

**SCHOOL AID SUPPLEMENTAL: FY 2010-11
Summary
SB 197 As Passed by the Senate**



Analysts: Bethany Wicksall and Mark Wolf

IDG/IDT	FY 2010-11 YTD as of 12/1/11	FY 2010-11 Executive	FY 2010-11 Senate	FY 2010-11 House	FY 2010-11 Enacted	Difference: Senate From FY 2010-11 YTD	
						Amount	%
	\$0	0	\$0	\$0	\$0	\$0	--
Federal							
ARRA	500,526,900	500,526,900	500,526,900	0	0	0	--
Non-ARRA	1,677,806,400	1,677,806,400	1,677,806,400	0	0	0	--
Local	0	0	0	0	0	0	--
Private	0	0	0	0	0	0	--
Restricted	10,757,260,500	10,784,260,000	10,784,760,500	0	0	27,500,000	0.3
GF/GP	18,642,400	18,642,400	18,642,400	0	0	0	--
Gross	\$12,954,236,200	\$12,981,235,700	\$12,981,736,200	0	0	\$27,500,000	0.3

Note: FY 2010-11 figures reflect supplementals and Executive Order (EO) actions through December 1, 2011

Overview

The School Aid budget makes appropriations to the state's 550 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 Education Performance and Information, Department of Energy, Labor and Economic Growth, and other entities to implement certain grants and other programs related to K-12 education. On November 29, 2011 the State Budget Office (SBO) submitted Supplemental Request 2011-11, providing increased funding for foundation allowances by \$94.3 million necessary due to several recent reductions in local taxable values, thereby increasing state costs. These additional costs are supported by transferring \$66.8 million in excess funding from other line items and increasing total appropriations by \$27.5 million.

Major Budget Changes

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

Executive increases funding by \$94.3 million to adjust for recent reductions in taxable values due to the recognition of several tax appeal decisions and foreclosures as well as the recent decision of the State Tax Commission to reclassify property of the Midland Cogeneration Venture (MCV) facility from industrial real property (taxable) to industrial personal property (non-taxable). The reduction in taxable values within school districts results in an increase in the state portion of the foundation allowance, necessitating an increased appropriation.

Senate concurs.

	FY 2010-11 YTD	Senate Change From YTD
Gross	\$5,737,000,000	\$94,273,900
Restricted	5,737,000,000	94,273,900

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

Executive reduces funding by \$7.3 million to incorporate adjustments in taxable value changes as mentioned above as well as lower special education costs.

Senate concurs.

	FY 2010-11 YTD	Senate Change From YTD
Gross	\$3,742,681,300	(\$7,327,000)
Federal	184,256,600	0
Restricted	3,558,424,700	(7,327,000)

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

Executive decreases payments to the Department of Treasury for payments into the School Bond Loan Redemption fund to pay the state's debt service payments on loans made to school districts and intermediate school districts through the School Bond Loan program due to lower than anticipated interest costs.

Senate concurs.

	FY 2010-11 YTD	Senate Change From YTD
Gross	\$5,167,800	(\$2,330,000)
Restricted	5,167,800	(2,330,000)

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

Executive decreases costs to reflect anticipated lower interest rates for short-term borrowing costs related to the State School Aid Fund.

Senate concurs.

	FY 2010-11 YTD	Senate Change From YTD
Gross	\$15,000,000	(\$8,153,000)
Restricted	15,000,000	(8,153,000)

Major Budget Changes		FY 2010-11 YTD	Senate Change From YTD
5. MBT Out of Formula Districts (Sec. 22e)		Gross \$1,800,000	\$0
Executive reduces funding by \$500,000 to remove dedicated funding for Pontiac School District because the district no longer qualified for funding in FY 2010-11.	Restricted	\$1,800,000	0
Senate does not concur. The additional funding was allocated within Sec. 22e(6), which has already been deleted in 2011 PA 62 (the FY 2011-12 School Aid budget), effective October 1, 2011.			
5. Renaissance Zone Reimbursements (Sec. 26a)		Gross \$26,300,000	(\$3,368,000)
Executive reduces funding by \$3.4 million due to lower taxable values (and, thereby, lower reimbursements for property taxes exempted within a renaissance zone).	Restricted	26,300,000	(3,368,000)
Senate concurs.			
6. State School Lunch Programs (Sec. 31d)		Gross \$22,495,100	(\$868,000)
Executive reduces funding by \$0.9 million due to lower than anticipated reimbursement costs to school districts.	Restricted	22,495,100	(868,000)
Senate concurs.			
7. School Breakfast Program (Sec. 31f)		Gross \$9,625,000	(\$5,825,000)
Executive reduces funding by \$5.8 million due to lower than anticipated reimbursement costs to school districts.	Restricted	9,625,000	(5,825,000)
Senate concurs.			
8. Special Education (Secs. 51a - 56)		Gross \$1,407,383,000	(\$38,595,900)
Executive increases special education funding by \$334,000 to fulfill obligations to ISDs that receive a hold-harmless payment that guarantees their funding will not fall below 1996-97 funding levels and reduces funding for other special education funding allocations (ISD foundation and costs, Headlee obligations, and court placed pupils) by \$38.9 million based on revised cost estimates.	Federal	459,700,000	0
	Restricted	947,683,000	(38,595,900)
Senate concurs.			
9. ISD Vocational Education Millage Equalization (Sec. 62)		Gross \$9,000,000	(\$307,000)
Executive decreases vocational education millage equalization funding to ISDs with per pupil taxable values less than \$190,400 based on revised cost estimates due to do taxable value adjustments.	Restricted	9,000,000	
Senate concurs.			

Major Boilerplate Changes From FY 2010-11 YTD

Sec. 11. Total Appropriations – REVISED

Executive requests that the total appropriation for FY 2010-11 (as well as the appropriation in Sec. 22a for the Proposal A Obligation portion of foundation allowances) be a sum sufficient to fully fund FY 2010-11 obligations in order to leave them flexibility in the event that final year-end costs exceed current estimates despite SB 197 revisions.

Senate does not concur.

Enacting Section 2. Tie Bar – NEW

Senate adds language to tie-bar SB 197 to HB 4445, so that SB 197 would not go into effect unless HB 4445 were enacted. HB 4445 (S-1) as passed the Senate would appropriate additional funds for new early childhood initiatives for FY 2011-12.

For further information see a summary of HB 4445 here:

<http://www.legislature.mi.gov/documents/2011-2012/billanalysis/House/pdf/2011-HLA-4445-5.pdf>

SCHOOL AID LINE ITEM SUMMARY



		FY 2010-11		
		PA 62 of 2011 YTD	SB 197 (S-1) Change From FY 2010-11 YTD	SB 197(S-1)
Sec.	Foundation Allowance Increases:			
11d	Per Pupil Reduction	(\$266,815,000)		(\$266,815,000)
11g	Durant - Debt Service	\$39,000,000		\$39,000,000
11j	School Bond Redemption Fund	\$5,167,800	(\$2,330,000)	\$2,837,800
11m	Cash Flow Borrowing Costs	\$15,000,000	(\$8,153,000)	\$6,847,000
11p	Federal Ed Jobs Funding	\$316,270,300		\$316,270,300
22a	Proposal A Obligation Payment	\$5,737,000,000	\$94,273,900	\$5,831,273,900
22b	Discretionary Payment - State	\$3,558,424,700	(\$7,327,000)	\$3,551,097,700
22b	Discretionary Payment - Federal ARRA	\$184,256,600		\$184,256,600
22d	Isolated District Funding	\$2,025,000		\$2,025,000
22e	MBT Impact on Out of Formula Districts	\$1,800,000		\$1,800,000
24	Court-Placed Pupils	\$8,000,000		\$8,000,000
24a	Juvenile Detention Facility Programs	\$1,440,000		\$1,440,000
24c	Youth Challenge Program	\$742,300		\$742,300
26a	Renaissance Zone Reimbursement	\$26,300,000	(\$3,368,000)	\$22,932,000
26b	PILT Reimbursement	\$3,400,000		\$3,400,000
29	Declining Enrollment Grants	\$20,000,000		\$20,000,000
31a	"At Risk" Pupil Support	\$308,988,200		\$308,988,200
31a(6)	School Based Health Centers	\$3,557,300		\$3,557,300
31a(7)	Hearing and Vision Screening	\$5,150,000		\$5,150,000
31d	State School Lunch Programs	\$22,495,100	(\$868,000)	\$21,627,100
31d	Federal School Lunch Programs	\$402,506,000		\$402,506,000
31f	School Breakfast Program	\$9,625,000	(\$5,825,000)	\$3,800,000
32b	ECIC Collaborative Grants	\$6,000,000		\$6,000,000
32d	Great Start School Readiness - District Grants	\$89,700,000		\$89,700,000
32d	Great Start School Readiness - Competitive	\$8,875,000		\$8,875,000
32j	Great Parents Great Start ISD Grants	\$5,000,000		\$5,000,000
39a1	Federal "No Child Left Behind"	\$761,973,600		\$761,973,600
39a2	Other Federal Funding	\$32,359,700		\$32,359,700
41	Bilingual Education Grants	\$2,800,000		\$2,800,000
51a(1)	Special Education - Federal Reimbursement	\$385,700,000		\$385,700,000
51a(2)	Special Ed ISD Foundation and Costs	\$236,300,000	(\$3,100,900)	\$233,199,100
51a(3)	Special Ed ISD Hold Harmless Payment	\$1,400,000	\$334,000	\$1,734,000
51a(6)	Special Ed Admin Rules Changes	\$2,200,000	(\$500,000)	\$1,700,000
51a(8)	Special Ed ISD Center FICA	\$15,313,900		\$15,313,900
51a(12)	Special Ed Foundations for Non Sec. 52 to ISDs	\$5,000,000		\$5,000,000
51c	Special Ed Headlee Obligation (Durant)	\$635,400,000	(\$34,129,000)	\$601,271,000
51d	Special Education - Other Federal Grants	\$74,000,000		\$74,000,000
53a	Special Ed for Court Placed Pupils	\$13,500,000	(\$1,200,000)	\$12,300,000
54	Special Ed Michigan School Blind/Deaf	\$1,688,000		\$1,688,000
56	Special Ed ISD Millage Equalization	\$36,881,100		\$36,881,100
61a	Vocational-Technical Education Programs	\$26,611,300		\$26,611,300
62	ISD Vocational Education Millage Equalization	\$9,000,000	(\$307,000)	\$8,693,000
64	Middle College Program	\$2,000,000		\$2,000,000
65	Precollege Engineering and Science Programs	\$905,100		\$905,100
74	Bus Driver Safety Instruction	\$1,625,000		\$1,625,000
74	School Bus Inspections	\$933,800		\$933,800
81	ISD General Operations Support	\$65,376,800		\$65,376,800
92	Postsecondary Agriculture Education Program	\$300,000		\$300,000
93	State Aid to Libraries for MELCat Support	\$1,500,000		\$1,500,000
94a	Center for Educational Performance	\$13,861,100		\$13,861,100
94a	Center for Educational Performance - Federal	\$10,067,800		\$10,067,800
98	Michigan Virtual School	\$1,687,500		\$1,687,500
98	Michigan Virtual School - Federal	\$2,700,000		\$2,700,000
99	Math and Science Centers - State	\$2,625,000		\$2,625,000
99	Math and Science Centers - Federal	\$5,249,300		\$5,249,300
99i	Positive Behavioral Support Program	\$300,000		\$300,000
104	MEAP Testing - State	\$40,194,400		\$40,194,400
104	MEAP Testing - Federal	\$3,250,000		\$3,250,000
107	Adult Education	\$22,000,000		\$22,000,000
152a	Adair - Database Payment	\$25,624,500		\$25,624,500
TOTAL APPROPRIATIONS		\$12,954,236,200	\$27,500,000	\$12,981,736,200
REVENUE BY SOURCE				
	Federal Aid	\$1,677,806,400	\$0	\$1,677,806,400
	Federal Ed Jobs	\$316,270,300	\$0	\$316,270,300
	Federal ARRA	\$184,256,600	\$0	\$184,256,600
	School Aid Fund	\$10,757,260,500	\$27,500,000	\$10,784,760,500
	School Aid Stabilization Fund	\$0	\$0	\$0
	General Fund/General Purpose	\$18,642,400	\$0	\$18,642,400
TOTAL REVENUE		\$12,954,236,200	\$27,500,000	\$12,981,736,200