



Fiscal Year 2020 K-12 School Aid Executive Budget

(In Thousands)	FY2019 School Aid			FY2020 School Aid		
	Current Law PA 586 of 2018	Revised	Difference from Current Law	Executive Budget	Difference from FY19 Current Law	%
<i>School Aid Fund</i>	\$12,876,825.2	\$12,919,425.2	\$42,600.0	\$13,504,660.3	\$627,835.1	4.9%
<i>General Fund</i>	\$87,920.0	\$87,920.0	\$0.0	\$45,000.0	(\$42,920.0)	(48.8%)
<i>Other State Restricted</i>	\$133,900.1	\$102,000.1	(\$31,900.0)	\$72,000.1	(\$61,900.0)	(46.2%)
Total State Funds	\$13,098,645.3	\$13,109,345.3	\$10,700.0	\$13,621,660.4	\$523,015.1	4.0%
<i>Federal Funds</i>	\$1,745,943.5	\$1,745,943.5	\$0.0	\$1,749,578.5	\$3,635.0	0.2%
Gross Appropriations	\$14,844,588.8	\$14,855,288.8	\$10,700.0	\$15,371,238.9	\$526,650.1	3.5%
<i>Est. Local Revenue</i>	\$3,694,792.0	\$3,694,792.0	\$0.0	\$3,816,720.2	\$121,928.2	3.3%
Total Funding	\$18,539,380.8	\$18,550,080.8	\$10,700.0	\$19,187,959.1	\$648,578.3	3.5%

Consensus Pupil Estimates

Fiscal Year 2019 – 1,470,400

Fiscal Year 2020 – 1,460,200, a decrease of 10,200 pupils (0.7%) from fiscal year 2019

Fiscal Year 2021 – 1,452,000, a decrease of 8,200 (0.6%) from fiscal year 2020

Weighted Funding Model

The Executive Budget Recommendation includes \$507 million to increase operational funding for schools and to implement a new **weighted school funding model**. This new model includes a base per-pupil foundation payment that builds off the existing foundation allowance plus additional funding for students with more costly educational needs.

As part of the Governor’s plan for Michigan’s education system, \$500.1 million School Aid Fund dollars that were previously included in the Higher Education budget have been moved back to supporting pupils in the K-12 system. Returning these School Aid Fund dollars back to the classroom makes implementing the weighted funding model possible. The investment includes the following components:

- \$235 million to increase the per-pupil foundation allowance by **\$120 to \$180 per-pupil, distributed through a 1.5x formula** at a cost of \$235 million. Total state funding for the foundation allowance exceeds \$9.4 billion. The minimum foundation allowance will increase to \$8,051 per pupil, an increase of 2.3%; the basic foundation allowance will increase to \$8,529 per pupil, an increase of 1.4%. This reduces the gap between the minimum and maximum foundation allowance to \$478.

Per-Pupil Foundation Allowances		
	Minimum	Maximum
FY2019 Foundation	\$7,871	\$8,409
Exec. Rec. Increase	\$ 180	\$ 120
FY2020 Foundation	\$8,051	\$8,529

- The budget includes an increase of \$120 million to support the wide variety of needs for **special education students**, which can range from academic supports to one-on-one specialists. The state currently reimburses districts for 28% of special education costs. The Executive Budget **increases this reimbursement by an estimated 4 percentage points**. In total, the budget includes \$1.2 billion state dollars and \$431 million federal dollars to support special education.
- Funding for **academically at-risk, economically disadvantaged** students is increased by \$102 million to a total of \$619 million and distributed through the new formula. The funding provides an **estimated weight of 11% of the minimum foundation allowance, or \$894 for each eligible pupil**. In addition, the budget includes \$535 million federal funds to support academically at-risk students.
- In recognition of the higher costs of offering **Career and Technical Education (CTE)** programs, the Executive Budget includes an **estimated weight of 6% of the minimum foundation allowance, or \$487 per pupil** for students participating in CTE programming, at a cost increase of \$50 million. The existing \$5 million CTE incentive payment is rolled into this new weighted funding model. In total, the Governor’s budget includes \$109 million for CTE and vocational education programs.

	Base Foundation Per Pupil		Additional Weighted Foundation Payment Per Pupil		
	Minimum	Maximum	Special Education*	Economically Disadvantaged	Career and Technical Education (CTE)
Current Law	\$ 7,871	\$ 8,409	\$4,875	\$720	\$50
Exec. Rec. Increase	\$ 180	\$ 120	\$2,571	\$174	\$437
Est. FY20 Total Per Pupil	\$ 8,051	\$ 8,529	\$7,446	\$894	\$487
Additional Weight on Minimum Foundation			92.0%	11.0%	6.0%
Statewide Target Weight	\$9,590		70% weight, 115% weight, or full reimbursement, based on student need	35.0%	10.0%

* Note: Special education figures are based on statewide estimated equivalent. Actual payments will be reimbursed on cost.

Other School Operating Funding

- State funding for **MPSERS** retirement contributions exceeds \$1.3 billion, including \$1.0 billion for state contributions above the statutory cap on unfunded liability costs for local districts of 20.96% of payroll. Funding is included at \$214.6 million to pay for increases in normal costs as a result of adopting more conservative assumed rates of investment return, costs that would otherwise be paid by districts. Total state funding for MPSERS is increased by \$87.1 million. The budget maintains the MPSERS offset payment at \$100 million, which has been included in the budget since FY2012. The budget also deposits \$40 million into the MPSERS Retirement Obligation Reform Reserve Fund in anticipation of future cost increases related to the retirement experience study.
- In recognition of the **higher instructional costs of educating high school pupils**, the Executive Budget maintains \$11 million for additional per-pupil payments to districts with students in grades 9 to 12. Districts will receive \$25 per high school pupil enrolled in the district.
- Funding for **intermediate school districts** is increased by 3.5%, to a total of \$70.8 million.
- The recommendation recognizes the varying costs of educating students based on the type of education setting. The budget reflects a reduced funding level of approximately \$22 million (20% of the foundation allowance) for the state’s **cyber schools**, which have lower facility, maintenance, and transportation costs compared to brick-and-mortar schools.

Improving Early Learning and Literacy

- The budget increases funding for **Great Start Readiness Program (GSRP)** by \$85 million, to a total of \$328.9 million. This increase raises the family income eligibility threshold from 250% to 300% of the federal poverty level (\$77,250 for a family of four) and increases the allocation for a full-time preschooler by \$1,250, to a total of \$8,500. This investment will allow an additional 5,000 children to be served through the program.
- The budget includes an additional \$24.5 million (total funding of \$31.5 million) to **triple the number of state-funded literacy coaches**, from 93 coaches to 279 coaches. These coaches will work with teachers across the state to improve early literacy instruction. In addition, funding is maintained for the **Michigan Reading Corps** at \$3 million, and for **literacy essentials training** at \$1 million, which will include work to improve adult literacy.
- Funding of \$19.9 is maintained for other **early literacy grants** to districts used to increase reading proficiency by the end of a child's third grade year through the implementation of multi-tiered systems of supports, regular diagnostic screenings of students, and targeted interventions for students identified as falling behind.

Investing in College and Career Readiness Programs

- A total of \$8.2 million is maintained in the budget to support the state's **MiSTEM Network**, which will be rebranded as **MiSTEAM** to include a focus on "arts" and be rebranded as the **MiSTEAM Network**. From this amount, nearly \$5.1 million is recommended to support the **MiSTEAM Network Regions** and administrative activities, and \$3.1 million is recommended for delivering scalable STEAM-related opportunities to pupils statewide.
- The budget continues to recommend \$3 million for the **Michigan College Access Network**, which works to improve college access for low-income and first-generation students.
- The fiscal year 2020 budget recommends \$3 million for **First Robotics** programs, as well as \$1 million to pay for costs associated with **Advanced Placement and International Baccalaureate tests** for low-income pupils. Funding of \$1.75 million for **Dual Enrollment Incentive Payments** is eliminated.

Assessments and Accountability

- The FY2020 budget includes \$37.3 million (\$31.0 million in state and \$6.3 million in federal) for costs associated with **student assessments** required under state and federal law, including \$2.5 million for a tool to gauge the readiness of students entering kindergarten.
- The FY2020 budget maintains a total of \$40.2 million for **state data collection and reporting costs**. This amount includes \$38 million in grants to districts for data collection and \$2.2 million to continue the work of **the Michigan Data Hub Network**. The regional data hubs are designed to improve the efficiency of local data collection and provide actionable data to districts through common reports and dashboards. **Center for Educational Performance and Information (CEPI)** funding totals \$16.6 million.
- The budget maintains \$7 million to support **Partnership Models** for interventions in districts identified as needing additional academic supports. With this program, the department will continue to work with eligible districts to develop intervention plans and coordinate public, private, and non-profit resources to improve student achievement

Student Support Services

- The budget maintains \$5 million for state Early On programming to provide early identification and interventions for developmental delays in children.
- The budget also maintains \$1.6 million for continued implementation of the **Michigan Integrated Behavioral and Learning Support (MiBLSi)**, a nationally-recognized evidence-based and data-driven academic and behavioral intervention model.
- Funding for **adolescent teen health centers** is continued at \$6.1 million and funding for **hearing and vision screenings** is maintained at \$5.2 million.
- Funding for **school breakfast and lunch programs** is \$564.8 million: \$27.6 million in state funds and \$537.2 million in federal funds. \$575,000 is maintained for programs to support the inclusion of **locally grown produce** in student meals.
- Funding of at \$30.5 million is maintained for **adult education programs**, administered by the Talent Investment Agency (TIA).
- The budget maintains \$7.4 million for the **Michigan Virtual University** to research and support best practices in virtual coursework.
- **School transportation safety programs** are funded at \$3.7 million: \$1.7 million for school bus inspections provided by Michigan State Police and \$2 million for school bus driver safety training. Funding to support **transportation costs in small, isolated districts** is maintained at \$6 million.
- Education programs in **juvenile justice facilities** are included at \$1.3 million. Educational programs that serve **wards of the court** are supported with \$7.1 million. Funding for the **Youth Challenge Program** has been moved from the School Aid budget to the Department of Military and Veterans Affairs budget. Funding for **strict discipline academy and dropout recovery** pupil transfer programs are eliminated.

Health and Safety Supports

- A total of \$8.1 million is included to continue **early interventions, school-level supports, and nutrition programs** for children in Flint.
- The Executive Budget maintains \$23.3 million to support **student mental and behavioral health**.
- The Governor is recommending \$61.5 million in a fiscal year 2019 supplemental to replace school drinking fountains with **hydration stations** capable of filtering contaminants from drinking water.

Debt Service and Other Required Payments

- **School Bond Loan Fund Debt Service** is funded at \$125.5 million.
- **Renaissance Zone** reimbursements are recommended at \$15.3 million.
- **School Aid Fund Borrowing Costs** are increased to a total of \$56 million.
- **Payments in Lieu of Taxes** are maintained at \$4.4 million.
- **Promise Zone** funding is increased to \$8.4 million.

MPSERS Contribution Rates

The FY2020 MPSERS retirement contribution rates are detailed below:

MPSERS Retirement Rates for FY2020								
	Basic MIP w/Prem Subsidy	Pension Plus w/Prem Subsidy	Pension Plus PHF	Pension Plus to DC w/PHF	Basic/MIP To DC w/ Prem Subsidy	Basic/MIP To DC w/PHF	Basic/ MIP w/PHF	Pension Plus 2 with PHF
Total Rate	39.91%	36.96%	36.44%	33.37%	33.89%	33.37%	39.39%	39.57%
Employer Rate:								
<i>Pension Normal Cost</i>	6.02%	3.07%	3.07%	0.00%	0.00%	0.00%	6.02%	6.20%
<i>Pension UAL</i>	12.03%	12.03%	12.03%	12.03%	12.03%	12.03%	12.03%	12.03%
<i>Retirement Incentive (10-yr. payback)</i>	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%	1.36%
Pension Total Rate	19.41%	16.46%	16.46%	13.39%	13.39%	13.39%	19.41%	19.59%
Health Rates:								
<i>Health Normal Cost</i>	0.52%	0.52%	0.00%	0.00%	0.52%	0.00%	0.00%	0.00%
<i>Health UAL</i>	7.57%	7.57%	7.57%	7.57%	7.57%	7.57%	7.57%	7.57%
Retiree Health Total Rate	8.09%	8.09%	7.57%	7.57%	8.09%	7.57%	7.57%	7.57%
Employer Capped Rate								
Employer Capped Rate	27.50%	24.55%	24.03%	20.96%	21.48%	20.96%	26.98%	27.16%
Stabilization Rate (State Funded)								
Stabilization Rate (State Funded)	12.41%	12.41%	12.41%	12.41%	12.41%	12.41%	12.41%	12.41%

FY2019 Employer Capped Rate	26.18%	24.39%	24.03%	20.96%	21.32%	20.96%	25.82%	27.16%
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Acronyms Used Above:

- *MPSERS – Michigan Public School Employees Retirement System*
- *MIP – Member Investment Plan*
- *PHF – Personal Healthcare Fund*
- *DC – Defined Contribution*
- *UAL – Unfunded accrued liability*



FY2019, FY2020, and FY2021 STATE SCHOOL AID APPROPRIATIONS
Executive Budget Recommendation - March 13, 2019

Sec.	APPROPRIATIONS (In thousands):
11j	School Bond Loan Redemption Fund
11m	School Aid Fund Borrowing Costs
11s	Flint Declaration of Emergency
20f	Categorical Offset Payments
21h	Partnership Model Districts
22a	Proposal A Obligation Payment
22b	Discretionary Payment
22d	Isolated District Funding
22m	Technology Regional Data Hubs
22n	High School Per-Pupil Bonus
24	Court-Placed Children
24a	Juvenile Detention Facility Programs
24c	ChallenGe Program
25f	Strict Discipline Academies Pupil Transfers
25g	Dropout Recovery Program Pupil Transfers
25h	Dropout Prevention Program
26a	Renaissance Zone Reimbursement
26b	PILT Reimbursement
26c	Promise Zone Payments
28(3)	Weighted Per Pupil Allocations - Special Education
28(4)	Weighted Per Pupil Allocations - Econ. Disadv.
28(5)	Weighted Per Pupil Allocations - CTE
31a	At-Risk Programs
31a	Adolescent Teen Health Centers
31a	Vision/Hearing Screening
31b	Balanced Calendar/Year-Round School Programs
31d	School Lunch - State
31d	School Lunch - Federal
31f	School Breakfast
31j	Local Produce in School Meals
31n	Mental Health Grants and Admin
31p	Hydration Stations
32d	Great Start Readiness
32p	Great Start Early Childhood Block Grants
32q	Early Learning Cooperative
35a	Early Literacy Teacher Coaches
35a	Early Literacy District Grants
35a	Michigan Reading Corp
35a	Summer Reading Project
35a	Literacy Essentials
35b	Dyslexia Center
39a1	Federal NCLB/ESSA Grant Funds
39a2	Other Federal Funding
41	Bilingual Education
51a	Special Education - Federal IDEA
51a1	Special Education Department Monitoring
51a2	Special Education Foundations & Sped
51a3	Special Ed Hold Harmless Pmt. To ISDs
51a6	Special Ed Rule Change
51a11	Special Ed Non Sec 52 to ISDs
51c	Special Education Headlee
53a	Court Placed Special Ed FTE
54	MI School for Deaf and Blind
54b	Integrated Behavior and Learning Support (MiBLSI)
54d	Early On
51d	Special Education - Other Federal
55	Conductive Learning Center Study
56	Special Ed Millage Equalization
61a	Vocational Education
61b	CTE Middle College Program
61c	CTE Equipment Upgrades
61d	CTE Incentive Payment
61f	Pipeline to Promise
61g	High Demand Jobs
61h	Virtual Reality Skilled Trades
62	ISD Vocational Ed Millage Reimbursement
64b	Dual Enrollment Incentive Payments
64d	IT Certifications
65	Detroit Pre-College K-12 Engineering Program
67	Michigan College Access Network (MCAN)
74	Bus Driver Safety
74(4)	School Bus Inspection Program
74a	Bus Driver Safety Grants
81	ISD General Operations
94	Advanced Placement (AP) Incentive Program
94a	CEPI - State
94a	CEPI - Federal
95b	Statewide Value-Added Evaluation Tool
98	Michigan Virtual University
99h	First Robotics
99s	STEM Executive Director
99s	MiSTEM Council
99s	MiSTEM Network Regions - Federal
99s	MiSTEM Network Regions

FY 2019			Difference
FY 2019 Current Law PA 586 of 2018	FY 2019 Revised Exec. Budget		
\$ 125,500.0	\$ 125,500.0	\$ -	
\$ 24,000.0	\$ 43,000.0	\$ 19,000.0	
\$ 3,230.1	\$ 3,230.1	\$ -	
\$ 18,000.0	\$ 18,000.0	\$ -	
\$ 7,000.0	\$ 7,000.0	\$ -	
\$ 5,107,000.0	\$ 5,049,000.0	\$ (58,000.0)	
\$ 4,324,000.0	\$ 4,295,000.0	\$ (29,000.0)	
\$ 6,000.0	\$ 6,000.0	\$ -	
\$ 2,200.0	\$ 2,200.0	\$ -	
\$ 11,000.0	\$ 11,000.0	\$ -	
\$ 7,150.0	\$ 7,150.0	\$ -	
\$ 1,355.7	\$ 1,355.7	\$ -	
\$ 1,625.4	\$ 1,625.4	\$ -	
\$ 1,600.0	\$ 1,600.0	\$ -	
\$ 750.0	\$ 750.0	\$ -	
\$ 100.0	\$ 100.0	\$ -	
\$ 15,000.0	\$ 13,800.0	\$ (1,200.0)	
\$ 4,405.1	\$ 4,405.1	\$ -	
\$ 3,000.0	\$ 3,400.0	\$ 400.0	
\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	
\$ 517,000.0	\$ 517,000.0	\$ -	
\$ 6,057.3	\$ 6,057.3	\$ -	
\$ 5,150.0	\$ 5,150.0	\$ -	
\$ 750.0	\$ 750.0	\$ -	
\$ 23,144.0	\$ 23,144.0	\$ -	
\$ 523,200.0	\$ 523,200.0	\$ -	
\$ 4,500.0	\$ 4,500.0	\$ -	
\$ 575.0	\$ 575.0	\$ -	
\$ 31,300.0	\$ 31,300.0	\$ -	
\$ -	\$ 61,500.0	\$ 61,500.0	
\$ 244,900.0	\$ 244,900.0	\$ -	
\$ 13,400.0	\$ 13,400.0	\$ -	
\$ 175.0	\$ 175.0	\$ -	
\$ 7,000.0	\$ 7,000.0	\$ -	
\$ 19,900.0	\$ 19,900.0	\$ -	
\$ 3,000.0	\$ 3,000.0	\$ -	
\$ 500.0	\$ 500.0	\$ -	
\$ 1,000.0	\$ 1,000.0	\$ -	
\$ 250.0	\$ 250.0	\$ -	
\$ 730,600.0	\$ 730,600.0	\$ -	
\$ 51,200.0	\$ 51,200.0	\$ -	
\$ 6,000.0	\$ 6,000.0	\$ -	
\$ 370,000.0	\$ 370,000.0	\$ -	
\$ 500.0	\$ 500.0	\$ -	
\$ 273,100.0	\$ 286,800.0	\$ 13,700.0	
\$ 1,300.0	\$ 1,200.0	\$ (100.0)	
\$ 2,200.0	\$ 2,200.0	\$ -	
\$ 3,400.0	\$ 2,900.0	\$ (500.0)	
\$ 651,000.0	\$ 663,500.0	\$ 12,500.0	
\$ 10,500.0	\$ 10,500.0	\$ -	
\$ 1,688.0	\$ 1,688.0	\$ -	
\$ 1,600.0	\$ 1,600.0	\$ -	
\$ 5,000.0	\$ 5,000.0	\$ -	
\$ 61,000.0	\$ 61,000.0	\$ -	
\$ 250.0	\$ 250.0	\$ -	
\$ 40,008.1	\$ 40,008.1	\$ -	
\$ 37,711.3	\$ 37,711.3	\$ -	
\$ 8,000.0	\$ 8,000.0	\$ -	
\$ 2,500.0	\$ 2,500.0	\$ -	
\$ 5,000.0	\$ 5,000.0	\$ -	
\$ 200.0	\$ 200.0	\$ -	
\$ 50.0	\$ 50.0	\$ -	
\$ 1,200.0	\$ 1,200.0	\$ -	
\$ 9,190.0	\$ 9,190.0	\$ -	
\$ 1,750.0	\$ 1,750.0	\$ -	
\$ 2,300.0	\$ 2,300.0	\$ -	
\$ 400.0	\$ 400.0	\$ -	
\$ 3,000.0	\$ 3,000.0	\$ -	
\$ 2,025.0	\$ 2,025.0	\$ -	
\$ 1,729.9	\$ 1,729.9	\$ -	
\$ 810.0	\$ 810.0	\$ -	
\$ 68,453.0	\$ 68,453.0	\$ -	
\$ 1,000.0	\$ 1,000.0	\$ -	
\$ 16,356.7	\$ 16,356.7	\$ -	
\$ 193.5	\$ 193.5	\$ -	
\$ 2,500.0	\$ 2,500.0	\$ -	
\$ 7,387.5	\$ 7,387.5	\$ -	
\$ 4,800.0	\$ 4,800.0	\$ -	
\$ 300.0	\$ 300.0	\$ -	
\$ 3,050.0	\$ 3,050.0	\$ -	
\$ 3,500.0	\$ 3,500.0	\$ -	
\$ 4,584.3	\$ 4,584.3	\$ -	

FY 2020		Difference from Current Law
FY 2020 Executive Recommendation		
\$ 125,500.0	\$ -	
\$ 56,000.0	\$ 32,000.0	
\$ 8,075.1	\$ 4,845.0	
\$ 18,000.0	\$ -	
\$ 7,000.0	\$ -	
\$ 4,953,000.0	\$ (154,000.0)	
\$ 4,473,000.0	\$ 149,000.0	
\$ 6,000.0	\$ -	
\$ 2,200.0	\$ -	
\$ 11,000.0	\$ -	
\$ 7,150.0	\$ -	
\$ 1,355.7	\$ -	
\$ -	\$ (1,625.4)	
\$ -	\$ (1,600.0)	
\$ -	\$ (750.0)	
\$ -	\$ (100.0)	
\$ 15,300.0	\$ 300.0	
\$ 4,405.1	\$ -	
\$ 8,400.0	\$ 5,400.0	
\$ 120,000.0	\$ 120,000.0	
\$ 619,000.0	\$ 619,000.0	
\$ 55,000.0	\$ 55,000.0	
\$ -	\$ (517,000.0)	
\$ 6,057.3	\$ -	
\$ 5,150.0	\$ -	
\$ -	\$ (750.0)	
\$ 23,144.0	\$ -	
\$ 537,200.0	\$ 14,000.0	
\$ 4,500.0	\$ -	
\$ 575.0	\$ -	
\$ 23,300.0	\$ (8,000.0)	
\$ -	\$ -	
\$ 328,900.0	\$ 84,000.0	
\$ 13,400.0	\$ -	
\$ -	\$ (175.0)	
\$ 31,500.0	\$ 24,500.0	
\$ 19,900.0	\$ -	
\$ 3,000.0	\$ -	
\$ -	\$ (500.0)	
\$ 1,000.0	\$ -	
\$ -	\$ (250.0)	
\$ 725,600.0	\$ (5,000.0)	
\$ 49,100.0	\$ (2,100.0)	
\$ 6,000.0	\$ -	
\$ 370,000.0	\$ -	
\$ 500.0	\$ -	
\$ 297,800.0	\$ 24,700.0	
\$ 1,000.0	\$ (300.0)	
\$ 2,200.0	\$ -	
\$ 2,800.0	\$ (600.0)	
\$ 689,500.0	\$ 38,500.0	
\$ 10,500.0	\$ -	
\$ 1,688.0	\$ -	
\$ 1,600.0	\$ -	
\$ 5,000.0	\$ -	
\$ 61,000.0	\$ -	
\$ -	\$ (250.0)	
\$ 40,008.1	\$ -	
\$ 36,611.3	\$ (1,100.0)	
\$ 8,000.0	\$ -	
\$ -	\$ (2,500.0)	
\$ -	\$ (5,000.0)	
\$ -	\$ (200.0)	
\$ -	\$ (50.0)	
\$ -	\$ (1,200.0)	
\$ 9,190.0	\$ -	
\$ -	\$ (1,750.0)	
\$ -	\$ (2,300.0)	
\$ -	\$ (400.0)	
\$ 3,000.0	\$ -	
\$ 2,025.0	\$ -	
\$ 1,747.9	\$ 18.0	
\$ -	\$ (810.0)	
\$ 70,849.0	\$ 2,396.0	
\$ 1,000.0	\$ -	
\$ 16,457.2	\$ 100.5	
\$ 193.5	\$ -	
\$ -	\$ (2,500.0)	
\$ 7,387.5	\$ -	
\$ 3,000.0	\$ (1,800.0)	
\$ 300.0	\$ -	
\$ 3,050.0	\$ -	
\$ 235.0	\$ (3,265.0)	
\$ 4,584.3	\$ -	

FY 2021		Difference from Current Law
FY 2021 Executive Recommendation		
\$ 125,500.0	\$ -	
\$ 66,000.0	\$ 42,000.0	
\$ 8,075.0	\$ 4,844.9	
\$ 18,000.0	\$ -	
\$ 7,000.0	\$ -	
\$ 4,860,000.0	\$ (247,000.0)	
\$ 4,446,000.0	\$ 122,000.0	
\$ 6,000.0	\$ -	
\$ 2,200.0	\$ -	
\$ 11,000.0	\$ -	
\$ 7,150.0	\$ -	
\$ 1,355.7	\$ -	
\$ -	\$ (1,625.4)	
\$ -	\$ (1,600.0)	
\$ -	\$ (750.0)	
\$ -	\$ (100.0)	
\$ 18,400.0	\$ 3,400.0	
\$ 4,405.1	\$ -	
\$ 8,400.0	\$ 5,400.0	
\$ 120,000.0	\$ 120,000.0	
\$ 619,000.0	\$ 619,000.0	
\$ 55,000.0	\$ 55,000.0	
\$ -	\$ (517,000.0)	
\$ 6,057.3	\$ -	
\$ 5,150.0	\$ -	
\$ -	\$ (750.0)	
\$ 23,144.0	\$ -	
\$ 537,200.0	\$ 14,000.0	
\$ 4,500.0	\$ -	
\$ 575.0	\$ -	
\$ 23,300.0	\$ (8,000.0)	
\$ -	\$ -	
\$ 328,900.0	\$ 84,000.0	
\$ 13,400.0	\$ -	
\$ -	\$ (175.0)	
\$ 31,500.0	\$ 24,500.0	
\$ 19,900.0	\$ -	
\$ 3,000.0	\$ -	
\$ -	\$ (500.0)	
\$ 1,000.0	\$ -	
\$ -	\$ (250.0)	
\$ 725,600.0	\$ (5,000.0)	
\$ 49,100.0	\$ (2,100.0)	
\$ 6,000.0	\$ -	
\$ 370,000.0	\$ -	
\$ 500.0	\$ -	
\$ 309,200.0	\$ 36,100.0	
\$ 1,000.0	\$ (300.0)	
\$ 2,200.0	\$ -	
\$ 2,800.0	\$ (600.0)	
\$ 716,000.0	\$ 65,000.0	
\$ 10,500.0	\$ -	
\$ 1,688.0	\$ -	
\$ 1,600.0	\$ -	
\$ 5,000.0	\$ -	
\$ 61,000.0	\$ -	
\$ -	\$ (250.0)	
\$ 40,008.1	\$ -	
\$ 36,611.3	\$ (1,100.0)	
\$ 8,000.0	\$ -	
\$ -	\$ (2,500.0)	
\$ -	\$ (5,000.0)	
\$ -	\$ (200.0)	
\$ -	\$ (50.0)	
\$ -	\$ (1,200.0)	
\$ 9,190.0	\$ -	
\$ -	\$ (1,750.0)	
\$ -	\$ (2,300.0)	
\$ -	\$ (400.0)	
\$ 3,000.0	\$ -	
\$ 2,025.0	\$ -	
\$ 1,735.1	\$ 5.2	
\$ -	\$ (810.0)	
\$ 70,849.0	\$ 2,396.0	
\$ 1,000.0	\$ -	
\$ 16,371.1	\$ 14.4	
\$ 193.5	\$ -	
\$ -	\$ (2,500.0)	
\$ 7,387.5	\$ -	
\$ 3,000.0	\$ (1,800.0)	
\$ 300.0	\$ -	
\$ 3,050.0	\$ -	
\$ 235.0	\$ (3,265.0)	
\$ 4,584.3	\$ -	

Sec.	APPROPRIATIONS (In thousands):	FY 2019			FY 2020		FY 2021	
		Current Law PA 586 of 2018	Revised Exec. Budget	Difference	Executive Recommendation	Difference from Current Law	Executive Recommendation	Difference from Current Law
99t	Online Algebra Tool	\$ 1,500.0	\$ 1,500.0	\$ -	\$ -	\$ (1,500.0)	\$ -	\$ (1,500.0)
99u	Online Mathematics Tool - Imagine Math	\$ 1,500.0	\$ 1,500.0	\$ -	\$ -	\$ (1,500.0)	\$ -	\$ (1,500.0)
99u	Spanish Literacy Software	\$ 500.0	\$ 500.0	\$ -	\$ -	\$ (500.0)	\$ -	\$ (500.0)
99u	Imagine Literacy	\$ 1,000.0	\$ 1,000.0	\$ -	\$ -	\$ (1,000.0)	\$ -	\$ (1,000.0)
99v	K-14 Transition Supports	\$ 25.0	\$ 25.0	\$ -	\$ -	\$ (25.0)	\$ -	\$ (25.0)
99w	Fitness Foundation	\$ 500.0	\$ 500.0	\$ -	\$ -	\$ (500.0)	\$ -	\$ (500.0)
99x	Teach for America	\$ 300.0	\$ 300.0	\$ -	\$ -	\$ (300.0)	\$ -	\$ (300.0)
99y	STEM Entrepreneurship Program	\$ 60.0	\$ 60.0	\$ -	\$ -	\$ (60.0)	\$ -	\$ (60.0)
102d	Reimbursement of Financial Analytical Tools	\$ 1,500.0	\$ 1,500.0	\$ -	\$ -	\$ (1,500.0)	\$ -	\$ (1,500.0)
104	Student Assessments - State	\$ 32,509.4	\$ 32,509.4	\$ -	\$ 31,009.4	\$ (1,500.0)	\$ 31,009.4	\$ (1,500.0)
104	Student Assessments - Federal	\$ 6,250.0	\$ 6,250.0	\$ -	\$ 6,250.0	\$ -	\$ 6,250.0	\$ -
104d	Computer Adaptive Tests	\$ 9,200.0	\$ 9,200.0	\$ -	\$ -	\$ (9,200.0)	\$ -	\$ (9,200.0)
104f	Digital Assessment Preparation	\$ 500.0	\$ 500.0	\$ -	\$ -	\$ (500.0)	\$ -	\$ (500.0)
107	Adult Education	\$ 30,500.0	\$ 30,500.0	\$ -	\$ 30,500.0	\$ -	\$ 30,500.0	\$ -
147a	MPSERS Cost Offset	\$ 100,000.0	\$ 100,000.0	\$ -	\$ 100,000.0	\$ -	\$ 100,000.0	\$ -
147a(2)	MPSERS Normal Cost Offset	\$ 88,139.0	\$ 88,139.0	\$ -	\$ 172,069.0	\$ 83,930.0	\$ 182,884.0	\$ 94,745.0
147c	MPSERS UAAL Rate Stabilization Payment	\$ 1,032,700.0	\$ 1,032,700.0	\$ -	\$ 1,030,900.0	\$ (1,800.0)	\$ 1,198,300.0	\$ 165,600.0
147e	MPSERS Transition Costs	\$ 37,600.0	\$ 30,000.0	\$ (7,600.0)	\$ 42,571.0	\$ 4,971.0	\$ 57,673.0	\$ 20,073.0
152a	Data Collection and Reporting Costs	\$ 38,000.5	\$ 38,000.5	\$ -	\$ 38,000.5	\$ -	\$ 38,000.5	\$ -
152b	Nonpublic School Reimbursement	\$ 250.0	\$ 250.0	\$ -	\$ -	\$ (250.0)	\$ -	\$ (250.0)
TOTAL SCHOOL AID APPROPRIATIONS		\$ 14,844,588.8	\$ 14,855,288.8	\$ 10,700.0	\$ 15,371,238.9	\$ 526,650.1	\$ 15,495,456.9	\$ 650,868.1
REVENUES:								
	School Aid Fund	\$ 12,876,825.2	\$ 12,919,425.2	\$ 42,600.0	\$ 13,504,660.3	\$ 627,835.1	\$ 13,628,878.4	\$ 752,053.2
	General Fund	\$ 87,920.0	\$ 87,920.0	\$ -	\$ 45,000.0	\$ (42,920.0)	\$ 45,000.0	\$ (42,920.0)
	Community District Trust Fund/Other SR Funds	\$ 72,000.1	\$ 72,000.1	\$ -	\$ 72,000.1	\$ -	\$ 72,000.0	\$ (0.1)
	Mental Health and Support Services Fund	\$ 30,000.0	\$ 30,000.0	\$ -	\$ -	\$ (30,000.0)	\$ -	\$ (30,000.0)
	MPSERS Retirement Obligation Reform Fund	\$ 31,900.0	\$ -	\$ (31,900.0)	\$ -	\$ (31,900.0)	\$ -	\$ (31,900.0)
	Federal Funds	\$ 1,745,943.5	\$ 1,745,943.5	\$ -	\$ 1,749,578.5	\$ 3,635.0	\$ 1,749,578.5	\$ 3,635.0
TOTAL APPROPRIATED REVENUES		\$ 14,844,588.8	\$ 14,855,288.8	\$ 10,700.0	\$ 15,371,238.9	\$ 526,650.1	\$ 15,495,456.9	\$ 650,868.1

STATE BUDGET OFFICE

March 13, 2019



School Aid Executive Budget
Fiscal Years 2019, 2020 and FY2021
Balance Sheet
(in millions)

	Fiscal Year FY 2019	Fiscal Year FY 2020	Fiscal Year FY 2021
January 2019 Consensus Revenue Estimate	\$ 13,550.5	\$ 13,926.7	\$ 14,264.4
Retirement Deduction Restoration		\$ (58.1)	\$ (79.8)
Business Pass-through Parity		\$ 45.5	\$ 62.9
Marihuana Sales Tax Adjustments		\$ 1.7	\$ 5.3
Subtotal, Revised School Aid Fund	\$ 13,550.5	\$ 13,915.8	\$ 14,252.8
General Fund	\$ 45.0	\$ 45.0	\$ 45.0
Community District Trust Fund	\$ 72.0	\$ 72.0	\$ 72.0
Federal Funds	\$ 1,745.9	\$ 1,749.6	\$ 1,749.6
Total Resources Available - Ongoing	\$ 15,413.4	\$ 15,782.4	\$ 16,119.4
School Aid Ongoing Costs			
Current Law Budget - PA 586 of 2018	\$ 14,732.3		
Pending Supplemental (2019-3)	\$ (50.8)		
Executive Recommendation		\$ 15,371.2	\$ 15,495.5
Community Colleges Ongoing Costs			
Current Law Budget - PA 265 of 2018	\$ 408.2		
Executive Recommendation		\$ 408.2	\$ 419.7
Universities Ongoing Costs			
Current Law Budget - PA 265 of 2018	\$ 500.1		
Executive Recommendation		\$ -	\$ -
Total Expenditures - Ongoing	\$ 15,589.8	\$ 15,779.4	\$ 15,915.2
Ongoing Revenue Balance	\$ (176.3)	\$ 3.0	\$ 204.2
Beginning Balance - One-Time	\$ 317.6	\$ 40.3	\$ 3.3
School Mental Health Services Funds	\$ 30.0		
General Fund	\$ 42.9		
School Aid Current Law - PA 586 of 2018	\$ 112.3		
Pending Supplemental (2019-3)	\$ 61.5		
Executive Recommendation		\$ 40.0	\$ -
Total Expenditures - One-Time	\$ 173.8	\$ 40.0	\$ -
One-Time Revenue Balance	\$ 216.68	\$ 0.3	\$ 3.3
Estimated CAFR Balance	\$ 40.3	\$ 3.3	\$ 207.5

School Aid

Weighted Funding Model

March 13, 2019



Summary

The Executive Budget Recommendation includes \$507 million to increase operational funding for schools and by implementing a new, restructured weighted school funding model. This model includes a base per-pupil foundation payment that builds off the existing foundation allowance plus additional funding for students with more costly educational needs. The investment in the new weighted funding model consists of the following components:

- **\$235 million** to increase the **foundation allowance** to \$8,051 per pupil for districts at the minimum (a \$180 per pupil increase) and to increase the foundation allowance to \$8,529 per pupil for districts at the maximum (a \$120 per pupil increase). This reduces the gap between the highest and lowest funded districts to \$478 per pupil, representing an 80 percent reduction in the gap since the implementation of Proposal A.
- **\$120 million** to increase state reimbursement for **special education** services by 4 percentage points.
- **\$102 million** to increase state support for **economically disadvantaged, academically at-risk students**. Total state funding is recommended at \$619 million, which will provide an estimated \$894 per eligible pupil.
- **\$50 million** to provide additional **Career and Technical Education** opportunities for students, which will provide an estimated \$487 per eligible pupil.

Background

The investments included in the Executive Budget are the first step in implementing a weighted per-pupil funding system. Based on recommendations of the Michigan School Finance Research Collaborative (SFRC), the state should set a goal of eventually providing a base per-pupil foundation amount of \$9,590 for all pupils, with additional percentage weights for students who require higher cost services, including special education pupils, economically disadvantaged pupils, and career and technical education pupils.

Special Education

Special education pupils have a wide variety of needs, ranging from academic supports to one-on-one specialists. The SFRC report recommends providing additional weights of 70%, 150%, or providing full cost reimbursement for special education students, based on the level of student need.

The state currently reimburses districts for 28% of special education costs. The Executive Budget increases this reimbursement by an estimated 4 percentage points, at a cost of \$120 million. On a statewide basis, the appropriations included in the Executive Budget for special education cost reimbursements will provide an estimated effective weight on the base foundation paid for special education students of 92%. These payments are distributed to districts and intermediate school districts on a cost reimbursement basis, so there will be variation in this effective weight across districts.

Districts are required by law to provide special education services, meaning that costs not covered from dedicated revenue sources must be paid from the district's general operating budget. By increasing the reimbursement level, districts will be able to provide additional intervention and support staff for special education students, while also freeing up school operating dollars to improve education for all students. In

total, the budget includes \$1.2 billion state dollars and \$431 million federal dollars to support special education.

Economically Disadvantaged Students

Economically disadvantaged (low-income) pupils tend to have lower academic success rates and higher dropout rates. Additional interventions and resources are often needed to ensure these students reach their academic potential. The SFRC report recommends providing an additional weight of 35% for these students.

The state currently provides \$517 million through the existing “At-Risk” categorical, which provides about \$746 per economically disadvantaged pupil. The Executive Budget rolls this funding and an additional \$102 million into the new weighted funding formula, which provides an estimated weight of 11% of the minimum foundation allowance, or \$894 for each eligible pupil. Districts capable of generating higher levels of local revenue, referred to as hold harmless districts, would receive 50% of this amount (up from 30%), or \$447 per eligible pupil.

These funds will allow schools to provide additional instructional supports like tutoring services and non-instructional services like counseling and behavioral health services, all of which will help economically disadvantaged pupils overcome the obstacles to achieving academic success.

Career and Technical Education Students

Career and Technical Education (CTE) programs narrow the statewide skills gap, increase the number of people able to meet specific needs of employers statewide, and prepare students to graduate high school ready for a career. These programs often come with higher costs for material, equipment, and staff. In recognition of these costs, and to incentivize expansion of CTE programs, the SFRC recommends providing an additional weight of 10% for students participating in CTE programming.

The state currently has a \$5 million CTE incentive payment to pay districts up to \$50 per CTE student. The Governor’s Budget takes this existing categorical plus an additional \$50 million and distributes funding through the weighted funding formula. The increase will provide an estimated 6% weight per CTE student, or about \$487 per eligible pupil.

The budget maintains existing funding for other CTE and vocational education programs. In total, the Governor’s budget includes \$109 million for CTE and vocational education programs.

Summary of the Weighted Funding Formula

	Base Foundation Per Pupil		Additional Weighted Foundation Payment Per Pupil		
	Minimum	Maximum	Special Education*	Economically Disadvantaged	Career and Technical Education (CTE)
Current Law	\$ 7,871	\$ 8,409	\$4,875	\$720	\$50
Exec. Rec. Increase	\$ 180	\$ 120	\$2,571	\$174	\$437
Est. FY20 Total Per Pupil	\$ 8,051	\$ 8,529	\$7,446	\$894	\$487
Additional Weight on Minimum Foundation			92.0%	11.0%	6.0%
Statewide Target Weight	\$9,590		70% weight, 115% weight, or full reimbursement, based on student need	35.0%	10.0%

* Note: Special education figures are based on statewide estimated equivalent. Actual payments will be reimbursed on cost.



Summary

The Executive Budget includes an investment of \$85 million in Michigan's state-funded preschool program, the Great Start Readiness Program (GSRP). This 35% increase brings total funding for GSRP to \$328.9 million. High-quality preschool programs have a positive impact on a child's emotional and behavioral development, as well as increasing the likelihood that the child enters kindergarten ready to learn.

The investment includes \$35 million to increase the income eligibility threshold for families from 250% of the federal poverty level to 300% of the federal poverty level, which allows an additional 5,100 children to be served by the program. In addition, the recommendation increases the per-child funding for a full-day preschool student from \$7,250 to \$8,500 per year, providing additional resources to support and build students' educational foundation. This rate hasn't been increased since 2014.

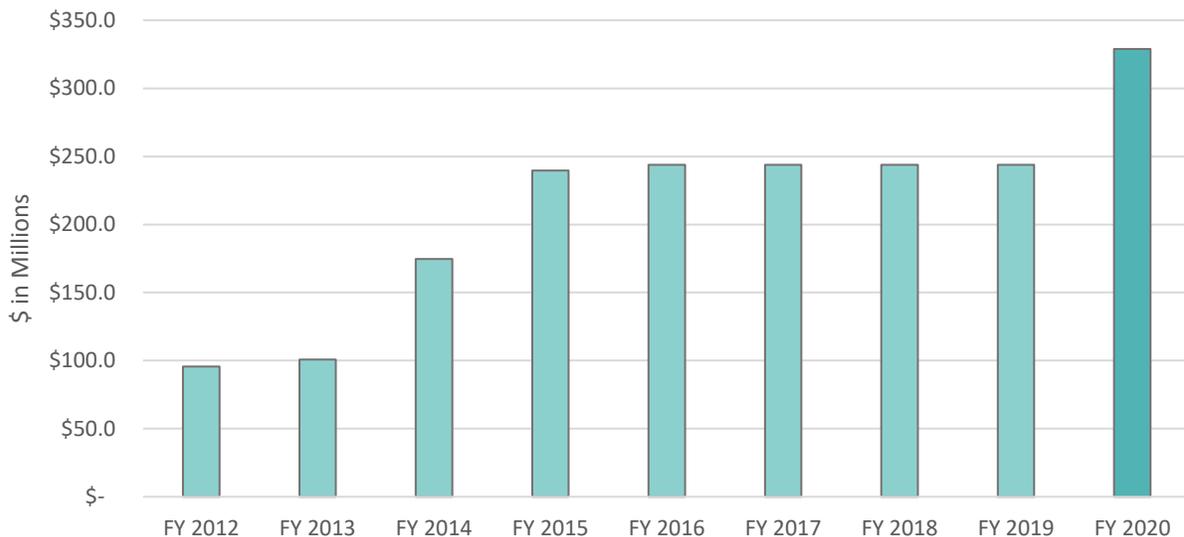
Expanding the number of children served and increasing the amount paid per child are the first steps the Governor is taking towards universal preschool in Michigan.

Background

The GSRP program has been in existence since 1986 and serves 4-year-old children. Under this program, over 37,000 Michigan children are served in either half-day or full-day programs. To be eligible under current law, children must reside in a household with an income of 250% or less of the federal poverty level, which equates to \$64,375 for a family of four. The recommended expansion included in the Governor's Budget raises the eligibility to 300% of the federal poverty level, which equates to \$77,250 for a family of four.

Below is a funding history of Michigan's preschool program. This is the first significant investment made in the program since fiscal year 2015.

Great Start Readiness Program Funding History



Summary

The Governor is proposing an investment of \$60 million in one-time School Aid Fund resources for a statewide initiative to replace drinking fountains in school buildings with hydration stations to provide clean, filtered drinking water to Michigan school children. Hydration stations are combination water fountains/bottle filling stations that filter out contaminants, leading to improved water quality and also reducing the use of plastic water bottles. These stations have been utilized in Detroit and other school districts, enabling schools to provide safe drinking water without requiring cost prohibitive replacement of plumbing and water infrastructure.

The statewide target under this proposal is to provide at least 1 hydration station per every 100 pupils per school building, based on standards included in the Michigan Plumbing Code. The funds can be used for the following:

- The purchase and installation of new hydration stations.
- The removal or closure of existing fixtures incapable of filtering water.
- Any environmental abatement costs that could arise due to the installation (disposal of hazardous materials, air quality issues related to mold, etc.).

The program will be jointly administered by the departments of Education and Environmental Quality.

Background

Estimates indicate that there are approximately 3,300 public school buildings statewide that could be served by this initiative. About 600 of these buildings were built prior to 1950 and, therefore, have a higher probability of lead in water delivery systems. Approximately 68% of school buildings statewide were built prior to 1985 and may contain lead solder in copper piping systems. Through the mid-1990s, many fixtures still utilized lead-containing brass or galvanized pipe fittings.

