

FY 2012-13: SCHOOL AID
Summary: House Subcommittee Recommendation
House Bill 5388 (H-1) Draft 1



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	FY 2011-12 YTD as of 2/9/12	FY 2012-13 Executive	FY 2012-13 House	FY 2012-13 Senate	FY 2012-13 Enacted	Difference: House From FY 2011-12 YTD	
						Amount	%
IDG/IDT	\$0	\$0	\$0			\$0	--
Federal	1,658,031,800	1,701,041,400	1,701,041,400			43,009,600	2.6
Local	0	0	0			0	--
Private	0	0	0			0	--
Restricted	10,967,333,600	10,785,973,400	10,781,973,400			(185,360,200)	(1.7)
GF/GP	118,642,400	200,000,000	333,000,000			214,357,600	180.7
Gross	\$12,744,007,800	\$12,687,014,800	\$12,816,014,800			\$72,007,000	0.6

FTEs

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

1. Prop A Obligation - Foundation Allowances (Sec. 22a)

Executive 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.

House concurs with Executive.

	FY 2011-12 YTD (as of 2/27/12)	House Change from YTD
Gross	\$5,769,000,000	(\$62,000,000)
Restricted	5,769,000,000	(62,000,000)

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

Executive reduces by \$25 million to recognize the elimination of \$17.5 million in small class-size and district-specific foundation allowance adjustments (See Major Boilerplate Changes below, Section 20), \$50 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 million for kindergarten foundation savings as well as further changes in estimated taxable value and pupils.

House concurs with Executive on the elimination of the small class-size and district-specific adjustments, but 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.

Gross	\$3,052,000,000	\$25,000,000
Restricted	2,955,028,100	(192,818,300)
GF/GP	\$96,971,900	\$217,818,300

3. School Bond Redemption Fund (Sec. 11j)

Executive 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.

House concurs with Executive.

Gross	\$93,575,300	\$26,814,700
Restricted	93,575,300	26,814,700

4. Cash Flow Borrowing Costs (Sec. 11m)

Executive increases to \$10.0 million in FY 2012-13 and to \$20.0 million for FY 2013-14 costs for anticipated interest rate increases.

House concurs with Executive.

Gross	\$8,500,000	\$1,500,000
Restricted	8,500,000	1,500,000

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/27/12)	House Change from YTD
5. Michigan Business Tax (MBT) Impact on Out of Formula District Grants (Sec. 22e)	Gross	\$700,000	(\$700,000)
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.	Restricted	700,000	(700,000)
6. Best Practices Grants (Sec. 22f)	Gross	\$154,000,000	(\$39,000,000)
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. (See Major Boilerplate Changes below for a detailed discussion of the best practices criteria.)	Restricted	154,000,000	(39,000,000)
7. Consolidation Innovation Grants (Sec. 22g)	Gross	\$0	\$10,000,000
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.	Restricted	0	10,000,000
8. Technology Infrastructure Improvement Grants (Sec. 22i)	Gross	\$0	\$75,000,000
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.	Restricted	0	75,000,000
8. Juvenile Detention Facility Programs (Sec. 24a)	Gross	\$2,114,800	\$21,000
Executive increases by \$21,000 for economic adjustments for FY 2012-13. House concurs with Executive.	Restricted	2,114,800	21,000
9. Renaissance Zone Reimbursements (Sec. 26a)	Gross	\$26,300,000	\$3,000,000
Executive makes no changes in funding for renaissance zone reimbursements to school districts and ISDs. House concurs with Executive on reimbursements to school districts and ISDs, but provides \$3.0 million GF/GP to reimburse libraries.	Restricted	26,300,000	0
	GF/GP	\$0	\$3,000,000
10. Federal Funding (Sec. 39a)	Gross	\$794,333,300	\$51,509,300
Executive 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. House concurs with Executive.	Federal	794,333,300	51,509,300
	Restricted	0	0

Major Budget Changes From FY 2011-12 YTD Appropriations		FY 2011-12 YTD (as of 2/27/12)	House Change from YTD
11. Special Education (Sec. 51a)	Gross	\$1,392,169,100	\$37,100,000
<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	35,500,000
12. Vocational Education (Sec. 61a)	Gross	\$26,611,300	\$3,388,700
<u>Executive</u> maintains funding at FY 2011-12 levels.	Restricted	26,611,300	3,388,700
<u>House</u> increases funding to \$30.0 million.			
13. School Bus Inspections (Sec. 74(4))	Gross	\$1,608,900	\$26,000
<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.			
14. ISD General Operations (Sec. 81)	Gross	\$62,108,000	\$3,105,000
<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	3,105,000
<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.			
15. Center for Educational Performance and Information (Sec. 94a)	Gross	\$8,661,900	\$750,000
<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
16. Principal Educator Evaluator Training (Sec. 95)	Gross	\$0	\$1,750,000
<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	0	1,750,000
<u>House</u> concurs with Executive.			
17. Michigan Virtual University (MVU) (Sec. 98)	Gross	\$4,387,500	\$0
<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
18. Math and Science Centers (Sec. 99)	Gross	\$7,874,300	\$0
<u>Executive</u> maintains current year total appropriations but shifts \$110,000 in GF/GP fund support to School Aid Fund.	Federal	5,249,300	0
<u>House</u> concurs with Executive.	Restricted	2,515,000	110,000
	GF/GP	\$110,000	(\$110,000)
19. Michigan Education Assessment Program (Sec. 104)	Gross	\$43,444,400	(\$8,500,000)
<u>Executive</u> 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.	Federal	8,250,000	0
<u>House</u> concurs with Executive.	Restricted	35,194,400	(8,500,000)
20. MPSERS Cost Offset (Sec. 147a)	Gross	\$155,000,000	\$93,506,300
<u>Executive</u> 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.	Restricted	155,000,000	93,506,300
<u>House</u> 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.			

<u>Major Budget Changes From FY 2011-12 YTD Appropriations</u>		<u>FY 2011-12 YTD (as of 2/27/12)</u>	<u>House Change from YTD</u>
21. MPSERS Retirement Obligation Reform Reserve Fund (Sec. 147b)	Gross	\$133,000,000	(\$133,000,000)
<u>Executive</u> 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. <u>House</u> concurs with Executive.	Restricted	133,000,000	(133,000,000)
22. 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. <u>House</u> concurs with Executive.	Restricted	34,064,500	3,936,000

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.

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.

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.

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.

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.

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.

Major Boilerplate Changes From FY 2011-12

Sec. 22f. Performance-Based Funding – NOT INCLUDED

Executive increases the current appropriation from \$154.0 million to \$190.0 million in FY 2012-13 but decreases it to \$100 million in FY 2013-14. The budget also recommends significant changes to the grant criteria. Currently districts receive \$100 per pupil if they satisfy 4 out of 5 criteria regarding non-instructional costs. The Governor proposes to create 2 different awards. The first 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 concur with the performance-based funding.

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 award from the performance-based award, 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 the Executive-proposed criterion on 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.

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 based on the common core standards 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.

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.

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 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.

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.

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.

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.

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.

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.

Major Boilerplate Changes From FY 2011-12

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.

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.

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

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

Estimates the MPERS employer contribution rates for FYs 2012-13 and 2013-14 as follows:

	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 LINE ITEM SUMMARY



Sec.	Foundation Allowance Increases:	FY 2011-12	FY 2012-13		FY 2012-13	
		Year-to-Date	Change from FY 2011-12	Executive Recommendation	Change from FY 2011-12	House Subcommittee
11g	Durant - Debt Service	\$39,000,000		\$39,000,000		\$39,000,000
11j	School Bond Redemption Fund	\$93,575,300	\$26,814,700	\$120,390,000	\$26,814,700	\$120,390,000
11m	Cash Flow Borrowing Costs	\$8,500,000	\$1,500,000	\$10,000,000	\$1,500,000	\$10,000,000
11p	Federal Ed Jobs Funding	\$4,700,000	(\$4,700,000)	\$0	(\$4,700,000)	\$0
22a	Proposal A Obligation Payment	\$5,769,000,000	(\$62,000,000)	\$5,707,000,000	(\$62,000,000)	\$5,707,000,000
22b	Discretionary Payment - State	\$3,052,000,000	(\$25,000,000)	\$3,027,000,000	\$25,000,000	\$3,077,000,000
22d	Isolated District Funding	\$2,025,000		\$2,025,000		\$2,025,000
22e	MBT Impact on Out of Formula Districts	\$700,000	(\$700,000)	\$0	(\$700,000)	\$0
22f	Best Practices	\$154,000,000	\$36,000,000	\$190,000,000	(\$39,000,000)	\$115,000,000
22g	Consolidation Innovation Grants - NEW	\$0	\$10,000,000	\$10,000,000	\$10,000,000	\$10,000,000
22h	Distressed District Student Transition Grants	\$4,000,000	(\$4,000,000)	\$0	(\$4,000,000)	\$0
22i	Technology Infrastructure Improvement Grants	\$0		\$0		\$75,000,000
24	Court-Placed Pupils	\$8,000,000		\$8,000,000		\$8,000,000
24a	Juvenile Detention Facility Programs	\$2,114,800	\$21,000	\$2,135,800	\$21,000	\$2,135,800
24c	Youth Challenge Program	\$765,600		\$765,600		\$765,600
26a	Renaissance Zone Reimbursement	\$26,300,000		\$26,300,000	\$3,000,000	\$29,300,000
26b	PILT Reimbursement	\$1,838,000		\$1,838,000		\$1,838,000
31a	"At Risk" Pupil Support	\$308,988,200		\$308,988,200		\$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
31d	State School Lunch Programs	\$22,495,100		\$22,495,100		\$22,495,100
31d	Federal School Lunch Programs	\$402,506,000		\$402,506,000		\$402,506,000
31f	School Breakfast Program	\$9,625,000		\$9,625,000		\$9,625,000
32b	ECIC Collaborative Grants	\$5,900,000		\$5,900,000		\$5,900,000
32d	Great Start School Readiness - District Grants	\$95,700,000		\$95,700,000		\$95,700,000
32d	Great Start School Readiness - Competitive	\$8,875,000		\$8,875,000		\$8,875,000
32g	Early Learning Assessment/Quality Rating - NEW	\$12,500,000	(\$12,500,000)	\$0	(\$12,500,000)	\$0
32j	Great Parents Great Start ISD Grants	\$5,000,000		\$5,000,000		\$5,000,000
39a1	Federal "No Child Left Behind"	\$761,973,600	\$50,354,900	\$812,328,500	\$50,354,900	\$812,328,500
39a2	Other Federal Funding	\$32,359,700	\$1,154,400	\$33,514,100	\$1,154,400	\$33,514,100
51a(1)	Special Education - Federal Reimbursement	\$363,400,000	\$1,600,000	\$365,000,000	\$1,600,000	\$365,000,000
51a(2)	Special Ed ISD Foundation and Costs	\$247,000,000	\$10,300,000	\$257,300,000	\$10,300,000	\$257,300,000
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(12)	Special Ed Foundations for Non Sec. 52 to ISDs	\$5,000,000	(\$200,000)	\$4,800,000	(\$200,000)	\$4,800,000
51c	Special Ed Headlee Obligation (Durant)	\$647,500,000	\$25,400,000	\$672,900,000	\$25,400,000	\$672,900,000
51d	Special Education - Other Federal Grants	\$74,000,000		\$74,000,000		\$74,000,000
53a	Special Ed for Court Placed Pupils	\$13,500,000		\$13,500,000		\$13,500,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000		\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100		\$36,881,100		\$36,881,100
61a	Vocational-Technical Education Programs	\$26,611,300		\$26,611,300	\$3,388,700	\$30,000,000
62	ISD Vocational Education Millage Equalization	\$9,000,000		\$9,000,000		\$9,000,000
74	Bus Driver Safety Instruction	\$1,625,000		\$1,625,000		\$1,625,000
74	School Bus Inspections	\$1,608,900	\$26,000	\$1,634,900	\$26,000	\$1,634,900
81	ISD General Operations Support	\$62,108,000		\$62,108,000	\$3,105,000	\$65,213,000
93	State Aid to Libraries for MELCat Support	\$1,304,300		\$1,304,300		\$1,304,300
94a	Center for Educational Performance	\$5,768,700	\$3,449,700	\$9,218,400	\$3,449,700	\$9,218,400
94a	Center for Educational Performance - Federal	\$2,893,200	(\$2,699,700)	\$193,500	(\$2,699,700)	\$193,500
95	Principal Educator Evaluation Training - NEW	\$0	\$1,750,000	\$1,750,000	\$1,750,000	\$1,750,000
98	Michigan Virtual School	\$1,687,500	\$2,700,000	\$4,387,500	\$2,700,000	\$4,387,500
98	Michigan Virtual School - Federal	\$2,700,000	(\$2,700,000)	\$0	(\$2,700,000)	\$0
99	Math and Science Centers - State	\$2,625,000		\$2,625,000		\$2,625,000
99	Math and Science Centers - Federal	\$5,249,300		\$5,249,300		\$5,249,300
104	MEAP Testing - State	\$35,194,400	(\$8,500,000)	\$26,694,400	(\$8,500,000)	\$26,694,400
104	MEAP Testing - Federal	\$8,250,000		\$8,250,000		\$8,250,000
107	Adult Education	\$22,000,000		\$22,000,000		\$22,000,000
147a	MPERS One Time Cost Offset	\$155,000,000	\$24,000,000	\$179,000,000	\$93,506,300	\$248,506,300
147b	MPERS Reserve for Retirement Obligation Reform	\$133,000,000	(\$133,000,000)	\$0	(\$133,000,000)	\$0
152a	Adair - Database Payment	\$34,064,500	\$3,936,000	\$38,000,500	\$3,936,000	\$38,000,500
TOTAL APPROPRIATIONS		\$12,744,007,800	(\$56,993,000)	\$12,687,014,800	\$72,007,000	\$12,816,014,800
REVENUE BY SOURCE						
Federal Aid		\$1,658,031,800	\$43,009,600	\$1,701,041,400	\$43,009,600	\$1,701,041,400
School Aid Fund		\$10,967,333,600	(\$181,360,200)	\$10,785,973,400	(\$185,360,200)	\$10,781,973,400
General Fund/General Purpose		\$118,642,400	\$81,357,600	\$200,000,000	\$214,357,600	\$333,000,000
TOTAL REVENUE		\$12,744,007,800	(\$56,993,000)	\$12,687,014,800	\$72,007,000	\$12,816,014,800

SCHOOL AID BALANCE SHEET
PA 29 of 2012 - Jan 2012 Revenue Estimates
(Dollars in Millions)

	<u>YTD Feb-12 FY 2011-12</u>	<u>Executive Recommendation FY 2012-13</u>	<u>House Subcommittee FY 2012-13</u>
ESTIMATES OF REVENUE			
SCHOOL AID FUND REVENUE			
Beginning Balance	\$724.7	\$125.2	\$125.2
Revenue Estimate (Jan 2012)	<u>10,763.8</u>	<u>11,055.0</u>	<u>11,055.0</u>
Subtotal	\$11,488.5	\$11,180.2	\$11,180.2
OTHER REVENUE ADJUSTMENTS			
General Fund/General Purpose (GF/GP) Grant	\$118.6	\$200.0	\$333.0
Federal EdJobs Funding (PA 29 of 2012)	4.7	0.0	0.0
Federal Aid	<u>1,653.3</u>	<u>1,701.0</u>	<u>1,701.0</u>
Subtotal	\$1,776.6	\$1,901.0	\$2,034.0
TOTAL REVENUE	\$13,265.1	\$13,081.2	\$13,214.2
ESTIMATED EXPENDITURES			
ESTIMATED K-12 EXPENDITURES			
FY 2011-12 (PA 62 of 2011) / FY 2012-13 (Exec Rec)	\$12,744.0	\$12,687.0	\$12,687.0
House Kindergarten savings revisions		0.0	50.0
Additional House Expenditures		<u>0.0</u>	<u>79.0</u>
Subtotal: K-12 EXPENDITURES	\$12,744.0	\$12,687.0	\$12,816.0
Community Colleges	\$195.9	\$197.6	\$197.6
Higher Education	<u>\$200.0</u>	<u>\$200.5</u>	<u>\$200.5</u>
Subtotal: Post Secondary Expenditures	\$395.9	\$398.1	\$398.1
TOTAL EXPENDITURES	\$13,139.9	\$13,085.1	\$13,214.1
ENDING BALANCE	\$125.2	(\$3.9)	\$0.1