

**FY 2015-16: SCHOOL AID**  
**Summary: As Reported from House Subcommittee**  
**House Bill 4089 (H-1) Draft 1**



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	FY 2014-15 YTD as of 3/11/15	FY 2015-16 Executive	FY 2015-16 House	FY 2015-16 Senate	FY 2015-16 Conference	Difference: House From FY 2014-15 YTD	
						Amount	%
<b>IDG/IDT</b>	\$0	\$0	\$0			\$0	--
<b>Federal</b>	1,808,162,700	1,775,769,200	1,775,769,200			(32,393,500)	(1.8)
<b>Local</b>	0	0	0			0	--
<b>Private</b>	0	0	0			0	--
<b>Restricted</b>	11,845,097,400	12,137,294,700	12,087,799,700			242,702,300	2.0
<b>GF/GP</b>	33,700,000	45,900,000	45,900,000			12,200,000	36.2
<b>Gross</b>	<b>\$13,686,960,100</b>	<b>13,958,963,900</b>	<b>13,909,468,900</b>			<b>222,508,800</b>	<b>1.6</b>

Notes: (1) FY 2014-15 adjusted year-to-date figures include mid-year budget adjustments through March 12, 2015 (including House Bill 4110). (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 548 local school districts, 302 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

**Major Budget Changes From Adjusted FY 2014-15 Appropriations**

**1. Foundation Allowances (Secs. 22a, 22b, 22c)**

Executive provides a \$75 per pupil increase to all districts, raising the minimum foundation allowance to \$7,326 (after rolling in the FY 2014-15 equity payment) and raising the state maximum guaranteed foundation allowance to \$8,174 for FY 2015-16. The increase costs \$108.0 million School Aid Fund (SAF), but after an overall cost reduction of \$86.0 million due to increasing local contributions from increasing taxable values and declining pupils, the net increase totals \$22.0 million.

	FY 2014-15 Year-to-Date	FY 2015-16 House Change
<b>Gross</b>	<b>\$8,917,000,000</b>	<b>\$296,400,000</b>
Restricted	8,908,985,300	286,919,200
GF/GP	\$8,014,700	\$9,480,800

House increases foundations using both the 2x funding formula with increases ranging from \$137 to \$274 per pupil plus an equity payment of up to \$25 for districts at the Minimum Foundation. This would increase the State Maximum Foundation from \$8,099 to \$8,236 and would effectively increase the Minimum Foundation from \$7,251 to \$7,550 when including the equity payment. The increase costs \$382.4 million, but after an overall cost reduction of \$86.0 million due to increasing local contributions from increasing taxable values and declining pupils, the net appropriation increase totals \$296.4 million.

**2. At-Risk Program (Sec. 31a)**

Executive provides a \$100.0 million increase, bringing total funding to \$409.0 million SAF for FY 2015-16. Funding is intended to provide 11.5% of a district's foundation allowance for each student qualifying for free lunch; however, even after the proposed increase, the program would be approximately \$97 million short of reaching full funding, thus necessitating proration.

	Gross	FY 2015-16 House Change
<b>Gross</b>	<b>\$308,988,200</b>	<b>\$0</b>
Restricted	308,988,200	0

House maintains current year appropriation but revises program requirements. (See Major Boilerplate Changes below for more detail.)

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Year-to-Date</b>	<b>FY 2015-16 House Change</b>
<b>3. Best Practices (Sec. 22f)</b>	<b>Gross</b>	<b>\$75,000,000</b>	<b>(\$75,000,000)</b>
<u>Executive</u> reduces best practices grant funding by \$45.0 million to a total of \$30.0 million SAF for FY 2015-16, reducing the per pupil awards from \$50 to \$20. Revises the best practices with which a district must comply with 2 out of 3 financial and 2 out of 3 academic best practices. (See Major Boilerplate Changes below for more detail.) <u>House</u> eliminates this section.	Restricted	75,000,000	(75,000,000)
<b>4. District Performance Grants (Sec. 22j)</b>	<b>Gross</b>	<b>\$51,100,000</b>	<b>(\$51,100,000)</b>
<u>Executive</u> eliminates grants to districts for improving achievement levels on statewide assessments for FY 2015-16. <u>House</u> concurs with Executive.	Restricted	51,100,000	(51,100,000)
<b>5. Technology Infrastructure Grants (Sec. 22i)</b>	<b>Gross</b>	<b>\$41,500,000</b>	<b>(\$41,500,000)</b>
<u>Executive</u> reduces funding by \$16.5 million to a total of \$25.0 SAF million for FY 2015-16. <u>House</u> eliminates this section.	Restricted	41,500,000	(41,500,000)
<b>6. MPSERS Cost Offset (Sec. 147a)</b>	<b>Gross</b>	<b>\$100,000,000</b>	<b>(\$50,000,000)</b>
<u>Executive</u> maintains \$100.0 million SAF for districts to reimburse them for a share of their Michigan Public School Employees' Retirement System (MPSERS) costs for FY 2015-16. <u>House</u> reduces in half to \$50.0 million.	Restricted	100,000,000	(50,000,000)
<b>7. MPSERS Unfunded Liability State Share (Sec. 147c)</b>	<b>Gross</b>	<b>\$676,900,000</b>	<b>\$216,600,000</b>
<u>Executive</u> increases funding for the state share of MPSERS unfunded liability costs for districts, ISDs, and public libraries pursuant to PA 300 of 2012 by \$216.6 million, bringing the total to \$893.5 million for FY 2015-16. <u>House</u> concurs with Executive.	Restricted GF/GP	676,400,000 \$500,000	216,500,000 \$100,000
<b>8. MPSERS Additional Liability Payment (Sec. 147d)</b>	<b>Gross</b>	<b>\$19,634,000</b>	<b>(\$19,634,000)</b>
<u>Executive</u> eliminates the \$19.6 million SAF one-time additional unfunded liability payment. (HB 4110 reduced the original FY 2014-15 appropriation by \$88.4 million.) <u>House</u> concurs with Executive.	Restricted	19,634,000	(19,634,000)
<b>9. Distressed District Rehabilitation Fund (Sec. 11r)</b>	<b>Gross</b>	<b>\$4,000,000</b>	<b>(\$4,000,000)</b>
<u>Executive</u> deposits an additional \$75.0 million SAF into a fund created originally as the Distressed District Emergency Grant fund in FY 2014-15 with an initial \$4.0 million. Funding may be disbursed per the State Treasurer and is intended to support the rehabilitation of districts experiencing severe academic and financial stress in order to mitigate the impact on student learning. <u>House</u> eliminates funding for this section.	Restricted	4,000,000	(4,000,000)
<b>10. Categorical Offset Payments (Sec. 20f)</b>	<b>Gross</b>	<b>\$6,000,000</b>	<b>\$8,000,000</b>
<u>House</u> increases total funding to \$14.0 million. Maintains \$6.0 million to maintain the base that ensured a \$5 increase for all districts for FY 2013-14 funding and adds \$8.0 million to guarantee that all districts receive at least a \$25 net increase per pupil for FY 2015-16 after adding increases in the foundation allowance plus the reduction in MPSERS offset payments and the elimination of funding for Best Practices, District Performance Grants, and Dissolved District Transition Grants.	Restricted	6,000,000	8,000,000
<b>11. Dissolved District Transition Grants (Sec. 20g)</b>	<b>Gross</b>	<b>\$2,200,000</b>	<b>(\$2,200,000)</b>
<u>House</u> eliminates funding for districts that received students from the dissolved Buena Vista and Inkster school districts.	Restricted	2,200,000	(2,200,000)
<b>12. Consolidation Grants (Sec. 22g)</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$3,000,000</b>
<u>House</u> increases funding to \$5.0 million but restricts it to consolidations or annexations of whole districts or intermediate districts.	Restricted	2,000,000	3,000,000
<b>13. Strict Disciplinary Academy &amp; Dropout Recovery (Sec. 25f)</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$1,000,000)</b>
<u>Executive</u> reduces funding by \$1.0 million for alternative count mechanisms for both strict disciplinary academies and dropout recovery programs to a total of \$1.0 million for FY 2015-16. <u>House</u> concurs with Executive to decrease funding to \$1.0 million but only maintains payments to districts with dropout recovery programs as described in Sec. 23a.	Restricted	2,000,000	(1,000,000)

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Year-to-Date</b>	<b>FY 2015-16 House Change</b>
<b>14. Gang Prevention and Intervention Programs (Sec. 31c) – NEW</b>		<b>Gross</b>	<b>\$0</b>
<u>Executive</u> appropriates \$1.0 million for programs intended to improve public safety, reduce the number of youth in gang-related activity, and to increase graduation rates.		Restricted	0
<u>House</u> does not provide funding for this section.			0
<b>15. Great Start Readiness Program (GSRP) (Sec. 32d)</b>		<b>Gross</b>	<b>\$239,575,000</b>
<u>Executive</u> maintains \$239.6 million for GSRP 4-year-old preschool programs for children in low-income families.		Restricted	239,275,000
<u>House</u> concurs with Executive.		GF/GP	\$300,000
<b>16. Early Childhood Block Grants (Sec. 32p)</b>		<b>Gross</b>	<b>\$10,900,000</b>
<u>Executive</u> increases by \$5.0 million for a total of \$15.9 million SAF for FY 2015-16. New funding would provide home-visiting programs for parents in at-risk families as part of the Governor’s Early Literacy – 3 <sup>rd</sup> Grade Reading Initiative.		Restricted	10,900,000
<u>House</u> maintains current funding.			0
<b>17. Early Literacy (3<sup>rd</sup> Grade Reading) Initiative (Sec. 35, 35a, 35b, 35c, 35d, 35e, 35f, 35g) - NEW</b>		<b>Gross</b>	<b>\$0</b>
<u>Executive</u> provides \$18.4 million (\$2.0 million GF/GP) for FY 2015-16 for new efforts to improve early literacy in an attempt to have children reading on grade level by 3 <sup>rd</sup> Grade. Funded activities include implementation (\$1.0 million), pilot parenting programs (\$1.0 million), professional development (\$950,000), teacher certification tests (\$500,000), diagnostic tools (\$1.5 million), teacher coaches (\$3.0 million), added instructional time (\$10.0 million), and a research clearinghouse (\$500,000).		Restricted	0
<u>House</u> does not provide funding for these sections.		GF/GP	\$0
<b>18. Bilingual Education Grants (Sec. 41)</b>		<b>Gross</b>	<b>\$1,200,000</b>
<u>House</u> eliminates funding for bilingual education grants.		Restricted	1,200,000
			(\$1,200,000)
<b>19. Conductive Learning Center Study (Sec. 55)</b>		<b>Gross</b>	<b>\$0</b>
<u>House</u> adds \$150,000 as the 1 <sup>st</sup> of two years of funding for an MSU Department of Epidemiology study of the Conductive Learning Center at Aquinas College to evaluate the effectiveness of conductive education for children with cerebral palsy.		Restricted	0
			\$150,000
<b>20. Career &amp; Technical Education (Sec. 61a)</b>		<b>Gross</b>	<b>\$27,611,000</b>
<u>Executive</u> maintains funding at \$26.6 million to reimburse local districts and secondary area vocational/technical centers for a portion of the added costs of career and technical education (CTE) programs for both FY 2015-16. Eliminates \$1.0 million in one-time funding for grants to integrate the Michigan merit curriculum (MMC) content standards into state-approved CTE instructional programs to award academic credit.		Restricted	27,611,000
<u>House</u> increases funding for CTE programs by \$16.0 million but concurs with Executive to eliminate the \$1.0 million appropriation related to MMC content standards bringing the total section to \$42.6 million			\$15,000,000
			15,000,000
<b>21. Career &amp; Technical Education Dual Enrollment (Sec. 61b) – NEW</b>		<b>Gross</b>	<b>\$0</b>
<u>Executive</u> provides \$17.8 million SAF to expand CTE Middle College programs statewide for FY 2015-16. Programs are intended to provide high school students with an opportunity to finish an associates’ degree, finish technical certification or earn college credit while taking high school courses. Programs would be based on 10 prosperity regions and focused on the occupational needs of the region.		Restricted	0
<u>House</u> does not provide funding for this section.			0
<b>22. Dual Enrollment Incentive Grants (Sec. 64b)</b>		<b>Gross</b>	<b>\$1,800,000</b>
<u>House</u> eliminates funding for dual enrollment incentive grants.		Restricted	1,800,000
			(\$1,800,000)
<b>23. Career and College Readiness Tools (Sec. 67) – NEW</b>		<b>Gross</b>	<b>\$0</b>
<u>Executive</u> appropriates \$3.6 million GF/GP for FY 2015-16 administered through the Michigan College Access Network (MCAN) for programs to inform students of college and career options and provide tools and resources to increase the number of students prepared to make informed college and career decisions.		GF/GP	\$0
<u>House</u> does not provide funding for this section.			\$0

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Year-to-Date</b>	<b>FY 2015-16 House Change</b>
<b>24. School Bus Natural Gas Conversion (Sec. 74a)</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$3,000,000)</b>
<u>Executive</u> eliminates one-time funding for grants to districts to convert their buses from diesel to natural gas.	Restricted	3,000,000	(3,000,000)
<u>House</u> concurs with Executive.			
<b>25. Michigan Virtual University (Sec. 98)</b>	<b>Gross</b>	<b>\$7,387,500</b>	<b>\$600,000</b>
<u>Executive</u> increases funding to \$8.0 million tied to expanded responsibilities including maintaining a statewide network of school-based mentors for online instruction, including community college online courses into the statewide online course catalog, and providing a prototype and pilot to add registration, payment, and transcript functions to the statewide online course catalog.	GF/GP	\$7,387,500	\$600,000
<u>House</u> concurs with Executive.			
<b>26. Math and Science Centers (Sec. 99)</b>	<b>Gross</b>	<b>\$8,474,300</b>	<b>(\$3,225,000)</b>
<u>House</u> eliminates state funding for math and science centers and the Michigan STEM Partnership, but maintains federal funding for math and science centers.	Federal	5,249,300	0
	Restricted	2,750,000	(2,750,000)
	GF/GP	\$475,000	(\$475,000)
<b>27. STEM Professional Development (Sec. 99b)</b>	<b>Gross</b>	<b>\$330,000</b>	<b>\$0</b>
<u>Executive</u> eliminates one-time funding for professional development for teachers in science, technology, and mathematics instruction.	Restricted	330,000	0
<u>House</u> maintains funding at current year levels.			
<b>28. FIRST Robotics (Sec. 99h)</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>\$1,000,000</b>
<u>Executive</u> maintains \$2.0 million in funding for district grants for FIRST Robotics programs. Funds may be used for stipends for coaches and/or program and competition expenses.	Restricted	2,000,000	1,000,000
<u>House</u> increases funding to \$3.0 million and expands grants from grades 7-12 to grades K-12.			
<b>29. Science Olympiad and other STEM Programs (Sec. 99q)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$900,000</b>
<u>House</u> adds a total of \$900,000 including \$500,000 for district Science Olympiad grants and \$400,000 for other STEM professional development and curricula grants focused on experiential learning.	Restricted	0	900,000
<b>30. Van Andel Education Institute (Sec. 99r)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$500,000</b>
<u>House</u> adds \$500,000 for a grant to the Van Andel Education Institute to provide STEM professional development to science teachers in student-driven, inquiry-based science instruction.	GF/GP	\$0	\$500,000
<b>31. State Assessments (Sec. 104)</b>	<b>Gross</b>	<b>\$47,644,400</b>	<b>\$0</b>
<u>Executive</u> increases funding by \$2.6 million for state assessments to add additional components to determine a pupil's proficiency level prior to grade 3 for implementation in 2016-2017 including assessments administered in fall and spring to measure English language arts and mathematics in 1 <sup>st</sup> and 2 <sup>nd</sup> grades and a kindergarten entry assessment administered in the fall of kindergarten.	Federal	6,250,000	0
<u>House</u> maintains current funding levels.	Restricted	41,394,400	0
<b>32. Adult Education (Sec. 107)</b>	<b>Gross</b>	<b>\$22,000,000</b>	<b>(\$22,000,000)</b>
<u>House</u> eliminates funding for adult education programs.	Restricted	22,000,000	(22,000,000)
<b>33. Nonpublic Schools (Sec. 152b)</b>	<b>Gross</b>	<b>\$0</b>	<b>\$5,000,000</b>
<u>House</u> adds \$5.0 million to reimburse nonpublic schools for the costs related to activities identified in the nonpublic schools mandate report required under Sec. 236 of PA 252 of 2014.	GF/GP	\$0	\$5,000,000
<b>34. Durant – Non Plaintiff Debt Service (Sec. 11g)</b>	<b>Gross</b>	<b>\$39,500,000</b>	<b>(\$39,500,000)</b>
<u>Executive</u> eliminates funding for the debt service for bonds for districts that were not plaintiffs in the Durant v. State of Michigan special education funding case. FY 2014-15 was the final year for debt service payments.	Restricted	39,500,000	(39,500,000)
<u>House</u> concurs with Executive.			

<b>Major Budget Changes From Adjusted FY 2014-15 Appropriations</b>		<b>FY 2014-15 Year-to-Date</b>	<b>FY 2015-16 House Change</b>
<b>35. School Bond Loan Fund (Sec. 11j)</b>		<b>Gross</b>	<b>\$126,000,000</b>
<u>Executive</u> increases debt service payments on behalf of districts that participate in the School Bond Qualification and Loan Program by \$17.0 million in FY 2015-16 for a total of \$143.0 million SAF.		Restricted	126,000,000
<u>House</u> concurs with Executive.			<b>\$17,000,000</b> 17,000,000
<b>36. Cash Flow Borrowing Costs (Sec. 11m)</b>		<b>Gross</b>	<b>\$3,000,000</b>
<u>Executive</u> increases by \$1.0 million for a total of \$4.0 million in FY 2015-16 for estimated interest costs incurred by the School Aid Fund associated with cash-flow borrowing to meet the requirement to pay local and intermediate school districts over 11 payments.		Restricted	3,000,000
<u>House</u> concurs with Executive.			<b>\$1,000,000</b> 1,000,000
<b>37. Federal No Child Left Behind and Other Funding (Sec. 39a)</b>		<b>Gross</b>	<b>\$839,269,900</b>
<u>Executive</u> decreases level of anticipated federal funds by \$29.4 million to a total of \$809.9 million. Decreases primarily driven by a \$26.5 million reduction in available Title I funds for disadvantaged children.		Federal	839,269,900
<u>House</u> concurs with Executive.			<b>(\$29,393,500)</b> (29,393,500)
<b>38. Special Education (Secs. 51a, 51c, 51d, 53a, 54, 56)</b>		<b>Gross</b>	<b>\$1,358,946,100</b>
<u>Executive</u> increases by \$19.6 million SAF from the current YTD appropriation to a total of \$934.5 million SAF for FY 2015-16 to adjust for consensus cost estimates. Federal funds are reduced to \$441.0 million.		Federal	444,000,000
<u>House</u> concurs with Executive.		Restricted	914,946,100
			<b>\$16,600,000</b> (3,000,000) 19,600,000
<b>39. ISD General Operations (Sec. 81)</b>		<b>Gross</b>	<b>\$67,115,000</b>
<u>Executive</u> maintains \$67.1 million in funding for ISDs after eliminating a 3-year increase tied to the past consolidation of two ISDs. Maintains \$65.1 million for general operations and \$2.0 million for ISD best practices that comply with all 4 remaining best practices. (See Major boilerplate changes below for more detail.)		Restricted	67,115,000
<u>House</u> concurs with Executive on total funding but eliminates the ISD best practices and shifts that \$2.0 million into ISD general operations funding.			<b>(\$7,000)</b> (7,000)
<b>40. Educator and Administrator Evaluations (Sec. 95a)</b>		<b>Gross</b>	<b>\$14,800,000</b>
<u>Executive</u> eliminates funding for implementing statewide educator and administrator evaluations for FY 2015-16. FY 2014-15 funding was deposited into the Educator Evaluation Reserve fund, but expenditures were tied to the enactment of HB 5223 and 5224 of the 2013-2014 legislative session. The Executive recommendation would delete the provision tying the expense of FY 2014-15 funds to those bills which were never enacted.		Restricted	12,100,000
<u>House</u> concurs with Executive.		GF/GP	\$2,700,000
			<b>(\$14,800,000)</b> (12,100,000) (\$2,700,000)

### **Major Boilerplate Changes From FY 2014-15**

#### **Sec. 6. Pupil Membership Definitions – Revised**

Executive restricts those pupils who may be counted in membership under (4)(j)(ii) that attend programs focused on homeless students to pupils considered homeless under the federal McKinney Homeless Assistance Act.

House concurs with Executive regarding (4)(j)(ii).

Executive adds (4)(ee) to require that a pupil enrolled in an online course under Sec. 21f be counted in membership in its resident district and strikes a related provision under (6)(p) allowing a student enrolled in an online course under Sec. 21f from being counted in a district other than the resident district without the permission of the resident district.

House concurs but revises such that pupil is counted in the primary enrolling district rather than its resident district to avoid adding a third district for those students who choice into a district other than their resident district.

## **Major Boilerplate Changes From FY 2014-15**

### **Sec. 21f. Online Courses – REVISED**

Executive revises to add community colleges as eligible online course providers. Adds that an online course provider must assign each student with a teacher of record and that a primary enrolling district must assign each student with a mentor. House concurs with Executive.

Executive strikes the payment provisions requiring the primary district to pay the providing district 80% upon enrollment and 20% upon course completion. Revises the maximum amount a primary district must pay a providing district from 8.33% of the minimum foundation allowance (equal to \$610) to 6.66% of the minimum foundation allowance (equal to \$488) for each course. House maintains current law.

### **Sec. 22f. Best Practices – DELETED**

Executive deletes all but 1 of the current 9 best practices. Revises to require that districts satisfy 2 of 3 financial best practices including (1) Provide a dashboard of both academic and school finance data, (2) If general fund balance is less than or equal to 5% of operating expenditures, board members receive department-approved training, and (3) General fund balance is greater than 5% of its operating expenditures. Districts must also satisfy 2 of 3 academic best practices including (1) Administer department-approved kindergarten entry assessment, (2) Administer department-approved diagnostic tools to monitor early literacy skills in grades K to 3 and support professional development to identify students who need additional support and to offer research-based interventions, and (3) Assess effectiveness of college and career advising programs by reviewing student-to-counselor ratios, time dedicated to college and career readiness counseling, and amount of professional development offered to advisors. House repeals this section.

### **Sec. 31a. At Risk Program – REVISED**

Executive revises to eliminate the following three groups of from the list of pupils that qualify as at-risk for the purposes of providing services including victims of abuse and neglect, pregnant teens or teen parents, and pupils with family history of school failure, incarceration or substance abuse.

House revises program such that instead of providing additional services to specific at-risk children, a district must implement school-wide multi-tiered system of supports for instruction and intervention.

### **Sec. 32d. Great Start Readiness Program – REVISED**

House revises cap on GSRP administration costs from 2% for ISDs and 5% for subrecipients to 5% for ISDs and 2% for subrecipients.

### **Sec. 32p. Early Childhood Block Grants – REVISED**

House revises to eliminate child advocacy from the list of local great start system supports.

### **Sec. 61a. CTE Programs – REVISED**

Executive revises priority for which reimbursements are based to change type of program to cost of program and to include the advancement of pupils through the instructional program, program rank in student placement, and the available occupational job openings and wages.

House concurs with Executive revisions but does not include available occupational job openings and wages.

### **Sec. 81(6). ISD Best Practices – DELETED**

Executive eliminates 2 of the current best practices and requires ISDs to satisfy all the remaining 4 including (1) Develop or implement a consolidation plan to reduce costs, (2) Develop or implement a technology plan in accordance with MDE policy on behalf of all of its constituent districts to integrate technology into the classroom and prepare teachers to use digital technology for instruction, (3) Provide to parents and community members a dashboard or report card including specified items demonstrating the ISD's efforts to manage its finances responsibly, and (4) Work in a consortium with other ISDs and CEPI to develop local information management system requirements and bid specifications that result in a recommended model that supports interoperability to ensure linkage and connectivity in a manner that facilitates the efficient exchange of data between districts, ISDs, and CEPI.

House deletes this subsection.

### **Sec. 101. Instructional Days and Hours – REVISED**

House revises the number of total allowable snow days from current law which allows an automatic 6 plus an additional 6 days if they occur after April 1 and if waived by the State Superintendent to an automatic 6 plus an additional 3 days if they occur anytime during the year if waived by the State Superintendent. Also revises such that the Superintendent "shall" rather than "may" grant seat-time waivers to districts operating department-approved alternative education programs. Revises such that a waiver for a 100% online model of delivery does not have to be renewed annually as long as it makes available 1,098 hours of instruction and a "pupil is on track for course completion at proficiency level" rather than current law which requires that the pupil participates for at least 1,098 hours.

## **Major Boilerplate Changes From FY 2014-15**

### ***Sec. 103a. Budgetary Assumptions Reports – NOT INCLUDED***

Executive adds a section to require that by July 7 of each year, a district report to CEPI the budgetary assumptions used when adopting its annual budget including projected foundation allowance, projected pupil membership, previous year's expenditures per pupil, and projected expenditures per pupil for current year. Makes an allocation of state aid under the act contingent upon a district's compliance.

House does not include this section.

### ***Sec. 103b. Distressed Districts – NOT INCLUDED***

Executive adds a section to require that if a district determines that conditions of fiscal stress, a deficit, or a financial emergency have arisen or may arise, the district shall notify the State Superintendent and request technical assistance in addressing the issue. The State Superintendent shall notify the State Treasurer of any request for assistance. After receiving a request for technical assistance MDE and Treasury shall, subject to available resources, review the financial condition and budget of the district and provide assistance including, but not limited to, data analysis tools. Makes an allocation of state aid under the act contingent upon a district's compliance with this section.

House does not include this section.

### ***Sec. 103c. Periodic Financial Status Reports – NOT INCLUDED***

Executive allows Superintendent or Treasurer to require a district to submit periodic financial reports if potential financial stress exists, if a deficit may arise within the current or next two fiscal years, or if a district is unable to meet its financial obligations. A district must provide copies of periodic financial status reports to its governing board and provide Treasury access to all financial records and information requested. Treasury may require a district to submit an EDEP.

House does not include this section.

### ***Sec. 104b. Michigan Merit Examination – REVISED***

Executive revises such that MME includes a college entrance exam, work skills exam, and a summative Michigan Student Test of Educational Progress (M-STEP). Revises such that the MME "may" include a writing component instead of "shall". Revises to base MME on Michigan Content Standards. Allows MDE to augment the college entrance and work skills components of the MME to develop the assessment, dependent on those components' alignment to Michigan Content Standards. If alignment is not present in these components, MDE will produce additional components as required by law, while minimizing the amount of time needed for assessments.

House concurs with Executive, but revises to cap the MME time at 8 hours, striking language allowing it to go over if sufficient alignment to Michigan content standards cannot be achieved with that time.

### ***Sec. 104c. New State Assessments – REVISED***

Executive updates to replace the MEAP with the Michigan Student Test of Education Progress (M-STEP) beginning with 2015-2016 and revises to grades 3-11 instead of grades 3-10. Deletes subsection that required last year's RFP for a new assessment. Deletes subsection that required MDE to seek a federal waiver due to changing assessments. Adds that beginning in 2015-2016, MDE shall field test additional components of the assessment to determine a pupil's proficiency level prior to grade 3 to implement in 2016-2017 including:

- (1) Assessments administered in fall and spring to measure English language arts and mathematics in 1<sup>st</sup> and 2<sup>nd</sup> grades.
- (2) A kindergarten entry assessment administered in the fall in kindergarten including English language arts and mathematics, and which may also include observational components measuring cognitive, social-emotional, and physical skills.

House concurs with deletions of RFP and requirement to seek a federal waiver, but does not include the additional language for K-2 assessments.

### ***Sec. 107. Adult Education – DELETED***

Executive adds that ISDs must give special consideration to adult education providers that provide contextualized learning and career pathways and adds that they base awards on past performance and quality indicators identified by MSF in addition to current requirements of location, demand for services, and cost to provide instruction. Defines "Career Pathway" as education, training, and services that (1) Aligns with the skill needs of industries in the economy of the state or region, (2) Prepares an individual to be successful in any of a full range of secondary or postsecondary education options including apprenticeships, (3) Includes counseling to support an individual's education and career goals, (4) Includes education offered concurrently with workforce preparation activities and training for a specific occupation, (5) Organizes education, training and other services to meet the needs of an individual that accelerates the advancement of the individual to the extent possible, (6) Enables an individual to attain a secondary school diploma or its recognized equivalent and at least 1 recognized postsecondary credential, (7) Helps an individual enter or advance within a specific occupation.

House repeals this section.





# SCHOOL AID LINE ITEM SUMMARY



Sec.		FY 2014-15	FY 2015-16		FY 2015-16	
		HB 4110 (H-1) Supplemental	Change from YTD	Exec Rec	Change from YTD	HB 4089 (H-1) Draft 1 House Subcommittee
11g	Durant - Debt Service	\$39,500,000	(\$39,500,000)	\$0	(\$39,500,000)	\$0
11j	School Bond Redemption Fund	\$126,000,000	\$17,000,000	\$143,000,000	\$17,000,000	\$143,000,000
11m	Cash Flow Borrowing Costs	\$3,000,000	\$1,000,000	\$4,000,000	\$1,000,000	\$4,000,000
11r	Distressed Districts Emergency Grant Fund	\$4,000,000	\$71,000,000	\$75,000,000	(\$4,000,000)	\$0
20f	Categorical Offset Payments	\$6,000,000		\$6,000,000	\$8,000,000	\$14,000,000
20g	Dissolved District Transition Grants	\$2,200,000		\$2,200,000	(\$2,200,000)	\$0
22a	Foundations: Proposal A Obligation Payment	\$5,380,000,000	(\$103,000,000)	\$5,277,000,000	(\$103,000,000)	\$5,277,000,000
22b	Foundations: Discretionary Payment	\$3,434,000,000	\$228,000,000	\$3,662,000,000	\$478,400,000	\$3,912,400,000
22c	Foundations: Equity Payment	\$103,000,000	(\$103,000,000)	\$0	(\$79,000,000)	\$24,000,000
22d	Isolated District Funding	\$2,584,600		\$2,584,600		\$2,584,600
22f	Best Practices Incentive Grants	\$75,000,000	(\$45,000,000)	\$30,000,000	(\$75,000,000)	\$0
22g	Consolidation Innovation Grants	\$2,000,000		\$2,000,000	\$3,000,000	\$5,000,000
22i	Technology Infrastructure Improvement Grants	\$41,500,000	(\$16,500,000)	\$25,000,000	(\$41,500,000)	\$0
22j	District Performance Funding	\$51,100,000	(\$51,100,000)	\$0	(\$51,100,000)	\$0
24	Court-Placed Pupils	\$8,000,000		\$8,000,000		\$8,000,000
24a	Juvenile Detention Facility Programs	\$2,195,500	(\$5,700)	\$2,189,800	(\$5,700)	\$2,189,800
24c	Youth ChalleNGe Program	\$1,500,000	(\$2,600)	\$1,497,400	(\$2,600)	\$1,497,400
25f	Strict Discipline Academy/ Dropout Recovery Programs	\$2,000,000	(\$1,000,000)	\$1,000,000	(\$1,000,000)	\$1,000,000
26a	Renaissance Zone Reimbursement	\$26,300,000		\$26,300,000		\$26,300,000
26b	PILT Reimbursement	\$4,210,000	\$66,800	\$4,276,800	\$66,800	\$4,276,800
26c	Promise Zone Funding	\$293,100	\$316,900	\$610,000	\$316,900	\$610,000
31a	"At Risk" Pupil Support	\$308,988,200	\$100,000,000	\$408,988,200		\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300		\$3,557,300		\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000		\$5,150,000		\$5,150,000
31c	Gang Prevention and Intervention Programs - NEW	\$0	\$1,000,000	\$1,000,000		\$0
31d	State School Lunch Programs	\$22,495,100		\$22,495,100		\$22,495,100
31d	Federal School Lunch Programs	\$513,200,000		\$513,200,000		\$513,200,000
31f	School Breakfast Program	\$5,625,000		\$5,625,000		\$5,625,000
32d	Great Start Readiness Program	\$239,575,000		\$239,575,000		\$239,575,000
32p	Early Childhood Block Grants	\$10,900,000	\$5,000,000	\$15,900,000		\$10,900,000
35	Early Literacy Implementation - NEW	\$0	\$1,000,000	\$1,000,000		\$0
35a	Early Literacy Parents University Pilot - NEW	\$0	\$1,000,000	\$1,000,000		\$0
35b	Early Literacy Professional Development - NEW	\$0	\$950,000	\$950,000		\$0
35c	Early Literacy Teacher Certification Test - NEW	\$0	\$500,000	\$500,000		\$0
35d	Early Literacy Diagnostic Tools - NEW	\$0	\$1,450,000	\$1,450,000		\$0
35e	Early Literacy Teacher Coaches - NEW	\$0	\$3,000,000	\$3,000,000		\$0
35f	Early Literacy Added Instructional Time - NEW	\$0	\$10,000,000	\$10,000,000		\$0
35g	Early Literacy Research Clearinghouse - NEW	\$0	\$500,000	\$500,000		\$0
39a(1)	Federal "No Child Left Behind"	\$807,969,900	(\$28,893,500)	\$779,076,400	(\$28,893,500)	\$779,076,400
39a(2)	Other Federal Funding	\$31,300,000	(\$500,000)	\$30,800,000	(\$500,000)	\$30,800,000
41	Bilingual Education Grants	\$1,200,000		\$1,200,000	(\$1,200,000)	\$0
43	Teacher Certification Test Rewrite	\$1,800,000		\$1,800,000		\$1,800,000
51a(1)	Special Education - Federal Reimbursement	\$370,000,000		\$370,000,000		\$370,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$251,800,000	\$5,400,000	\$257,200,000	\$5,400,000	\$257,200,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000		\$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	\$4,000,000	(\$800,000)	\$3,200,000	(\$800,000)	\$3,200,000
51c	Special Ed Headlee Obligation (Durant)	\$606,000,000	\$15,000,000	\$621,000,000	\$15,000,000	\$621,000,000
51d	Special Education - Other Federal Grants	\$74,000,000	(\$3,000,000)	\$71,000,000	(\$3,000,000)	\$71,000,000
53a	Special Ed for Court Placed Pupils	\$10,500,000		\$10,500,000		\$10,500,000

# SCHOOL AID LINE ITEM SUMMARY



54	Special Ed Michigan School Blind/Deaf
55	Conductive Learning Study- <b>NEW</b>
56	Special Ed ISD Millage Equalization
61a	Career & Tech Ed Programs
61b	Career & Tech Ed Dual Enrollment Programs - <b>NEW</b>
62	ISD Vocational Education Millage Equalization
64b	Dual Enrollment Incentive Payments
64c	Career Readiness Study
67	Career and College Readiness Tools - <b>NEW</b>
74	School Bus Driver Safety Instruction
74	School Bus Inspections
74a	School Bus Diesel to Natural Gas Conversion
81	ISD General Operations Support
94	Advanced Placement (AP) Incentive Program
94a	Center for Educational Performance and Information
94a	Center for Educational Performance and Info - Federal
95a	Educator and Administrator Evaluations
98	Michigan Virtual University
99	Math and Science Centers - State
99	Math and Science Centers - Federal
99b	STEM Professional Development
99h	FIRST Robotics
99q	Science Olympiad and STEM Programs - <b>NEW</b>
99r	Van Andel Education Institute - <b>NEW</b>
104	Education Assessments - State
104	Education Assessments - Federal
107	Adult Education
147a	MPERS Cost Offset
147c	MPERS State Share of Unfunded Liability Payments
147d	MPERS ONE-TIME Extra UAL Payment
152a	Adair - Database Payment
152b	Nonpublic school reimbursement - <b>NEW</b>
<b>TOTAL APPROPRIATIONS</b>	

<b>REVENUE BY SOURCE</b>	
Federal Aid	
School Aid Fund	
MPERS Reserve Fund	
General Fund/General Purpose	
<b>TOTAL REVENUE</b>	

FY 2014-15
<b>HB 4110 (H-1) Supplemental</b>
\$1,688,000
\$0
\$37,758,100
\$27,611,300
\$0
\$9,190,000
\$1,750,000
\$250,000
\$0
\$1,625,000
\$1,691,500
\$3,000,000
\$67,115,000
\$250,000
\$12,022,800
\$193,500
\$14,800,000
\$7,387,500
\$3,225,000
\$5,249,300
\$330,000
\$2,000,000
\$0
\$0
\$41,394,400
\$6,250,000
\$22,000,000
\$100,000,000
\$676,900,000
\$19,634,500
\$38,000,500
\$0
<b>\$13,686,960,100</b>

\$1,808,162,700
\$11,827,097,400
\$18,000,000
\$33,700,000
<b>\$13,686,960,100</b>

FY 2015-16	
Change from YTD	Exec Rec
	\$1,688,000
	\$0
	\$37,758,100
(\$1,000,000)	\$26,611,300
\$17,800,000	\$17,800,000
	\$9,190,000
	\$1,750,000
(\$250,000)	\$0
\$3,600,000	\$3,600,000
	\$1,625,000
(\$800)	\$1,690,700
(\$3,000,000)	\$0
(\$7,000)	\$67,108,000
	\$250,000
(\$55,800)	\$11,967,000
	\$193,500
(\$14,800,000)	\$0
\$600,000	\$7,987,500
	\$3,225,000
	\$5,249,300
(\$330,000)	\$0
	\$2,000,000
	\$0
	\$0
\$2,600,000	\$43,994,400
	\$6,250,000
	\$22,000,000
	\$100,000,000
\$216,600,000	\$893,500,000
(\$19,634,500)	\$0
	\$38,000,500
	\$0
<b>\$272,003,800</b>	<b>\$13,958,963,900</b>

(\$32,393,500)	\$1,775,769,200
\$310,197,300	\$12,137,294,700
(\$18,000,000)	\$0
\$12,200,000	\$45,900,000
<b>\$272,003,800</b>	<b>\$13,958,963,900</b>

FY 2015-16	
Change from YTD	HB 4089 (H-1) Draft 1 House Subcommittee
	\$1,688,000
\$150,000	\$150,000
	\$37,758,100
\$15,000,000	\$42,611,300
	\$0
	\$9,190,000
(\$1,750,000)	\$0
(\$250,000)	\$0
	\$0
	\$1,625,000
(\$800)	\$1,690,700
(\$3,000,000)	\$0
(\$7,000)	\$67,108,000
	\$250,000
(\$55,800)	\$11,967,000
	\$193,500
(\$14,800,000)	\$0
\$600,000	\$7,987,500
(\$3,225,000)	\$0
	\$5,249,300
	\$330,000
\$1,000,000	\$3,000,000
\$900,000	\$900,000
\$500,000	\$500,000
	\$41,394,400
	\$6,250,000
(\$22,000,000)	\$0
(\$50,000,000)	\$50,000,000
\$216,600,000	\$893,500,000
(\$19,634,500)	\$0
	\$38,000,500
\$5,000,000	\$5,000,000
<b>\$222,508,800</b>	<b>\$13,909,468,900</b>

(\$32,393,500)	\$1,775,769,200
\$260,702,300	\$12,087,799,700
(\$18,000,000)	\$0
\$12,200,000	\$45,900,000
<b>\$222,508,800</b>	<b>\$13,909,468,900</b>