

FY 2012-13: SCHOOL AID
Summary: Conference Report
Senate Bill 961 (S-2) CR-1*



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IDG/IDT	FY 2011-12 YTD as of 2/27/12	FY 2012-13 Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	1,658,031,800	1,701,041,400	1,701,041,400	1,701,041,400	1,701,041,400	43,009,600	2.6
Local	0	0	0	0	0	\$0	--
Private	0	0	0	0	0	\$0	--
Restricted	10,967,333,600	10,785,973,400	10,782,707,800	10,715,091,400	10,961,087,100	(6,246,500)	(0.1)
GF/GP	118,642,400	200,000,000	333,000,000	296,516,400	282,400,000	163,757,600	138.0
Gross	\$12,744,007,800	\$12,687,014,800	\$12,816,749,200	\$12,712,649,200	\$12,944,528,500	\$200,520,700	1.6

Notes: FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 27, 2012.

Overview

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

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/27/12)	Conf. Change from YTD
1. School Bond Redemption Fund (Sec. 11j)	Gross	\$93,575,300	\$26,814,700
<u>Executive</u> increases by \$26.8 million to a total of \$120.4 million in FY 2012-13 and by another \$11.3 million to a total of \$131.7 million in FY 2013-14 to pay for increased interest payments.	Restricted	93,575,300	26,814,700
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
2. Cash Flow Borrowing Costs (Sec. 11m)	Gross	\$8,500,000	(\$5,300,000)
<u>Executive</u> increases to \$10.0 million in FY 2012-13 and to \$20.0 million for FY 2013-14 costs for anticipated interest rate increases.	Restricted	8,500,000	(5,300,000)
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> reduces FY 2011-12 by \$6.4 million due to lower cash flow interest and borrowing costs, and increases the adjusted FY12 figure by \$1.1 million, to \$3.2 million for FY 2012-13.			
3. Education Reserve Fund (Sec. 11s)	Gross	N/A	\$0
<u>Senate</u> allocates \$6.0 million to a new Education Reserve Fund, a separate account within the State School Aid Fund. Expenditure from the fund would require a subsequent amendment to Sec. 11s.	Restricted	N/A	0
<u>Conference</u> does not concur with the Senate.			
4. Prop A Obligation - Foundation Allowances (Sec. 22a)	Gross	\$5,769,000,000	(\$57,000,000)
<u>Executive</u> decreases by \$62.0 million from the current YTD for FY 2012-13 to incorporate taxable values and pupil estimates. Decreases by an additional \$115.0 million due to taxable value changes and further pupil declines for FY 2013-14.	Restricted	5,769,000,000	(57,000,000)
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> decreases funding by \$57.0 million from current YTD for FY 2012-13 to incorporate revised taxable value and pupil membership estimates from the May Consensus Revenue Estimating Conference. (The conference report also increases the FY 2011-12 appropriation by \$7.0 million to \$5,776.0 million.)			

Major Budget Changes From FY 2011-12 YTD Appropriations

5. Discretionary - Foundation Allowances (Sec. 22b)

Executive reduces by a total of \$25.0 million to recognize the elimination of \$17.5 million in small class-size and district-specific foundation allowance adjustments, \$50.0 million in assumed savings for requiring full day kindergarten for a full foundation, as well as estimated changes in taxable values and pupil estimates. FY 2013-14 estimates are adjusted to assume only \$25.0 million for kindergarten foundation savings as well as further changes in taxable value and pupil counts.

House concurs with Executive on the elimination of district-specific adjustments but adds a \$100 placeholder for small class size grants, and assumes no savings related to the requirement of full day kindergarten for a full foundation allowance, increasing the line by a total of \$25.0 million.

Senate increases by a total of \$292.8 million. Provides districts with an increase in the foundation allowance ranging from \$116 to \$232 per pupil using the "2x" formula, increasing the minimum to \$7,078 and the basic to \$8,135. Senate concurs with Executive on the assumption of \$50.0 million in savings related to the requirement of full day kindergarten for a full foundation allowance and with the elimination of 3 district specific adjustments. Senate maintains funding for small class size adjustments at FY 2011-12 levels (\$13.3 million) and maintains an adjustment for Wayne-Westland at 50% of the FY 2011-12 level (\$1.5 million).

Conference increases funding by \$100.3 million to provide for an equity payment to increase the minimum foundation allowance to \$6,966 (a \$120 per pupil increase from the current \$6,846 minimum), continuation of the small class-size adjustment, and the assumption of \$20.0 million in savings for requiring full-day kindergarten for a full foundation allowance.

	FY 2011-12 YTD (as of 2/27/12)	Conf. Change from YTD
Gross	\$3,052,000,000	\$100,300,000
Restricted	2,955,028,100	(68,418,300)
GF/GP	\$96,971,900	168,718,300

6. Michigan Business Tax Impact on Out of Formula Districts (Sec. 22e)

Executive eliminates funding which held out-of-formula districts harmless from local personal property tax exemptions when the MBT was created.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with the Executive.

Gross	\$700,000	(\$700,000)
Restricted	700,000	(700,000)

7. Best Practices Grants (Sec. 22f)

Executive decreases the allocation for best practices grants from \$154.0 million to an estimated \$120.0 million. Overall, funding for the combined best practices grants and performance-based grants totals \$190.0 million under the Executive proposal, with the performance-based grants awarded first from this allocation (estimated at \$70.0 million), with the remaining funds, estimated at \$120.0 million, funding best-practices grants. (Depending on the allocation of the performance-based grants, the best practices grants could total more or less than the currently estimated \$120.0 million.) The Executive proposes distributing best practice grants to districts on a per pupil basis (\$100 maximum) to all districts that meet 5 out of 6 revised best practices criteria.

House decreases the allocation for best practices grants to \$115.0 million, and decouples funding from the Executive-proposed performance based funding. The House distributes best practices grants to districts on a \$75 per pupil basis to all districts that meet 6 out of 8 revised best practices criteria.

Senate deletes this section.

Conference decreases the allocation to \$80.0 million, and decouples funding from the Executive-proposed performance based funding. Distributes grants to districts on a \$52 per pupil basis to all districts that meet 7 out of 8 revised best practices criteria.

(See Major Boilerplate Changes below for a detailed discussion of the best practices criteria.)

Gross	\$154,000,000	(\$74,000,000)
Restricted	154,000,000	(74,000,000)

Major Budget Changes From FY 2011-12 YTD Appropriations

8. Consolidation Innovation Grants (Sec. 22g)

Executive adds \$10.0 million in funding, designated as one-time, for competitive assistance grants to help defray transition costs associated with the consolidation of operations or services among districts and ISDs that occur on or after October 1, 2012.

House concurs with Executive on the amount, but moves the date to June 1, 2012. The House also permits consolidation of services or operations between ISDs and with local units of government, and specifies that a district or ISD that receives grant assistance for consolidating services under the competitive assistance grant program in the Department of Treasury budget is not eligible for an award under this section.

Senate concurs with the Executive on the amount, but moves the date to June 1, 2012. The Senate would also award a consolidation between a district and a municipality.

Conference concurs with the Executive on the amount, but moves the date to June 1, 2012. Concurring with the House, the Conference also permits consolidation of services or operations between ISDs and with local units, and specifies that a district or ISD that receives grant assistance for consolidating services under the competitive assistance grant program in the Department of Treasury budget is not eligible for an award under this section.

	FY 2011-12 YTD (as of 2/27/12)	Conf. Change from YTD
Gross	N/A	\$10,000,000
Restricted	N/A	10,000,000

9. Technology Infrastructure Improvement Grants (Sec. 22i)

House creates a \$75.0 million competitive grant program providing grant awardees (districts or ISDs on behalf of constituent districts) to support technology infrastructure upgrades in preparation for the planned implementation of online student achievement growth assessments in 2014-15. Grants would be capped at \$2.0 million per district.

Conference concurs with the House, but reduces the total to \$50.0 million. Specifies that infrastructure includes both hardware and software. Also permits grants to be awarded to districts in order to access a computer-adaptive student assessment test.

Gross	N/A	\$50,000,000
Restricted	N/A	50,000,000

10. District Performance-Based Funding (Sec. 22i)

Executive establishes a new performance-based grant program, providing awards of up to \$100 per pupil based student achievement proficiency measures (estimated at a total of \$70.0 million). Funds were appropriated as part of the \$190.0 million appropriation in Sec. 22f

House does not concur with the Executive, and instead creates a \$75.0 million competitive grant program, providing grant awardees (districts or ISDs on behalf of constituent districts) to support technology infrastructure upgrades in preparation for the planned implementation of online student achievement growth assessments in 2014-15. Grants would be capped at \$2.0 million per district.

Senate establishes a new performance-based grant program, based on student achievement gains in math and reading for students in grades 2-11 on a computer-adaptive test.

Conference concurs with Executive, but provides \$30.0 million in funding. Grants are to be based 2010-11 MEAP/MME data and are to be prorated based on the available funding.

Gross	N/A	\$30,000,000
Restricted	N/A	30,000,000

11. Juvenile Detention Facility Programs (Sec. 24a)

Executive increases by \$21,000 for economic adjustments for FY 2012-13.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Gross	\$2,114,800	\$21,000
Restricted	2,114,800	21,000

12. Youth Challenge Program (Sec. 24c)

House increases by \$734,400 to \$1,500,000.

Senate increases by \$734,400 to \$1,500,000.

Conference concurs with House and Senate.

Gross	\$765,600	\$734,400
Restricted	765,600	734,400

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		FY 2011-12 YTD (as of 2/27/12)	Conf. Change from YTD
13. Renaissance Zone Reimbursements (Sec. 26a)		Gross	\$26,300,000
<u>Executive</u> makes no changes in funding for renaissance zone reimbursements to school districts and ISDs.	Restricted	26,300,000	0
<u>House</u> concurs with Executive on reimbursements to school districts and ISDs, but provides \$3.0 million GF/GP to reimburse libraries.	GF/GP	\$0	\$1,500,000
<u>Senate</u> makes no changes in funding for renaissance zone reimbursements to school districts and ISDs, and does not provide funding to reimburse libraries.			
<u>Conference</u> concurs with the Executive on reimbursements to school districts (no change from FY 2011-12 YTD), but provides \$1.5 million to reimburse libraries. (The conference also reduces the FY 2011-12 appropriation to \$25.1 million.)			
14. Promise Zone SET Capture		Gross	N/A
<u>Conference</u> appropriates \$347,800 to districts and ISDs with an approved promise zone development plan for the purposes of the local Promise Zone Authority under the Michigan Promise Zone Authority Act, 2008 PA 549. The act provides that after two years of operations, a promise zone (there are 10) may "capture" half of the yearly increase in State Education Tax revenue in the promise zone. (The conference report also includes an FY 2011-12 supplemental appropriation of \$276,800.)	Restricted	N/A	\$347,800
			347,800
15. Great Start Collaborative Grants (Sec. 32b)		Gross	\$5,900,000
<u>Executive</u> makes no changes in funding for the Great Start Collaborative.	Restricted	5,900,000	(\$5,900,000)
<u>House</u> concurs with the Executive.			(5,900,000)
<u>Senate</u> eliminates this section entirely, and rolls funding into a new Early Childhood Block Grant (Sec. 32p).			
<u>Conference</u> concurs with the Senate.			
16. Great Start Readiness Program (GSRP) (Sec. 32d)		Gross	\$104,575,000
<u>Executive</u> makes no changes in funding for GSRP grants.	Restricted	104,275,000	5,000,000
<u>House</u> concurs with Executive.	GF/GP	\$300,000	\$0
<u>Senate</u> eliminates the \$8.9 million in funding for competitive, non-district grants and rolls them into the Early Childhood Block Grant in Sec. 32p. Senate increases formula (district) GSRP funding by \$10.0 million.			
<u>Conference</u> increases formula (district) GSRP funding by \$5.0 million and makes no changes in the competitive non-district grants.			
17. Great Parents, Great Start Grants (Sec. 32j)		Gross	\$5,000,000
<u>Executive</u> makes no changes in funding for Great Parents Great Start	Restricted	5,000,000	(\$5,000,000)
<u>House</u> concurs with the Executive.			(5,000,000)
<u>Senate</u> eliminates this section entirely, and rolls funding into a new Early Childhood Block Grant (Sec. 32p).			
<u>Conference</u> concurs with the Senate.			
18. Early Childhood Funding Block Grant (Sec. 32p)		Gross	N/A
<u>Senate</u> rolls funding for Great Start Collaborative grants, GSRP Competitive grants, and Great Parents Great Start grants into a single allocation, with each ISD receiving the same amount of funding under this section as the amount received in FY 2011-12 for the three grant programs. Each ISD is to apply to the department and indicate to the department the activities supported by the grant.	Restricted	N/A	\$10,900,000
<u>Conference</u> rolls funding for Great Start Collaborative grants and Great Parents Great Start grants into a single allocation, with each ISD receiving the same amount of funding under this section as the amount received in FY 2011-12 for the two grant programs. Each ISD is to apply to the department and indicate the activities supported by the grant and must convene a local great start collaborative and a great start parent coalition. An ISD may reconstitute a collaborative or a parent coalition found to be ineffective.			10,900,000
19. Federal Funding (Sec. 39a)		Gross	\$794,333,300
<u>Executive</u> increases anticipated funding for "No Child Left Behind" and other federal funding by \$51.5 million to a total of \$845.8 million for both FY 2012-13 and FY 2013-14.	Federal	794,333,300	51,509,300
<u>House</u> concurs with Executive.	Restricted	0	0
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/27/12)</u>	<u>Conf. Change from YTD</u>
20. Special Education (Sec. 51a)		Gross	\$1,392,169,100
<u>Executive</u> increases by \$37.1 million for FY 2012-13 and by another \$32.6 million for FY 2013-14 to adjust for consensus estimates for the growth in special education reimbursement costs.	Federal	437,400,000	1,600,000
<u>House</u> concurs with Executive.	Restricted	954,769,100	41,500,000
<u>Senate</u> concurs with Executive.			
<u>Conference</u> increases funding by another \$43.1 million for FY 2012-13 Restricted due to consensus estimates for growth in special education reimbursement costs. The conference report also increase the FY 2011-12 appropriation by \$2.0 million.			
21. Vocational Education (Sec. 61a)		Gross	\$26,611,300
<u>Executive</u> maintains funding at FY 2011-12 levels.	Restricted	26,611,300	0
<u>House</u> increases funding to \$30.0 million.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> maintains funding at FY 2011-12 levels.			
22. School Bus Inspections (Sec. 74(4))		Gross	\$1,608,900
<u>Executive</u> increases by \$26,000 for economic adjustments for FY 2012-13.	Restricted	1,608,900	26,000
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
23. ISD General Operations (Sec. 81)		Gross	\$62,108,000
<u>Executive</u> maintains funding for ISD general operations at FY 2011-12 levels, but reduces base awards to 95% of the current-year level, with ISDs eligible to receive the final 5% of the FY 2011-12 allocation if they meet 4 out of 5 performance criteria.	Restricted	62,108,000	2,000,000
<u>House</u> maintains base funding for ISD general operations at FY 2011-12 levels, and increases by \$3.1 million to provide ISDs meeting 4 out of 5 performance criteria with an additional 5% of their FY 2011-12 allocation.			
<u>Senate</u> maintains base funding for ISD general operations at FY 2011-12 levels, and increases by \$2.0 million to provide ISDs meeting 4 out of 5 performance criteria with an additional 3.2% of their base FY 2011-12 allocation.			
<u>Conference</u> concurs with the Senate..			
24. Center for Educational Performance and Information (Sec. 94a)		Gross	\$8,661,900
<u>Executive</u> increases by \$750,000 for economic adjustments for FY 2012-13 and FY 2013-14, and offsets federal funding transferred to MDE budget with GF/GP.	Federal	2,893,200	(2,699,700)
<u>House</u> concurs with Executive.	GF/GP	\$5,768,700	\$3,449,700
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
25. Principal Educator Evaluator Training (Sec. 95)		Gross	N/A
<u>Executive</u> provides \$1.75 million in FY 2012-13 and \$500,000 in FY 2013-14 for grants to districts to support professional development for principals and assistant principals in a department-approved training program on implementing educator evaluation programs. (See Major Boilerplate Changes below for a detailed discussion of this program.)	Restricted	N/A	1,750,000
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			
26. Michigan Virtual University (MVU) (Sec. 98)		Gross	\$4,387,500
<u>Executive</u> maintains current year total appropriations but shifts support of the program from partial federal funding to full funding from GF/GP. (See Major Boilerplate Changes below for a detailed discussion of other proposed changes for the MVU.)	Federal	2,700,000	(2,700,000)
<u>House</u> concurs with Executive.	GF/GP	\$1,687,500	\$2,700,000
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			

Major Budget Changes From FY 2011-12 YTD Appropriations

27. Math and Science Centers (Sec. 99)

Executive maintains current year total appropriations but shifts \$110,000 in GF/GP fund support to School Aid Fund.

House concurs with Executive.

Senate concurs with Executive and adds an additional \$100,000 for a Math/Science Center that is a participant in the Michigan Science, Technology, Engineering, and Mathematics (STEM) Partnership.

Conference concurs with the Senate.

	FY 2011-12 YTD (as of 2/27/12)	Conf. Change from YTD
Gross	\$7,874,300	\$100,000
Federal	5,249,300	0
Restricted	2,515,000	210,000
GF/GP	\$110,000	(\$110,000)

28. Michigan Education Assessment Program (Sec. 104)

Executive adjusts FY 2012-13 funding to remove \$8.5 million in two-year funding for FY 2010-11 and FY 2011-12 related to implementation of assessment changes required under 2009 state education reforms.

House concurs with Executive.

Senate concurs with Executive.

Conference concurs with Executive.

Gross	\$43,444,400	(\$8,500,000)
Federal	8,250,000	0
Restricted	35,194,400	(8,500,000)

29. Computer Adaptive Test (Sec. 104c)

Senate provides \$18.0 million for a new online, computer adaptive test available to all students. The test would be provided through a statewide contract through MDE and would provide immediate feedback, be delivered online, target the instructional level of each student and provide unlimited testing opportunities.

Conference does not concur with Senate, but permits technology improvement funding (Sec. 22i) to be used by districts to access a computer-adaptive test.

Gross	N/A	\$0
Restricted	N/A	0

30. MPSERS Cost Offset (Sec. 147a)

Executive increases the current appropriation of \$155.0 million to \$179.0 million for both FY 2012-13 and FY 2013-14. This would reimburse school districts (excluding ISDs) by approximately 2% of their MPSERS payroll.

House increases funding by \$93.5 million to a total of \$248.5 million and makes funding available to ISDs as well as districts. Reimbursements would equal approximately 2.8% of MPSERS payroll.

Senate deletes this section entirely, and rolls the funding into the foundation allowance increase.

Conference maintains the current appropriation of \$155.0 million to reimburse school districts (excluding ISDs) for approximately 2% of their MPSERS payroll.

Gross	\$155,000,000	\$0
Restricted	155,000,000	0

31. MPSERS Retirement Obligation Reform Reserve Fund (Sec. 147b)

Executive reflects a decrease in funding for this transfer, designated as a one-time allocation in FY 2011-12, into the MPSERS Retirement Obligation Reform Reserve fund. The \$133.0 million allocated into the fund has not yet been spent or distributed in the current year, nor does the Executive budget recommend any proposal for expending these funds.

House concurs with Executive.

Senate reduces the FY 2011-12 allocation from \$133.0 million to \$110.0 million, and designates the allocation as a work project to be used to pay the costs of Section 91a of SB 1040, a bill making numerous reforms to the Michigan Public School Employees' Retirement System (MPSERS). Section 91a under the Senate proposal provides for a 401k-type financing for retiree health care for employees hired after July 1, 2012, with employers paying a 2% match into the employees 401k account

Conference appropriates an additional \$41.0 million, above the \$133.0 million appropriated in FY 2011-12, into the MSPERS Retirement Obligation Reform Reserve Fund, bringing the fund balance to \$174.0 million.

Gross	\$133,000,000	(\$92,000,000)
Restricted	133,000,000	(92,000,000)

32. MPSERS Pre-Funding (Sec. 147c)

Conference appropriates \$130.0 million to the Michigan Public School Employees' Retirement System pursuant to Section 41 of the Public School Employees' Retirement Act of 1979, 1980 PA 300, MCL 38.1341.

Gross	N/A	\$130,000,000
Restricted	N/A	\$130,000,000

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/27/12)</u>	<u>Conf. Change from YTD</u>
33. Adair - Database Payment (Sec. 152a)	Gross	\$34,064,500	\$3,936,000
<u>Executive</u> increases reimbursements to districts and ISDs by \$3.9 million to a total of \$38.0 million for both FY 2012-13 and FY 2013-14 for the costs related to state-mandated collection, maintenance, and reporting of data.	Restricted	34,064,500	3,936,000
<u>House</u> concurs with Executive.			
<u>Senate</u> concurs with Executive.			
<u>Conference</u> concurs with Executive.			

Major Boilerplate Changes From FY 2011-12

Sec. 3 et al. Education Achievement Authority, Education Achievement System, Achievement School – NEW

Executive defines the Education Achievement Authority (EAA) and the Education Achievement System (EAS) as established in proposed amendments to the Revised School Code and defines an "achievement school" as a public school within the EAS operated, managed, authorized, established, or overseen by the EAA. An achievement school would be eligible in the same manner as a district for all applicable funding. The Executive adds references to achievement schools in sections throughout the bill in addition to districts and public school academies. Section 20 allocates funding to an achievement school based on the foundation allowance of the school district in which the achievement school is located.

House concurs with the Executive.

Senate concurs with the Executive.

Conference concurs with Executive, but defines the "Education Achievement Authority" as established pursuant to an interlocal agreement under the Urban Cooperation Act between the Detroit Public Schools and Eastern Michigan University, and defines the "Education Achievement System" as encompassing the authority and all achievement schools.

Sec. 6(4). Pupil Membership Definitions – REVISED

House adds legislative intent language that the state move to 8 pupil count dates, and requires the department to work with CEPI, districts, ISDs, and other interested stakeholders in recommending changes to implement this change. The House also requires that districts report (along with its pupil membership report) to the department and CEPI the number of instructional hours scheduled per kindergarten pupil and, if the number of hours is not the same for all kindergarten pupils, the number of kindergarten pupils by the number of scheduled instructional hours.

Senate adds language that the pupil membership changes for kindergarten are not a mandate and are not intended to jeopardize federal Title I funds used for kindergarten funding and that it is the intent of the legislature that federal Title I funds will be available to be used by districts to fund all-day kindergarten.

Conference does not concur with the House on intent to move to 8 pupil count dates – amending Section 25 instead – but does concur on requiring the report on kindergarten instructional hours. The Conference maintains current law, in requiring the same number of instructional hours for full-time equated kindergarten pupils as pupils in grades 1-12 (1098 hours) beginning in 2012-13 and, in concurring with the Senate, reiterates that the change in kindergarten instructional hours is not a mandate. However, the conference adds that for districts that provided full-day kindergarten program supplemented with federal Title 1 funding for the last two years, the number of instructional hours required for a full-time equated kindergarten pupil is equal to half of the number of instructional hours for full-time equated pupils in grades 1-12, *to the extent allowable under federal law*. The conference also requires the Department of Education to seek clarification from the U.S. Department of Education by December 1, 2012 as to whether the continued use of Title 1 funds to fund the second half of a full day program for those districts that did so in the prior two years is an allowable use of federal Title 1 funds.

Sec. 6(6). Alternative and Vocational Education – RETAINED

Current law provides that if a school district educates students from another district at a site within the boundaries of that other district after 2009-10, the educating district must have the approval of the other district to count those pupils in membership.

Senate provides that approval from the other district would not be required if the educating districts is educating those pupils in an alternative or vocational education program and the pupil's district of residence does not offer an alternative or vocational education program. The Senate also provides that if a pupil's district of residence does not provide a vocational education or alternative high school program, approval from the district of residence is not required if an educating district offers those programs in conjunction with a proprietary school or nonprofit corporation and in a city or county jail.

Conference does not concur with the Senate.

Sec. 11t. Comprehensive Education Fund – NEW

Senate adds language providing intent to enact legislation changing the name of the State School Aid Fund, which is established in the state constitution, to the "Comprehensive Education Fund."

Conference concurs with the Senate.

Sec. 11u. Review of Categorical Funding – NEW

Senate adds language providing intent to review the extent to which categorical funding appropriated in the act could, instead, be appropriated as part of the foundation allowance and other basic per-pupil payments.

Conference concurs with the Senate.

Major Boilerplate Changes From FY 2011-12

Sec. 12. Appropriation Estimates for Subsequent Fiscal Year – REVISED

House provides intent to continue funding in FY 2013-14 based on FY 2012-13 funding levels adjusted for changes in pupil memberships, taxable values, special education costs, interest costs, and available revenues, all of which would be determined at January 2013 Consensus Revenue Estimating Conference.

Senate concurs with the House, but does not include interest costs.

Conference concurs with the House.

Sec. 18. District Financial and Pupil Accounting – REVISED

Conference requires districts, ISDs, PSAs, and the EAS providing online learning to submit a report to the department detailing the per-pupil costs of operating the online learning program, including costs on instructional materials, electronic equipment, salaries and benefits, purchased courses and curricula, oversight fees, travel costs associated with school activities and testing, facilities costs, special education costs, and other data. The report is due by October 1, 2012. The department is to submit a report by December 31, 2012 synthesizing the data included in the district reports. [The report is also required under 2012 PA 129 (SB 619), but because the bill was not granted immediate effect, the bill takes effect after the reports are to be submitted.]

Sec. 19. Data Reporting Requirements – REVISED

House adds legislative intent language that the state move to a single statewide education data reporting system or a limited number of education data reporting systems approved by the department and CEPI by not later than 2014-15, and requires the department to work the CEPI, districts, ISDs, and other interested stakeholders to develop recommendations on implementing this change.

Senate does not include the House language.

Conference adds legislative intent language that the state implement statewide standard reporting requirements for education data approved by the department and CEPI not later than 2014-15, and requires the department to work with CEPI, districts, ISDs and other interested stakeholders to implement this change. Also requires districts and ISDs to implement this statewide standard not later than 2014-15 or when a district or ISD updates its education data reporting system, whichever is later.

Sec. 20. Foundation Allowances – REVISED

Executive makes no changes to foundation allowances overall, but eliminates foundation allowance adjustments for certain districts for former small class size grants as well as adjustments for specific districts including Wayne-Westland, Gibraltar, Garden City and Huron. Both the small class size and 4 district-specific adjustments were reduced in FY 2011-12, and language was included for each that specified FY 2011-12 would be the final year of those adjustments.

House concurs with the Executive on 4 district-specific adjustments but maintains a \$100 placeholder for small class size grants.

Senate increases foundations from \$116 to \$232 per pupil using the 2x formula, increasing the minimum foundation to \$7,078 and the basic foundation to \$8,135. Concurs with Executive to eliminate Gibraltar, Garden City, and Huron adjustments, but keeps 50% of the FY 2011-12 Wayne Westland adjustment and 100% of the FY 2011-12 small class size adjustments.

Conference increases the minimum foundation allowance from \$6,846 to \$6,966, raising all districts with a foundation allowance below \$6,966 in FY 2011-12 to \$6,966 for FY 2012-13. This would impact 488 districts and PSAs out of a total of 805.

Sec. 22b. Discretionary - Foundation Allowances – REVISED

House requires that the department report to the Legislature by January 1, the estimated amount of savings realized in the fiscal year due to the requirement that districts provide the same number of instructional hours per kindergarten pupil as the number of instructional hours per pupil in grades 1-12. Provides legislative intent that any savings will be appropriated to Section 147a to reimburse districts for retirement costs.

Senate does not include the House language.

Conference concurs with the House in requiring the report on kindergarten instructional hours, but does not include intent language to appropriate any savings in Sec. 147a.

Major Boilerplate Changes From FY 2011-12

Sec. 22f. Best Practices Grants – REVISED

Currently the act provides \$154.0 million in best practices incentive grants of \$100 per pupil to districts that satisfy 4 out of the following 5 criteria regarding non-instructional costs prior to June 1.

Executive continues the best practices grants on an equal per pupil basis, totaling an estimated \$120.0 million after the performance-based funding is awarded, to districts that meet 5 out of the following 6 criteria:

- Participate in Schools of Choice programs under Section 105 and Section 105c. (NEW)
- Measure student growth at least twice annually and report that growth to parents. (NEW)
- Provide dual enrollment and other opportunities for postsecondary coursework. (NEW)
- Provide online learning opportunities. (NEW)
- Act as policy holder for health care services benefits.
- Provide a dashboard to parents and members of the community

House decouples the best practices grant from the performance-based grant, providing \$115.0 million in funding for districts that qualify in awards equal to \$75 per pupil, and adds two additional criteria: (1) obtains competitive bids for non-instructional services during 2012-13 and (2) provides physical education and health education consistent with State Board of Education policy. The House also revises 2 of the Executive-proposed criteria: First regarding Schools of Choice by considering PSAs to have satisfied that requirement. Second, regarding measuring student growth, by providing that districts measure student growth at least twice annually and report that growth to parents (as recommended) or provide the department with a plan and be able to show progress toward developing the technology infrastructure necessary for the implementation of student growth assessments by 2014-2015. Districts would have to meet 6 out of the 8 criteria. House would also redistribute any funds left after all awards have been distributed to qualifying districts with a foundation less than \$8,019 on an equal per pupil basis.

Senate repeals this section.

Sec. 22f. Best Practices Grants – REVISED (cont.)

Conference decouples the best practices grant from the performance-based grant, providing \$80.0 million in funding to districts that qualify in awards equal to \$52 per pupil. The Conference requires districts to meet 7 of the 8 criteria, but modifies a few of the requirements. The requirement that districts provide both health and physical education is changed to a requirement that provide at least one of those courses. The requirement that districts provide dual enrollment and other post-secondary opportunities, is modified to specify that charter schools that do not offer grades at the secondary level may satisfy that requirement by informing parents of available post-secondary opportunities for students when they are at the secondary level. The Conference also redistributes any funds remaining after all awards have been distributed to qualifying districts with a foundation less than the basic level of \$8,019 on an equal per pupil basis.

Sec. 22i. Technology Infrastructure Grants – NEW

House provides \$75.0 million in competitive grants to districts and intermediate districts, on behalf of their constituent districts, for the development or improvement of the district's technology infrastructure in preparation for the planned implementation of online student achievement growth assessments in 2014-15. Grant awards are capped at \$2.0 million per school district, with awards granted to ISDs if the grant provides cost savings compared to grants given out to the individual constituent districts.

Senate does not concur with the House.

Conference concurs with the House, but provides \$50.0 million in competitive grants. The Conference also specifies that technology infrastructure includes hardware and software, and also specifies that grant funds may be used to access a computer adaptive student assessment test. The conference also permits the department to consult with the Department of Technology, Management, and Budget in administering the grants.

Major Boilerplate Changes From FY 2011-12

Sec. 22j. Performance-Based Funding – NEW

Executive provided grants as part of a 2-part award under Section 22f along with Best Practices. The performance-based grants would be a maximum \$100 per pupil based on student academic performance growth, which would equal a currently estimated \$70.0 million. Districts would receive a portion or all of the following:

- \$30 per pupil for meeting proficiency growth in mathematics for grades 3 to 8.
- \$30 per pupil for meeting proficiency growth in reading for grades 3 to 8.
- \$40 per pupil for meeting proficiency growth over 4 years for high school students in all subject areas.

For both of the grades 3 to 8 standards, MDE would determine a growth model based on recently revised MEAP cut scores using a metric that assigns districts points ranging from 0 to 3 for each student depending on whether or not they began the year performing proficiently and whether they decline, maintain, or improve proficiency over the school year. A district would be eligible if the district average number of points was greater than 1.5, the district tests at least 95% of its students in reading or mathematics, and the district had at least 30 students in grade 3 to 8 that had a performance level change designation.

For the high school standards, the awards would be made using a metric based on a positive 4-year trend ending with FY 2011-12 in the percentage of high school students in each district testing as proficient in all state assessment subject areas (mathematics, reading, science, social studies, and writing). A district would qualify if a linear regression of the district's percentage of high school students testing proficient over the 4-year period is at least equal to the statewide average linear regression over that same period, the district's linear regression is positive, the district tested 95% of its students on the Michigan Merit Exam, and the district had at least 20 students take all the tested subjects on the Michigan Merit Exam for each of the last 4 years.

House does not appropriate performance-based funding.

Senate provides \$40.0 million in performance-based funding. To be eligible for funding, districts offering any grades from grade 2 to grade 11 would have to test their students, using a computer-adaptive test, in the fall and spring. Grant funding would be awarded to districts on a per-pupil basis based on achievement gains in reading and mathematics that exceed normative growth.

Conference concurs with the Executive, but uses 2010-11 MEAP and MME data, specifies that grants are awarded based on improved proficiency as determined by the department, and provides that each district's allocation is subject to proration based on available appropriations.

Sec. 25. Pupil Membership Adjustments – REVISED

Conference revises this section, which allows for an adjustment to districts' pupil membership counts, to automatically adjust a district's pupil membership using the same process for all districts if a pupil transfers from one district to another district after the count day.

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

Executive eliminates the application process for districts that meet Adequate Yearly Progress (AYP) to be allowed to use a portion of their At-Risk funding more flexibly than is otherwise allowed, and instead allows such districts to spend up to 20% of their at-risk funds more flexibly than required by statute as long as funds are still spent for specific purposes designed to benefit at-risk pupils and districts maintain documentation of these expenditures and make them available to MDE upon request.

House concurs with the Executive and would expand the language to allow districts to use at-risk funding for small class size in grades K-12 rather than just K-6 as is allowed under current law.

Senate concurs with the Executive and would expand the language to allow districts to use at-risk funding for small class size in grades K-12 rather than just K-6 as is allowed under current law.

Conference concurs with the House and Senate.

Major Boilerplate Changes From FY 2011-12

Secs. 32b, 32d, 32j, and 39. Early Childhood Programs – REVISED

Current statute requires that the MDE work with ISDs, Early Childhood Investment Corporation (ECIC) and other stakeholders to report to the legislature regarding legislative intent to move funding in FY 2012-13 to an early childhood block grant program administered by ISDs in conjunction with local Great Start Collaboratives. The MDE complied and recommended a multi-year phase-in to the block grant. Phase 1 began in FY 2011-12 by making ISDs the fiduciary for each of the 4 separate appropriation sections.

Executive includes the Phase 2 recommendation for FY 2012-13, which would revise the formula for Great Start School Readiness (GSRP) district preschool funding so that the number of eligible pupils are measured, and slots are awarded, on an ISD-wide basis. ISDs would then determine how to distribute those slots among their constituent districts. As recommended by MDE, future phases would include rolling in the competitive (non-district) program preschool slots, as well as the Great Start Collaborative funding in Sec. 32b and the 0-5 parenting program funding in Sec. 32j. Additionally, the Executive recommends that Sec. 32d funds for Great Start School Readiness be used only for preschool programs, and that they should no longer be used to support Parents Involved in Education (PIE) programs funded under former Sec. 32b as in effect in FY 2001-02.

House concurs with the Executive, but permits funds to be used by a district for an existing PIE program.

Senate concurs with the Executive on changes to Sec. 32d, and rolls funding for Great Start Collaborative grants (Sec. 32b), GSRP competitive grants (Sec. 32d), and Great Parents Great Start grants (Sec. 32j) into a single block grant for early childhood programs (Sec. 32p). Intermediate districts would receive the same amount in block grant funds as they received in funds under the three separate grant programs in FY 2011-12, with ISDs required to apply to the department indicating how block grant funds would be expended. Requires each ISD receiving funding to convene a local great start collaborative to address the availability of 6 components of a great start system in its community including: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care. Goal of the collaborative is to ensure that every child is ready for kindergarten. Allows an ISD to carry forward unexpended funds for use in one subsequent fiscal year before having to return funds to the MDE.

Conference concurs with the Executive on changes to Sec. 32d, and rolls funding for Great Start Collaborative grants (Sec. 32b), and Great Parents Great Start grants (Sec. 32j) into a single block grant for each childhood programs, as recommended by the Senate. In addition to requiring ISDs to convene a local great start collaborative, each ISD is to convene a local Great Start Parent Coalition, although ISDs may reconstitute a collaborative or parent coalition found to be ineffective. The Conference allows funds to be used for an existing PIE program, but limits PIE services to families at or below 300% of the federal poverty level.

Sec. 51a. Itinerant Special Education Staff – REVISED

Allows Section 51a funds unexpended at book-closing to be allocated as additional reimbursement to school districts or intermediate districts who employed itinerant staff whose staff positions in 2003-04 were in another school district or intermediate district.

Executive eliminates this provision.

House provides that funding under this provision is capped at \$1.0 million in 2012-13, \$600,000 in 2013-14, \$300,000 in 2014-15, and eliminated in 2015-16.

Senate maintains current law.

Conference continues funding for itinerant staff, but provides that the additional reimbursements are not to be made after 2014-15.

Sec. 56. Special Education Millage Equalization – REVISED

Executive revises the per pupil millage equalization levels to \$194,400 for reimbursements made in FY 2012-13 and \$195,000 for reimbursements made in FY 2013-14, to adjust for taxable value estimates.

House revises equalization level to \$171,300 for FY 2012-13 and doesn't include FY 2013-14.

Senate revises equalization level to \$169,200 for FY 2012-13 and doesn't include FY 2013-14.

Conference does not update the equalization level for 2012-13. Instead, in 2012-13 only, each ISD is to receive the same amount it received in 2011-12.

Sec. 62. Vocational Education Millage Equalization – REVISED

Executive revises the per pupil millage equalization levels to \$194,200 for reimbursements made in FY 2012-13 and \$193,100 for reimbursements made in FY 2013-14, to adjust for taxable value estimates.

House revises equalization level to \$190,500 for FY 2012-13 and doesn't include FY 2013-14.

Senate revises the equalization level to \$186,600 for FY 2012-13 and doesn't include FY 2013-14.

Conference does not update the equalization level for 2012-13. Instead, in 2012-13 only, each ISD is to receive the same amount it received in 2011-12.

Major Boilerplate Changes From FY 2011-12

Sec. 81. ISD General Operations – REVISED

Currently ISDs receive general operations funding under this section with limited requirements other than complying with the State School Aid Act and certain provisions of the Revised School Code.

Executive recommends that, for FY 2012-13 and FY 2013-14, ISDs receive 95% of their FY 2011-12 allocations based on the existing requirements but would require that in order to receive the final 5% of their FY 2011-12 allocations, each ISD would have to satisfy at least 4 out of the 5 following criteria by June 1, 2013:

- Enter into agreement with MDE to develop a service consolidation plan in 2012-2013 to reduce costs and to implement that plan in 2013-2014 and report to MDE by February 1, 2014 on its progress.
- Obtain competitive bids on at least 1 non-instructional service valued at \$50,000 or more for itself or its constituent districts.
- Develop 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.
- Provide to parents and community members a dashboard or report card including specified items demonstrating the ISD's efforts to manage its finances responsibly.
- Work in a consortium with or more other ISDs to develop information management system requirements and bid specifications that can be used as statewide models including student management systems, learning management tools, and business services.

House maintains base funding for ISDs at current-year levels and provides ISDs meeting the performance requirements recommended by the Executive with an additional 5% of the base allocation.

Senate maintains base funding for ISDs at current-year levels and provides ISDs meeting the performance requirements recommended by the Executive with an additional 3.2% of the base allocation.

Conference concurs with the Senate.

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

Executive revises an \$850,000 grant that currently goes to a single partnership between an ISD and 1 high need local district into competitive grants to support collaborative efforts on the P-20 longitudinal data system including P-20 longitudinal data system portal hosting, hardware and software acquisition, maintenance, enhancements, user support and related materials and professional learning tools aimed at improving the utility of the P-20 longitudinal data system. Priority is given to an applicant that had received funding under this section in the prior fiscal year, but after 3 years of continuous funding would require an applicant to compete openly with other applicants.

House concurs with the Executive.

Senate concurs with the Executive.

Sec. 95. Principal Educator Evaluator Training – NEW

Executive creates a new grant program to train principals and assistant principals in educator evaluations. For FY 2012-13, all districts could apply for funds, but for FY 2013-14, priority would be given to districts with new building administrators who have not yet had training. In order to qualify as a department-approved training program, a program must include instructional content on methods of evaluating teachers consistently across multiple grades and subjects, include training on observation focused on reliability and bias awareness, incorporate online resources and videos of actual lessons for applying rubrics and consistent scoring, and align with recommendations of the Governor's Council on Educator Effectiveness. Grant awards would be determined by the MDE but shall not exceed \$350 per participant.

House concurs with the Executive, but specifies that the department must approve all training programs recommended by the Governor's Council on Educator Effectiveness, eliminates the requirement for online resources and requires that approved programs must provide on-going support to maintain inter-rater reliability, which is defined in the section.

Senate concurs with the Executive, but specifies that the department award grants to districts for programs that are consistent with districts' teacher evaluation tools, eliminates the requirement for online resources and requires that approved programs must provide on-going support to maintain inter-rater reliability, which is defined in the section.

Conference concurs with the House.

Sec. 98. Michigan Virtual University (MVU) – REVISED

Executive redefines the role of the MVU and requires that it establish the Center for Online Learning Research and Innovation which would research, design and recommend online and blended learning education delivery models, online assessments, criteria to monitor and evaluate cyber schools and online course providers, analyze student performance and course completion data from cyber schools and online course providers, design professional development for online learning, as well as a number of other related requirements as specified in statute. Also permits the appointment of an advisory group, which would make recommendations intended to accelerate innovation in the education system and better prepare students to be career and college ready and increase the proportion of Michigan citizens with high-quality degrees and credentials by at least 60% by 2025.

House concurs with the Executive, but does not establish the advisory group.

Senate concurs with the Executive, but does not establish the advisory group.

Conference concurs with the Executive.

Sec. 101. Days and Hours of Instruction – REVISED

Senate eliminates the requirement that districts report the number of planned hours of instruction. Actual hours of instruction would still have to be reported.

Conference eliminates the requirement that districts report the number of planned hours of instruction. Actual hours of instruction would still have to be reported.

Major Boilerplate Changes From FY 2011-12

Sec. 101a. Verification of Dropouts – NEW

Conference adds for 2012-13, if a districts wishes to enroll a pupil after the pupil has dropped out of another district and the pupil's most recent educating district has failed to immediately update the pupil's status in the Michigan student data system (MSDS) maintained by CEPI, the enrolling district may submit evidence to the department indicating that the pupil was a dropout. The department shall review the evidence to determine whether the pupil was a dropout. If so, the department would permit the pupil to enroll as a dropout in the new enrolling district.

Sec. 102. Deficit Districts and Deficit Elimination Plans – REVISED

Senate adds a requirement that districts with approved deficit elimination plans post them on the districts' websites.

Conference adds a requirement that districts with approved deficit elimination plans post them on the district's website. Also requires MDE to provide quarterly status reports on districts' progress in implementing their deficit elimination plans, and requires the Superintendent of Public Instruction to publicly present the quarterly report to the appropriations subcommittees.

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

Estimates the MPSERS employer contribution rates for FYs 2012-13 and 2013-14 as follows, with the proviso that a different rate may be calculated by the Office of Retirement Services (ORS) pursuant to Senate Bill 1040:

	FY 2011-12		FY 2012-13		FY 2013-14	
	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010	Employees Pre-July 1, 2010	Employees on or after July 1, 2010
Pension Normal Rate	3.74%	2.24%	3.47%	2.24%	3.94%	2.67%
Pension Unfunded Accrued Liability (UAL)	12.49%	12.49%	12.49%	12.49%	15.86%	15.86%
Early Retirement Incentive (5 - years)	0%	0%	2.66%	2.66%	2.66%	2.66%
Retiree Health Rate	8.50%	8.50%	8.75%	8.75%	8.75%	8.75%
Total Rate	24.46%	23.23%	27.37%	26.14%	31.21%	29.94%

**SCHOOL AID: FY 2011-12 Supplemental
Summary: Conference Report
Senate Bill 961 (S-2) CR-1***



**Analysts: Bethany Wicksall
Mark Wolf**

IDG/IDT	FY 2011-12 YTD as of 2/27/12	FY 2011-12 Executive	FY 2011-12 House	FY 2011-12 Senate	FY 2011-12 Conference	Difference: Conference From FY 2011-12 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	1,658,031,800	1,658,031,800	1,658,031,800	1,658,031,800	1,658,031,800	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	10,967,333,600	10,970,210,400	10,970,210,400	10,970,210,400	10,970,210,400	42,876,800	0.4
GF/GP	118,642,400	118,642,400	118,642,400	118,642,400	118,642,400	(40,000,000)	(33.7)
Gross	\$12,744,007,800	\$12,746,884,600	\$12,746,884,600	\$12,746,884,600	\$12,746,884,600	\$2,876,800	0.0

Notes: FY 2011-12 appropriation figures include the results of supplementals, Executive Order (EO) actions, and transfer adjustments through February 27, 2012.

Overview

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

Major Budget Changes From FY 2011-12 YTD Appropriations	FY 2011-12 YTD (as of 2/27/12)	Conf. Change from YTD
1. Prop A Obligation - Foundation Allowances (Sec. 22a) <u>Executive</u> increases funding Proposal A obligation foundation allowances by \$7.0 million to reflect revisions in pupil estimates and property taxable values from the January 2012 Consensus Revenue Estimating Conference. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross \$5,769,000,000 Restricted 5,769,000,000	\$7,000,000 7,000,000
2. Cash Flow Borrowing Costs (Sec. 11m) <u>Executive</u> decreases funding for School Aid Fund cash flow borrowing by \$6.4 million due to lower borrowing and interest costs. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross \$8,500,000 Restricted 8,500,000	(\$6,400,000) (6,400,000)
3. Promise Zone Reimbursement (Sec. 26c) <u>Executive</u> appropriates funding from a reserve fund from the capture of the State Education Tax to the Baldwin Promise Zone in accordance with Michigan Promise Zone Authority Act, 2008 PA 549. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross N/A Restricted N/A	\$276,800 276,800
4. Special Education (Sec. 51a) <u>Executive</u> increases required state payments by \$2.0 million based on updated cost estimates. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross \$1,392,169,100 Federal 437,400,000 Restricted 954,769,100	\$2,000,000 0 2,000,000
5. General Fund-School Aid Fund Shift <u>Executive</u> replace \$40.0 million GF/GP with additional School Aid Fund revenue. <u>House</u> , <u>Senate</u> , and <u>Conference</u> concur with Executive.	Gross \$12,744,007,800 Federal 1,658,031,800 Restricted 10,967,333,600 GF/GP \$118,642,400	\$0 0 40,000,000 (40,000,000)

SCHOOL AID LINE ITEM SUMMARY



Sec.	Foundation Allowance Increases:	FY 2011-12			FY 2012-13	FY 2012-13	FY 2012-13	FY 2012-13	
		Year-to-Date	Change from YTD	Revised FY 2011-12	Executive Recommendation	House Passed	Senate Passed	Change from FY 2011-12 YTD	Conference Committee
11g	Durant - Debt Service	\$39,000,000	\$0	\$39,000,000	\$39,000,000	\$39,000,000	\$39,000,000		\$39,000,000
11j	School Bond Redemption Fund	\$93,575,300	\$0	\$93,575,300	\$120,390,000	\$120,390,000	\$120,390,000	\$26,814,700	\$120,390,000
11m	Cash Flow Borrowing Costs	\$8,500,000	(\$6,400,000)	\$2,100,000	\$10,000,000	\$10,000,000	\$10,000,000	(\$5,300,000)	\$3,200,000
11p	Federal Ed Jobs Funding	\$4,700,000	\$0	\$4,700,000	\$0	\$0	\$0	(\$4,700,000)	\$0
11s	Education Reserve Fund	\$0	\$0	\$0	\$0	\$0	\$6,000,000	\$0	\$0
22a	Proposal A Obligation Payment	\$5,769,000,000	\$7,000,000	\$5,776,000,000	\$5,707,000,000	\$5,707,000,000	\$5,707,000,000	(\$57,000,000)	\$5,712,000,000
22b	Discretionary Payment - State	\$3,052,000,000	\$0	\$3,052,000,000	\$3,027,000,000	\$3,077,000,000	\$3,344,800,000	\$100,300,000	\$3,152,300,000
22d	Isolated District Funding	\$2,025,000	\$0	\$2,025,000	\$2,025,000	\$2,025,000	\$2,025,000		\$2,025,000
22e	MBT Impact on Out of Formula Districts	\$700,000	\$0	\$700,000	\$0	\$0	\$0	(\$700,000)	\$0
22f	Best Practices	\$154,000,000	\$0	\$154,000,000	\$190,000,000	\$115,000,000	\$0	(\$74,000,000)	\$80,000,000
22g	Consolidation Innovation Grants - NEW	\$0	\$0	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
22h	Distressed District Student Transition Grants	\$4,000,000	\$0	\$4,000,000	\$0	\$0	\$0	(\$4,000,000)	\$0
22i	Technology Infrastructure Improvement Grants - NEW	\$0	\$0	\$0	\$0	\$75,000,000	\$0	\$50,000,000	\$50,000,000
22j	District Performance Funding - NEW	\$0	\$0	\$0	\$0	\$0	\$40,000,000	\$30,000,000	\$30,000,000
24	Court-Placed Pupils	\$8,000,000	\$0	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$0	\$8,000,000
24a	Juvenile Detention Facility Programs	\$2,114,800	\$0	\$2,114,800	\$2,135,800	\$2,135,800	\$2,135,800	\$21,000	\$2,135,800
24c	Youth Challenge Program	\$765,600	\$0	\$765,600	\$765,600	\$1,500,000	\$1,500,000	\$734,400	\$1,500,000
26a	Renaissance Zone Reimbursement	\$26,300,000	(\$1,162,500)	\$25,137,500	\$26,300,000	\$29,300,000	\$26,300,000	\$1,500,000	\$27,800,000
26b	PILT Reimbursement	\$1,838,000	\$1,162,500	\$3,000,500	\$1,838,000	\$1,838,000	\$1,838,000	\$1,331,500	\$3,169,500
26c	Promise Zone Funding - NEW	\$0	\$276,800	\$276,800	\$0	\$0	\$0	\$347,800	\$347,800
31a	"At Risk" Pupil Support	\$308,988,200	\$0	\$308,988,200	\$308,988,200	\$308,988,200	\$308,988,200	\$0	\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300	\$0	\$3,557,300	\$3,557,300	\$3,557,300	\$3,557,300	\$0	\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000	\$0	\$5,150,000	\$5,150,000	\$5,150,000	\$5,150,000	\$0	\$5,150,000
31d	State School Lunch Programs	\$22,495,100	\$0	\$22,495,100	\$22,495,100	\$22,495,100	\$22,495,100	\$0	\$22,495,100
31d	Federal School Lunch Programs	\$402,506,000	\$0	\$402,506,000	\$402,506,000	\$402,506,000	\$402,506,000	\$0	\$402,506,000
31f	School Breakfast Program	\$9,625,000	\$0	\$9,625,000	\$9,625,000	\$9,625,000	\$9,625,000	\$0	\$9,625,000
32b	ECIC Collaborative Grants	\$5,900,000	\$0	\$5,900,000	\$5,900,000	\$5,900,000	\$0	(\$5,900,000)	\$0
32d	Great Start School Readiness - District Grants	\$95,700,000	\$0	\$95,700,000	\$95,700,000	\$95,700,000	\$105,700,000	\$5,000,000	\$100,700,000
32d	Great Start School Readiness - Competitive	\$8,875,000	\$0	\$8,875,000	\$8,875,000	\$8,875,000	\$0	\$0	\$8,875,000
32g	Early Learning Assessment/Quality Rating	\$12,500,000	\$0	\$12,500,000	\$0	\$0	\$0	(\$12,500,000)	\$0
32j	Great Parents Great Start ISD Grants	\$5,000,000	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$0	(\$5,000,000)	\$0
32p	Senate Early Childhood Block Grants	\$0	\$0	\$0	\$0	\$0	\$19,775,000	\$10,900,000	\$10,900,000
39a1	Federal "No Child Left Behind"	\$761,973,600	\$0	\$761,973,600	\$812,328,500	\$812,328,500	\$812,328,500	\$50,354,900	\$812,328,500
39a2	Other Federal Funding	\$32,359,700	\$0	\$32,359,700	\$33,514,100	\$33,514,100	\$33,514,100	\$1,154,400	\$33,514,100
51a(1)	Special Education - Federal Reimbursement	\$363,400,000	\$0	\$363,400,000	\$365,000,000	\$365,000,000	\$365,000,000	\$1,600,000	\$365,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$247,000,000	\$500,000	\$247,500,000	\$257,300,000	\$257,300,000	\$257,300,000	\$10,400,000	\$257,400,000
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$0	\$1,000,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000	\$0	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$0	\$2,200,000
51a(12)	Special Ed Foundations for Non Sec. 52 to ISDs	\$5,000,000	\$300,000	\$5,300,000	\$4,800,000	\$4,800,000	\$4,800,000	\$600,000	\$5,600,000
51c	Special Ed Headlee Obligation (Durant)	\$647,500,000	\$1,200,000	\$648,700,000	\$672,900,000	\$672,900,000	\$672,900,000	\$30,500,000	\$678,000,000
51d	Special Education - Other Federal Grants	\$74,000,000	\$0	\$74,000,000	\$74,000,000	\$74,000,000	\$74,000,000	\$0	\$74,000,000
53a	Special Ed for Court Placed Pupils	\$13,500,000	\$0	\$13,500,000	\$13,500,000	\$13,500,000	\$13,500,000	\$0	\$13,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000	\$0	\$1,688,000	\$1,688,000	\$1,688,000	\$1,688,000	\$0	\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100	\$0	\$36,881,100	\$36,881,100	\$36,881,100	\$36,881,100	\$0	\$36,881,100
61a	Vocational-Technical Education Programs	\$26,611,300	\$0	\$26,611,300	\$26,611,300	\$30,000,000	\$26,611,300	\$0	\$26,611,300
62	ISD Vocational Education Millage Equalization	\$9,000,000	\$0	\$9,000,000	\$9,000,000	\$9,000,000	\$9,000,000	\$0	\$9,000,000
74	Bus Driver Safety Instruction	\$1,625,000	\$0	\$1,625,000	\$1,625,000	\$1,625,000	\$1,625,000	\$0	\$1,625,000
74	School Bus Inspections	\$1,608,900	\$0	\$1,608,900	\$1,634,900	\$1,634,900	\$1,634,900	\$26,000	\$1,634,900
81	ISD General Operations Support	\$62,108,000	\$0	\$62,108,000	\$62,108,000	\$65,213,000	\$64,108,000	\$2,000,000	\$64,108,000
93	State Aid to Libraries for MELCat Support	\$1,304,300	\$0	\$1,304,300	\$1,304,300	\$1,304,300	\$1,304,300	\$0	\$1,304,300
94a	Center for Educational Performance	\$5,768,700	\$0	\$5,768,700	\$9,218,400	\$9,218,400	\$9,218,400	\$3,449,700	\$9,218,400
94a	Center for Educational Performance - Federal	\$2,893,200	\$0	\$2,893,200	\$193,500	\$193,500	\$193,500	(\$2,699,700)	\$193,500
95	Principal Educator Evaluation Training - NEW	\$0	\$0	\$0	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000

SCHOOL AID LINE ITEM SUMMARY



		FY 2011-12			FY 2012-13	FY 2012-13	FY 2012-13	FY 2012-13	
		Year-to-Date	Change from YTD	Revised FY 2011-12	Executive Recommendation	House Passed	Senate Passed	Change from FY 2011-12 YTD	Conference Committee
98	Michigan Virtual School	\$1,687,500	\$0	\$1,687,500	\$4,387,500	\$4,387,500	\$4,387,500	\$2,700,000	\$4,387,500
98	Michigan Virtual School - Federal	\$2,700,000	\$0	\$2,700,000	\$0	\$0	\$0	(\$2,700,000)	\$0
99	Math and Science Centers - State	\$2,625,000	\$0	\$2,625,000	\$2,625,000	\$2,625,000	\$2,725,000	\$100,000	\$2,725,000
99	Math and Science Centers - Federal	\$5,249,300	\$0	\$5,249,300	\$5,249,300	\$5,249,300	\$5,249,300	\$0	\$5,249,300
104	MEAP Testing - State	\$35,194,400	\$0	\$35,194,400	\$26,694,400	\$26,694,400	\$26,694,400	(\$8,500,000)	\$26,694,400
104	MEAP Testing - Federal	\$8,250,000	\$0	\$8,250,000	\$8,250,000	\$8,250,000	\$8,250,000	\$0	\$8,250,000
104c	Computer Adaptive Test	\$0	\$0	\$0	\$0	\$0	\$18,000,000	\$0	\$0
107	Adult Education	\$22,000,000	\$0	\$22,000,000	\$22,000,000	\$22,000,000	\$22,000,000	\$0	\$22,000,000
147a	MPSERS One Time Cost Offset	\$155,000,000	\$0	\$155,000,000	\$179,000,000	\$248,506,300	\$0	\$0	\$155,000,000
147b	MPSERS Reserve for Retirement Obligation Reform	\$133,000,000	\$0	\$133,000,000	\$0	\$0	\$0	(\$92,000,000)	\$41,000,000
147c	MPSERS Prefunding - Unfunded Liability Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$130,000,000	\$130,000,000
152a	Adair - Database Payment	\$34,064,500	\$0	\$34,064,500	\$38,000,500	\$38,000,500	\$38,000,500	\$3,936,000	\$38,000,500
TOTAL APPROPRIATIONS		\$12,744,007,800	\$2,876,800	\$12,746,884,600	\$12,687,014,800	\$12,816,749,200	\$12,712,649,200	\$200,520,700	\$12,944,528,500
REVENUE BY SOURCE									
	Federal Aid	\$1,658,031,800	\$0	\$1,658,031,800	\$1,701,041,400	\$1,701,041,400	\$1,701,041,400	\$43,009,600	\$1,701,041,400
	School Aid Fund	\$10,967,333,600	\$42,876,800	\$11,010,210,400	\$10,785,973,400	\$10,782,707,800	\$10,715,091,400	(\$6,246,500)	\$10,961,087,100
	General Fund/General Purpose	\$118,642,400	(\$40,000,000)	\$78,642,400	\$200,000,000	\$333,000,000	\$296,516,400	\$163,757,600	\$282,400,000
TOTAL REVENUE		\$12,744,007,800	\$2,876,800	\$12,746,884,600	\$12,687,014,800	\$12,816,749,200	\$12,712,649,200	\$200,520,700	\$12,944,528,500