

**FY 2013-14: SCHOOL AID SUPPLEMENTAL
Summary: Revised House Substitute
House Bill 4295 (H-4)**



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	FY 2013-14 YTD as of 2/5/14	FY 2013-14 Revised Executive	FY 2013-14 House	FY 2013-14 Senate	FY 2013-14 Revised House	Difference: Revised House From FY 2013-14 YTD Amount	%
IDG/IDT	\$0	\$0	\$0	\$0	\$0	\$0	--
Federal	1,764,421,300	1,816,158,800	1,816,158,800	1,816,158,800	1,816,158,800	51,737,500	2.9
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	11,367,382,300	11,258,332,300	11,269,232,300	11,301,232,300	11,271,232,300	(96,150,000)	(0.8)
GF/GP	234,900,000	234,900,000	234,900,000	234,900,000	234,900,000	0	0.0
Gross	\$13,366,703,600	\$13,309,391,100	\$13,320,291,100	\$13,352,291,100	\$13,322,291,100	(\$44,412,500)	(0.3)

Note: FY 2013-14 year-to-date (YTD) figures include mid-year budget adjustments through February 5, 2014.

Overview

The School Aid budget makes appropriations to the state's 548 local school districts, 296 public school academies, the Education Achievement System, and 56 intermediate school districts (ISDs) for operations and certain categorical programs. It also appropriates funds to the Center for Educational Performance and Information, the Workforce Development Agency, and other entities to implement certain grants and other programs related to K-12 education.

Major Budget Changes From FY 2013-14 YTD Appropriations

1. Federal Early Learning Challenge Grant (Sec. 32r)

Executive reflects Michigan's receipt of a federal Race to the Top – Early Learning Challenge Grant of \$51.7 million. Funds would be spent according to the state's application which focused on 6 objectives:

- Increasing access for high needs children to high-quality learning programs.
- Increasing opportunities to improve quality of licensed and unlicensed subsidized home care providers.
- Improving family engagement in children's early learning and development.
- Expanding efforts to promote children's physical, social, and emotional health.
- Increasing professional development for early learning care providers.
- Developing an early learning data system to monitor and evaluate quality standards of individual programs.

Funds would be spent over 4 years and would be designated as a work project with an estimated completion date of September 30, 2018.

House concurs.

Senate adds that the data system be continued only as long as federal funds exist to support it and requires that the data system report information in the aggregate and not specify individual information.

Revised House concurs with the Senate.

	FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2013-14 House Change
Gross	N/A	\$51,737,500
Federal	N/A	51,737,500

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2013-14 House Change
2. Foundation Allowances (Secs. 22a and 22b)		Gross	\$8,946,400,000 (\$49,400,000)
<u>Executive</u> decreases total funding for foundation allowances by \$49.4 million to reflect reduced costs related to revised consensus estimates for taxable values and pupil memberships.		Restricted	8,742,797,600 (49,150,000)
<u>House</u> concurs with <u>Executive</u> .		GF/GP	\$203,602,400 (\$250,000)
<u>Senate</u> adds \$2.0 million for increased small-class size grants.			
<u>Revised House</u> concurs with <u>Executive</u> .			
3. Special Education Funding (Secs. 51a, 51c, 51d, 53a, 54, 56)		Gross	\$1,424,446,100 (\$60,600,000)
<u>Executive</u> decreases by \$60.6 million to a total of \$919.8 million in SAF to adjust for consensus estimates for lower than anticipated growth in special education reimbursement costs.		Federal	444,000,000 0
<u>House</u> and <u>Senate</u> concur.		Restricted	980,446,100 (60,600,000)
4. At-Risk Program (Sec. 31a)		Gross	\$308,988,200 \$0
<u>Senate</u> increases At-Risk Program funding by \$30.0 million to a total of \$339.0 million.		Restricted	308,988,200 0
<u>House Revised</u> does not concur.			
5. Dissolved District Transition Grants (Sec. 20g)		Gross	\$2,200,000 \$5,000,000
<u>House</u> and <u>Senate</u> increase by \$5.0 million to provide for building demolition or other costs including maintenance, utilities, security, and insurance incurred by receiving districts related to the buildings they inherited from the dissolution of Buena Vista and Inkster school districts. Caps the total reimbursable costs per dissolved district at \$2.5 million. The appropriation would be a work project through FY 2014-15.		Restricted	0 5,000,000
		GF/GP	\$2,200,000 \$0
6. Strict Discipline Academy (SDA) Pupil Memberships (Sec. 25f)		Gross	\$0 \$2,000,000
<u>Senate</u> included boilerplate to adjust pupil memberships for strict discipline academies by revising the existing pupil transfer process.		Restricted	0 2,000,000
<u>House Revised</u> adds \$2.0 million to reimburse strict discipline academies to pay for the portion of the year they are enrolled in an SDA outside of the traditional school year and pupil accounting system.			
7. Information Technology Certifications (Sec. 64d)		Gross	N/A \$3,900,000
<u>House</u> and <u>Senate</u> provide \$3.9 million for a contract with a single provider to be awarded through a competitive bid process to provide information technology education opportunities to high school, career academy, and community college students to secure broad-based information technology certifications and college credit. Requires that community colleges be included in the RFP process and that they be allowed an interactive response to proposals before the department makes a final decision on the contract. The appropriation would be a work project to be spent over 3 years.		GF/GP	N/A \$3,900,000
8. MPSERS - State Share of Unfunded Liabilities (Sec. 147c)		Gross	\$404,600,000 \$2,200,000
<u>Executive</u> , <u>House</u> and <u>Senate</u> increase by \$2.2 million to a total of \$406.8 million to cover the share of the UAL costs that would have been paid by the Buena Vista and Inkster school districts had they not been dissolved.		Restricted	403,300,000 2,200,000
		GF/GP	\$1,300,000 \$0

Major Budget Changes From FY 2013-14 YTD Appropriations		FY 2013-14 Year-to-Date (as of 2/5/14)	FY 2013-14 House Change
9. Year-Round Schools (Sec. 31b)			
<p><u>House</u> appropriates \$2.0 million for FY 2013-14 for grants to eligible districts to support the implementation of year-round instruction beginning in the 2014-2015 school year. The maximum allowable grant to a single district would be \$750,000. Funds could be used for building modifications, personnel contract modifications, or other nonrecurring costs associated with implementing a year-round instructional program.</p> <p><u>Senate</u> concurs with funding, but reduces individual award cap to \$250,000 and deletes personnel contract modifications. Also postpones grant application and notification deadlines by 1 month each.</p> <p><u>Revised House</u> restores maximum allowable grant to \$750,000 but concurs by deleting personnel contract modifications and postponing deadlines 1 month. Also changes eligible districts to add that a district can qualify for the community eligibility option or have at least 50% of their pupils qualify for free lunch.</p>	Gross	N/A	\$2,000,000
	Restricted	N/A	\$2,000,000
10. Cash Flow Borrowing Costs (Sec. 11m)			
<p><u>Executive</u>, <u>House</u> and <u>Senate</u> decrease costs from \$4.0 million to \$2.5 million to reflect lower than anticipated interest rates and reduced need for short-term borrowing related to the School Aid Fund.</p>	Gross	\$4,000,000	(\$1,500,000)
	Restricted	4,000,000	(1,500,000)
11. Advanced Placement Incentive Program (Sec. 94)			
<p><u>Executive</u> and <u>House</u> provides \$250,000 to pay for some or all of Advanced Placement (AP) and International Baccalaureate (IB) test fees for low-income students.</p> <p><u>Senate</u> and <u>Revised House</u> concur but require students to pay \$5 per test.</p>	Gross	N/A	\$250,000
	GF/GP	N/A	\$250,000
12. Health and Nutrition Education Software (Sec. 31g)			
<p><u>House</u> provides a \$100 placeholder for a contract with a single provider to be awarded through a competitive bid process to provide personal user health and nutrition education and software platform to pupils and faculty in school district and ISDs for three years. Requires a report after three years on increase in the number of healthy food options offered in school cafeterias, increase in participation in school athletic and physical activities, increased in the software program participation and longevity of users, and alignment to the DCH Michigan Health and Wellness 4x4 plan. Also requires the Auditor General to perform a performance post-audit within a year of the completion of the work project.</p> <p><u>Senate</u> and <u>Revised House</u> do not include funding for this section.</p>	Gross	N/A	\$0
	GF/GP	N/A	\$0

Major Boilerplate Changes From FY 2013-14 YTD Budget

Sec. 21f. Online Courses – REVISED

Executive, House and Senate revise to include ISDs as allowable providers of online courses to align with current MDE guidance.

Sec. 22g. Consolidation Innovation Grants – REVISED

Executive, House and Senate revise to return to FY 2012-13 statutory language allowing grants to be awarded based on the consolidation of operations or services between 2 or more districts or ISDs or other local units of government in addition to current law which rewards only consolidation of whole districts or ISDs.

Sec. 25f. Pupil Transfer Process for Strict Discipline Academies (SDAs) – NEW

Senate adds a new section that creates a separate pupil transfer process for strict discipline academies that would allow pupil transfers year round rather than up until the February count date, which is the last date by which other districts may transfer a pupil in the pupil transfer process under Sec. 25e. It would provide SDAs with 1/180 of the foundation allowance for a pupil for each day enrolled in an SDA at any point in the year, while districts may only receive funding for a prorated part of the year recognizing that the district only receives 10%. Revised House includes a revised section 25f as noted in the major budget changes above.

Major Boilerplate Changes From FY 2013-14 YTD Budget

Sec. 99h. FIRST Robotics – REVISED

Executive, House and Senate revise to allow more flexibility in making awards among the three allocations which currently caps each of the following at \$1.0 million: coaching stipends, expenses related to preparation and attendance at FIRST tech challenge and FIRST robotics competitions, and awards to teams that advance to state and world championship competitions. Also would make the appropriation a work project such that unexpended funds would carry over into FY 2014-15 for the same purpose.

Sec. 101. Days and Hours of Instruction – REVISED

House revises to clarify that language added to increase the number of instructional days required from 170 to 175 and language disallowing up to 38 hours of professional development from counting as instructional hours, both beginning in 2014-2015, would not apply to collective bargaining agreements that were in effect prior to the effective date of the amendatory language, which was October 1, 2013. Also strikes a provision that requires that districts provide at least the number of instructional days that they provided in 2009-2010 so that all districts are required to provide 170.

Senate concurs with collective bargaining agreement issue but retains provision requiring 2009-2010 minimum number of instructional days.

Revised House changes the date by which a collective bargaining agreement had to be in place to June 13, 2013, the date on which the School Aid budget was signed, to align with the Executive recommendation in the FY 2014-15 budget. Strikes 2009-2010 floor for minimum number of instructional days. Adds language that would allow a district that provides more than 174 instructional days, to provide as few as 174 days despite the 2009-2010 minimum floor otherwise required. Also would revise such that a district that adds instructional days to the end of its calendar in order to make up snow days, would have to have 60% attendance before having their state aid prorated rather than the 75% attendance rate that otherwise applies.