

Sec. 32p. Early Childhood Block Grants – REVISED

Removes requirement that ISDs report on the change in the number of pupils retained at grade level and the change in the number of pupils receiving special education services. Adds requirement that ISDs show that positive parenting practices were improved, that there was improved family economic self-sufficiency, and that community resources were utilized.

Sec. 35a. Early Literacy – REVISED

Adds the following requirements for the ISD receiving a \$1.0 million SAF grant for Literacy Essentials: implement adult literacy essentials training, including outlining practices to increase Michigan's capacity and creating professional development to implement these practices; in collaboration with TED, implement improved processes to connect state residents to adult literacy opportunities, including a toll-free number and easy-to-navigate website.

Major Boilerplate Changes From FY 2018-19

Sec. 99s. MiSTEAM Council – REVISED

Re-brands the MiSTEM Network to MiSTEAM to account for an additional focus on arts. Revises the number of voting members on the MiSTEAM Advisory Council by reducing from 11 to 9 the number of members who represent business sectors, adding 2 members from the Michigan Council for Arts and Cultural Affairs, and adding 1 ex-officio member. Adds arts to the list of areas in which the MiSTEAM Advisory Council shall approve at least 1 program.

Sec. 101. Eligibility to Receive State Aid – REVISED

Revises to allow a district to count up to 38 hours of professional development for teachers as hours of instruction, which was prohibited after FY 2014-15 unless a collective bargaining agreement specified otherwise. Adds that qualifying professional development may be counted as a day of pupil instruction if it exceeds 5 hours in a single day. Adds that 8 hours of qualifying professional development counted as hours of pupil instruction under this section must be recommended by a district-wide professional development advisory committee, which must be appointed by the district's school board and include teaching and non-teaching staff (parents and administrators).

Currently, defines "qualifying professional development" as professional development that is focused on 1 or more of the following: (a) achieving or improving adequate yearly progress; (b) achieving accreditation or improving a school's accreditation status; (c) achieving highly qualified teacher status; (d) integrating technology into classroom instruction; (e) maintaining teacher certification.

Revises to define "qualifying professional development" as professional development that meets all of the following: (a) is aligned to school or district improvement plan; (b) is linked to criteria in the evaluation tool developed or adopted by the district; (c) has been approved by MDE as counting for continuing education clock hours; (d) will occur after the first scheduled day of school and before the last scheduled day of school, with no more than 10 hours in a single month; and (e) has at least 75% of teachers scheduled to participate in the PD in attendance.

Sec. 104b. Michigan Merit Examination (MME) – REVISED

Removes the requirement that MDE include scores for the statewide assessment and graduation rates for consortium pupils with the scores for the school building in the participating district in which the consortium pupil is enrolled or would otherwise attend. A consortium pupil would be defined as a pupil who enrolled or participated in a district or program operated as a consortium or under a cooperative arrangement formed by two or more districts or ISDs, including but not limited to a consortium or cooperative arrangement operated as a program, a shared educational entity, a specialized education entity, or a special education center program.

Sec. 104c. State Student Assessments – REVISED

Removes the requirement that MDE offer benchmark assessments in the fall and spring to measure ELA and math in grades kindergarten through 2nd grade.

<u>Supplemental Recommendations for FY 2018-19 Appropriations</u>		<u>FY 2018-19 Recommendation</u>
1. Hydration Stations (Sec. 31p) – NEW	Gross	\$61,500,000
Provides \$61.5 million SAF in one-time funding to install a hydration station for every 100 students per school building statewide. Hydration stations are combined water fountains and bottle filling stations with the capacity to filter water.	Restricted GF/GP	61,500,000 \$0
2. Cash Flow Borrowing (11m)	Gross	\$19,000,000
Increases by \$19.0 million SAF to a total of \$43.0 million to reflect updated cost estimates for the interest costs of inter-fund borrowing between the School Aid Fund and the General Fund to balance the timing of revenue collections and required state aid payments.	Restricted GF/GP	19,000,000 \$0
3. Foundation Allowances (Sec. 22a & 22b)	Gross	(\$87,000,000)
Reduces by \$87.0 million SAF to a total of \$9.3 billion to reflect updated consensus cost estimates for pupil membership counts and taxable values.	Restricted GF/GP	(87,000,000) \$0
4. Renaissance Zone Reimbursements (Secs. 26a)	Gross	(\$1,200,000)
Reduces reimbursement payments by \$1.2 million SAF to a total of \$13.8 million. Estimated reimbursement payments required by statute have decreased due to recent personal property tax reform.	Restricted GF/GP	(1,200,000) \$0

Supplemental Recommendations for FY 2018-19 Appropriations

**FY 2018-19
Recommendation**

5. Promise Zone Funding (Sec. 26c)	Gross	\$400,000
Increases by \$400,000 SAF to a total of \$3.4 million for required funds for districts and ISDs with approved Promise Zone development plans for the purposes of the local Promise Zone Authority.	Restricted	400,000
	GF/GP	\$0
6. Special Education (Secs. 51a, 51c, 51d, 53a, 54, and 56)	Gross	\$25,600,000
Increases by a total \$25.6 million SAF to reflect revised consensus cost estimates based on actual FY 2017-18 year-end special education costs data. Total estimated special education costs for FY 2018-19 are \$1.4 billion.	Restricted	25,600,000
	GF/GP	\$0
7. MPSERS (Sec. 147e)	Gross	(\$7,600,000)
Reduces MPSERS transition costs by \$7.6 million to a total of \$30.0 million and funds fully with SAF. Currently, the fund source for the \$37.6 million is split between the MPSERS Retirement Obligation Reform Reserve Fund (\$31.9 million) and SAF (\$5.7 million).	Restricted	(7,600,000)
	GF/GP	\$0

SCHOOL AID LINE ITEM SUMMARY



Sec.	FY 2018-19			FY 2019-2020		FY 2020-2021	
	FY 19 PA 586 of 2018	Change from YTD	FY 19 Exec Rec Revised	Change from FY 19 YTD	FY 20 Exec	Change from FY 20 Exec	FY 21 Exec
11j	School Bond Redemption Fund		\$125,500,000		\$125,500,000		\$125,500,000
11m	Cash Flow Borrowing Costs	\$19,000,000	\$43,000,000	\$32,000,000	\$56,000,000	\$10,000,000	\$66,000,000
11s	Flint Declaration of Emergency		\$3,230,100	\$4,845,000	\$8,075,100	(\$100)	\$8,075,000
20f	Categorical Offset Payments		\$18,000,000		\$18,000,000		\$18,000,000
21h	Partnership Model Districts		\$7,000,000		\$7,000,000		\$7,000,000
22a	Foundations: Proposal A Obligation Payment	(\$58,000,000)	\$5,049,000,000	(\$154,000,000)	\$4,953,000,000	(\$93,000,000)	\$4,860,000,000
22b	Foundations: Discretionary Payment	(\$29,000,000)	\$4,295,000,000	\$149,000,000	\$4,473,000,000	(\$27,000,000)	\$4,446,000,000
22d	Isolated District Funding		\$6,000,000		\$6,000,000		\$6,000,000
22m	Technology Regional Data Hubs		\$2,200,000		\$2,200,000		\$2,200,000
22n	High School Per Pupil Bonus		\$11,000,000		\$11,000,000		\$11,000,000
24	Court-Placed Pupils		\$7,150,000		\$7,150,000		\$7,150,000
24a	Juvenile Detention Facility Programs		\$1,355,700		\$1,355,700		\$1,355,700
24c	Youth ChalleNGe Program		\$1,625,400	(\$1,625,400)	\$0		\$0
25f	Strict Discipline Academy		\$1,600,000	(\$1,600,000)	\$0		\$0
25g	Dropout Recovery Programs		\$750,000	(\$750,000)	\$0		\$0
25h	Jobs for Michigan Grads		\$100,000	(\$100,000)	\$0		\$0
26a	Renaissance Zone Reimbursement	(\$1,200,000)	\$13,800,000	\$300,000	\$15,300,000	\$3,100,000	\$18,400,000
26b	PILT Reimbursement		\$4,405,100		\$4,405,100		\$4,405,100
26c	Promise Zone Funding	\$400,000	\$3,400,000	\$5,400,000	\$8,400,000		\$8,400,000
28(3)	Weighted Allocations - Special Education - NEW		\$0	\$120,000,000	\$120,000,000		\$120,000,000
28(4)	Weighted Allocations - Econ. Disadv. - NEW		\$0	\$619,000,000	\$619,000,000		\$619,000,000
28(5)	Weighted Allocations - CTE - NEW		\$0	\$55,000,000	\$55,000,000		\$55,000,000
31a	At-Risk Pupil Support		\$517,000,000	(\$517,000,000)	\$0		\$0
31a(7)	School Based Health Centers		\$6,057,300		\$6,057,300		\$6,057,300
31a(8)	Hearing and Vision Screening		\$5,150,000		\$5,150,000		\$5,150,000
31b	Year-Round Instruction Grants		\$750,000	(\$750,000)	\$0		\$0
31d	State School Lunch Programs		\$23,144,000		\$23,144,000		\$23,144,000
31d	Federal School Lunch Programs		\$523,200,000	\$14,000,000	\$537,200,000		\$537,200,000
31f	School Breakfast Program		\$4,500,000		\$4,500,000		\$4,500,000
31j	Local Produce in School Meals		\$575,000		\$575,000		\$575,000
31n	School Mental Health and Support Services		\$31,300,000	(\$8,000,000)	\$23,300,000		\$23,300,000
31p	Hydration Stations - NEW	\$0	\$61,500,000		\$0		\$0
32d	Great Start Readiness Program		\$244,900,000	\$84,000,000	\$328,900,000		\$328,900,000
32p	Early Childhood Block Grants		\$13,400,000		\$13,400,000		\$13,400,000
32q	Early Learning Cooperative		\$175,000	(\$175,000)	\$0		\$0
35a(4)	Early Literacy Teacher Coaches		\$7,000,000	\$24,500,000	\$31,500,000		\$31,500,000
35a(5)	Early Literacy Added Instructional Time		\$19,900,000		\$19,900,000		\$19,900,000
35a(7)	Early Literacy - Michigan Education Corps		\$3,000,000		\$3,000,000		\$3,000,000
35a(8)	Summer Reading Project		\$500,000	(\$500,000)	\$0		\$0
35a(9)	Literacy Essentials		\$1,000,000		\$1,000,000		\$1,000,000
35b	District and Dyslexia Center Collaboration Grant		\$250,000	(\$250,000)	\$0		\$0
39a(1)	Federal NCLB/ESSA Grant Funds		\$730,600,000	(\$5,000,000)	\$725,600,000		\$725,600,000
39a(2)	Other Federal Funding		\$51,200,000	(\$2,100,000)	\$49,100,000		\$49,100,000
41	English Language Learner Grants		\$6,000,000		\$6,000,000		\$6,000,000
51a(1)	Special Education - Federal Reimbursement		\$370,000,000		\$370,000,000		\$370,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$13,700,000	\$286,800,000	\$24,700,000	\$297,800,000	\$11,400,000	\$309,200,000
51a(3)	Special Ed ISD Hold Harmless Payment	(\$100,000)	\$1,200,000	(\$300,000)	\$1,000,000		\$1,000,000
51a(6)	Special Ed Admin Rules Changes		\$2,200,000		\$2,200,000		\$2,200,000
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs	(\$500,000)	\$2,900,000	(\$600,000)	\$2,800,000		\$2,800,000
51a(16)	Special Ed ISD Compliance Reimbursement		\$500,000		\$500,000		\$500,000
51c	Special Ed Headlee Obligation (Durant)	\$12,500,000	\$663,500,000	\$38,500,000	\$689,500,000	\$26,500,000	\$716,000,000
51d	Special Education - Other Federal Grants		\$61,000,000		\$61,000,000		\$61,000,000
53a	Special Ed for Court Placed Pupils		\$10,500,000		\$10,500,000		\$10,500,000
54	Special Ed Michigan School Blind/Deaf		\$1,688,000		\$1,688,000		\$1,688,000
54b	Special Education Task Force Reforms (MiBLSI)		\$1,600,000		\$1,600,000		\$1,600,000
54d	Spec. Ed. Task Force - Early On		\$5,000,000		\$5,000,000		\$5,000,000
55	Conductive Learning Study		\$250,000	(\$250,000)	\$0		\$0
56	Special Ed ISD Millage Equalization		\$40,008,100		\$40,008,100		\$40,008,100
61a	Career & Tech Ed Programs		\$37,711,300	(\$1,100,000)	\$36,611,300		\$36,611,300
61b	Career & Tech Ed Early/Middle College		\$8,000,000		\$8,000,000		\$8,000,000
61c	Career & Tech Ed Equipment		\$2,500,000	(\$2,500,000)	\$0		\$0
61d	CTE Incentive Payment		\$5,000,000	(\$5,000,000)	\$0		\$0
61f	Pipeline 2 Promise		\$200,000	(\$200,000)	\$0		\$0

SCHOOL AID LINE ITEM SUMMARY



Sec.	FY 2018-19			FY 2019-2020		FY 2020-2021		
	FY 19 PA 586 of 2018	Change from YTD	FY 19 Exec Rec Revised	Change from FY 19 YTD	FY 20 Exec	Change from FY 20 Exec	FY 21 Exec	
61g	Energy Technology and Cybersecurity Jobs	\$50,000		(\$50,000)	\$0		\$0	
61h	Virtual Skilled Trades	\$1,200,000		(\$1,200,000)	\$0		\$0	
62	ISD Career & Tech Ed Millage Equalization	\$9,190,000			\$9,190,000		\$9,190,000	
64b	Dual Enrollment Incentive Payments	\$1,750,000		(\$1,750,000)	\$0		\$0	
64d	Information Technology Certifications	\$2,300,000		(\$2,300,000)	\$0		\$0	
65	Detroit PreCollege Engineering	\$400,000		(\$400,000)	\$0		\$0	
67	Career and College Readiness Tools	\$3,000,000			\$3,000,000		\$3,000,000	
74	School Bus Driver Safety Instruction	\$2,025,000			\$2,025,000		\$2,025,000	
74	School Bus Inspections	\$1,729,900		\$18,000	\$1,747,900	(\$12,800)	\$1,735,100	
74a	School Bus Safety Program	\$810,000		(\$810,000)	\$0		\$0	
81	ISD General Operations Support	\$68,453,000		\$2,396,000	\$70,849,000		\$70,849,000	
94	AP/IB Incentive Program	\$1,000,000			\$1,000,000		\$1,000,000	
94a	Center for Educational Performance and Information	\$16,356,700		\$100,500	\$16,457,200	(\$86,100)	\$16,371,100	
94a	Center for Educational Performance and Info - Federal	\$193,500			\$193,500		\$193,500	
95b	Statewide Evaluation Tool	\$2,500,000		(\$2,500,000)	\$0		\$0	
98	Michigan Virtual University	\$7,387,500			\$7,387,500		\$7,387,500	
99h	FIRST Robotics	\$4,800,000		(\$1,800,000)	\$3,000,000		\$3,000,000	
99s(2)(3)	MiSTEM Council and Grants	\$3,050,000			\$3,050,000		\$3,050,000	
99s(4)	MiSTEM Grants - Math and Science Centers - Federal	\$3,500,000		(\$3,265,000)	\$235,000		\$235,000	
99s(5)(6)	MiSTEM Centers Transition	\$4,584,300			\$4,584,300		\$4,584,300	
99s(11)	MiSTEM Executive Director	\$300,000			\$300,000		\$300,000	
99t	Online Algebra Tool	\$1,500,000		(\$1,500,000)	\$0		\$0	
99u	Imagine Learning	\$3,000,000		(\$3,000,000)	\$0		\$0	
99v	Dana Center	\$25,000		(\$25,000)	\$0		\$0	
99w	Fitness Foundation	\$500,000		(\$500,000)	\$0		\$0	
99x	Teach for America	\$300,000		(\$300,000)	\$0		\$0	
99y	STEM and Entrepreneurship	\$60,000		(\$60,000)	\$0		\$0	
102d	Financial Data Analysis Tools	\$1,500,000		(\$1,500,000)	\$0		\$0	
104	Education Assessments - State	\$32,509,400		(\$1,500,000)	\$31,009,400		\$31,009,400	
104	Education Assessments - Federal	\$6,250,000			\$6,250,000		\$6,250,000	
104d	Computer Adaptive Test	\$9,200,000		(\$9,200,000)	\$0		\$0	
104f	Digital Learning Prep	\$500,000		(\$500,000)	\$0		\$0	
107	Adult Education	\$30,500,000			\$30,500,000		\$30,500,000	
147a(1)	MPSERS Cost Offset	\$100,000,000			\$100,000,000		\$100,000,000	
147a(2)	MPSERS Normal Cost Offset	\$88,139,000		\$83,930,000	\$172,069,000	\$10,815,000	\$182,884,000	
147c	MPSERS State Share of Unfunded Liability Payments	\$1,032,700,000		(\$1,800,000)	\$1,030,900,000	\$167,400,000	\$1,198,300,000	
147e	MPSERS SB 401 Added Costs	\$37,600,000	(\$7,600,000)	\$4,971,000	\$42,571,000	\$15,102,000	\$57,673,000	
152a	Adair - Database Payment	\$38,000,500			\$38,000,500		\$38,000,500	
152b	Nonpublic School Reimbursement	\$250,000		(\$250,000)	\$0		\$0	
	TOTAL APPROPRIATIONS	\$14,844,588,800	\$10,700,000	\$14,855,288,800	\$526,650,100	\$15,371,238,900	\$124,218,000	\$15,495,456,900
	REVENUE BY SOURCE							
	Federal Aid	\$1,745,943,500	\$0	\$1,745,943,500	\$3,635,000	\$1,749,578,500	\$0	\$1,749,578,500
	School Aid Fund	\$12,876,825,200	\$42,600,000	\$12,919,425,200	\$627,835,100	\$13,504,660,300	\$124,218,100	\$13,628,878,400
	MPSERS retirement obligation reform Reserve Fund	\$31,900,000	(\$31,900,000)	\$0	(\$31,900,000)	\$0	\$0	\$0
	Community District Trust Fund/Other Restricted Fund	\$72,000,100	\$0	\$72,000,100	\$0	\$72,000,100	(\$100)	\$72,000,000
	School Mental Health and Support Services Fund	\$30,000,000	\$0	\$30,000,000	(\$30,000,000)	\$0	\$0	\$0
	General Fund/General Purpose	\$87,920,000		\$87,920,000	(\$42,920,000)	\$45,000,000	\$0	\$45,000,000
	TOTAL REVENUE	\$14,844,588,800	\$10,700,000	\$14,855,288,800	\$526,650,100	\$15,371,238,900	\$124,218,000	\$15,495,456,900