

FY 2014-15 SUPPLEMENTAL APPROPRIATIONS
Summary: House Committee Substitute
House Bill 4110 (H-1) Draft 2



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APPROPRIATION SUMMARY

Budget Area		FY 2014-15 Year-to-Date Appropriations	FY 2014-15 Supplemental Change	% Change
School Aid	Gross	\$13,870,325,600	(\$183,365,500)	(1.3)
	Federal	1,808,162,700	0	0.0
	Restricted	11,947,262,900	(102,165,500)	(0.9)
	GF/GP	\$114,900,000	(\$81,200,000)	(70.7)
Community Colleges	Gross	\$364,724,900	\$0	0.0
	Restricted	197,614,100	167,110,800	84.6
	GF/GP	\$167,110,800	(\$167,110,800)	(100.0)
Higher Education	Gross	\$1,516,496,300	\$0	0.0
	Federal	97,026,400	0	0.0
	Restricted	204,567,900	2,000,000	1.0
	GF/GP	\$1,214,902,000	(\$2,000,000)	(0.2)
TOTAL	Gross	\$15,751,546,800	(\$183,365,500)	(1.2)
	Federal	1,905,189,100	0	0.0
	Restricted	12,349,444,900	66,945,300	0.5
	GF/GP	\$1,496,912,800	(\$250,310,800)	(16.7)

Overview

House Bill 4110 (H-1), in conjunction with House Bill 4112 (H-1); Executive Order (EO) 2015-5; and certain prior-year work projects lapsed by the State Budget Director, would resolve a projected General Fund/General Purpose (GF/GP) shortfall of \$456.1 million in the FY 2014-15 state budget. Under Article V, Section 20 of the State Constitution and the Management and Budget Act, the Governor, with the approval of the House and Senate Appropriations Committees, is required to reduce expenditures authorized by appropriations whenever it appears that actual revenues will fall below the revenue estimates on which appropriations were based.

House Bill 4110 (H-1) includes a combination of budget reductions and fund shifts totaling a \$183.4 million Gross (\$250.3 million GF/GP) reduction. The School Aid budget is reduced by \$96.0 million School Aid Fund (SAF) in consensus cost revisions and by an \$87.4 million Gross (\$81.2 million GF/GP) reduction included to help balance the GF/GP budget. The bill would shift a combined \$169.1 million in existing appropriations from GF/GP to School Aid Fund (SAF) revenue in the Community Colleges and Higher Education budgets.

FY 2014-15 Supplemental Appropriation Items		FY 2014-15 Year-To-Date	Supplemental Appropriation Change
SCHOOL AID			
1. MPSERS One-Time Payment (Section 147d)	Gross	\$108,000,000	(\$88,365,500)
Reduces by \$88.4 million SAF to eliminate the remaining balance in the line which was intended to provide an additional one-time unfunded liability payment into the Michigan Public School Employees' Retirement System (MPSERS).	Restricted	108,000,000	(88,365,500)

<u>FY 2014-15 Supplemental Appropriation Items</u>		<u>FY 2014-15 Year-To-Date</u>	<u>Supplemental Appropriation Change</u>
2. Foundation Allowances (Sections 22a and 22b)	Gross	\$8,885,000,000	(\$71,000,000)
Reduces by \$71.0 million Gross (\$80.5 million GF/GP) to recognize consensus cost estimate revisions related to revised taxable value data and reduced pupil memberships. Provides for a fund shift in the line of \$9.5 million from GF/GP to SAF to satisfy the remaining GF/GP reductions agreed to in order to balance the FY 2014-15 GF/GP budget deficit.	Restricted	8,796,485,300	9,500,000
	GF/GP	\$88,514,700	(\$80,500,000)
3. Special Education (Sections 51a and 51c)	Gross	\$938,946,100	(\$24,000,000)
Reduces by \$24.0 million SAF to recognize consensus cost estimate revisions for the required state share of special education costs.	Restricted	938,946,100	(24,000,000)
4. MPSERS State Share of UAAL (Section 147c)	Gross	\$674,700,000	\$2,200,000
Increases by \$2.2 million Gross to shift a portion of MPSERS costs attributable to district libraries from the MDE budget back to the School Aid budget. Also corrects an error that had attributed a portion of public school academy costs to district library costs, thus shifting \$1.7 million in the transferred costs from GF/GP to SAF.	Restricted	674,700,000	1,700,000
	GF/GP	\$0	\$500,000
5. Online Nutrition Program (Section 31g)	Gross	\$1,200,000	(\$1,200,000)
Eliminates \$1.2 million GF/GP in one-time funding added for FY 2014-15 for an online school nutrition program.	GF/GP	\$1,200,000	(\$1,200,000)
6. School Aid Fund Cash Flow Borrowing Costs (Section 11m)	Gross	\$4,000,000	(\$1,000,000)
Reduces by \$1.0 million SAF costs incurred by the School Aid Fund related to short-term borrowing due to lower than anticipated interest rates.	Restricted	4,000,000	(1,000,000)

COMMUNITY COLLEGES

7. Replace GF/GP Funding with School Aid Fund (Section 201)	Gross	\$364,724,900	\$0
Eliminates GF/GP funding for community colleges, replacing it with School Aid Fund (SAF) revenues. Fund sourcing would change for community college operations (\$111.3 million shift from GF/GP to SAF), state-share MPSERS payments (\$52.3 million), and Renaissance Zone tax reimbursements (\$3.5 million).	Restricted	197,614,100	167,110,800
	GF/GP	\$167,110,800	(\$167,110,800)

HIGHER EDUCATION

8. Replace GF/GP MPSERS support with School Aid Fund (Section 236)	Gross	\$6,446,200	\$0
Eliminates GF/GP funding for university costs associated with the Michigan Public School Employees Retirement System (MPSERS), replacing it with SAF revenues. Seven universities (Central, Eastern, Ferris, Lake Superior State, Michigan Tech, Northern, and Western) have MPSERS-related costs. Total MPSERS-related support in FY 2014-15 is \$6.4 million (\$2.0 million GF/GP), of which \$4.0 million is designated as one-time appropriations.	Restricted	4,446,200	2,000,000
	GF/GP	\$2,000,000	(\$2,000,000)

FY 2014-15 Supplemental Boilerplate Items

NONE

SCHOOL AID LINE ITEM SUMMARY



Sec.	
11g	Durant - Debt Service
11j	School Bond Redemption Fund
11m	Cash Flow Borrowing Costs
11r	Distressed Districts Emergency Grant Fund - NEW
20f	Hold Harmless Grants
20g	Dissolved District Transition Grants
22a	Foundations: Proposal A Obligation Payment
22b	Foundations: Discretionary Payment
22c	Foundations: Equity Payment
22d	Isolated District Funding
22f	Best Practices Incentive Grants
22g	Consolidation Innovation Grants
22i	Technology Infrastructure Improvement Grants
22j	District Performance Funding
24	Court-Placed Pupils
24a	Juvenile Detention Facility Programs
24c	Youth ChalleNGe Program
25f	Strict Discipline Academy Pupil Payments
26a	Renaissance Zone Reimbursement
26b	PILT Reimbursement
26c	Promise Zone Funding
31a	"At Risk" Pupil Support
31a(6)	School Based Health Centers
31a(7)	Hearing and Vision Screening
31d	State School Lunch Programs
31d	Federal School Lunch Programs
31f	School Breakfast Program
31g	Online Nutrition Program - NEW
32d	Great Start Readiness Program
32p	Early Childhood Block Grants
39a(1)	Federal "No Child Left Behind"
39a(2)	Other Federal Funding
41	Bilingual Education Grants
43	Teacher Certification Test Rewrite - NEW
51a(1)	Special Education - Federal Reimbursement
51a(2)	Special Ed ISD Foundation and Costs
51a(3)	Special Ed ISD Hold Harmless Payment
51a(6)	Special Ed Admin Rules Changes
51a(11)	Special Ed Foundations for Non Sec. 52 to ISDs
51c	Special Ed Headlee Obligation (Durant)
51d	Special Education - Other Federal Grants
53a	Special Ed for Court Placed Pupils
54	Special Ed Michigan School Blind/Deaf
56	Special Ed ISD Millage Equalization
61a	Career and Technical Education Programs
62	ISD Vocational Education Millage Equalization
64b	Dual Enrollment Incentive Payments - NEW
64c	Career Readiness Study - NEW
74	School Bus Driver Safety Instruction

FY 2014-15		
ENACTED PA 196 of 14 (HB 5314)	Change from YTD	HB 4110 (H-1) Draft 2 Supplemental
\$39,500,000		\$39,500,000
\$126,000,000		\$126,000,000
\$4,000,000	(\$1,000,000)	\$3,000,000
\$4,000,000		\$4,000,000
\$6,000,000		\$6,000,000
\$2,200,000		\$2,200,000
\$5,393,000,000	(\$13,000,000)	\$5,380,000,000
\$3,492,000,000	(\$58,000,000)	\$3,434,000,000
\$103,000,000		\$103,000,000
\$2,584,600		\$2,584,600
\$75,000,000		\$75,000,000
\$2,000,000		\$2,000,000
\$41,500,000		\$41,500,000
\$51,100,000		\$51,100,000
\$8,000,000		\$8,000,000
\$2,195,500		\$2,195,500
\$1,500,000		\$1,500,000
\$2,000,000		\$2,000,000
\$26,300,000		\$26,300,000
\$4,210,000		\$4,210,000
\$293,100		\$293,100
\$308,988,200		\$308,988,200
\$3,557,300		\$3,557,300
\$5,150,000		\$5,150,000
\$22,495,100		\$22,495,100
\$513,200,000		\$513,200,000
\$5,625,000		\$5,625,000
\$1,200,000	(\$1,200,000)	\$0
\$239,575,000		\$239,575,000
\$10,900,000		\$10,900,000
\$807,969,900		\$807,969,900
\$31,300,000		\$31,300,000
\$1,200,000		\$1,200,000
\$1,800,000		\$1,800,000
\$370,000,000		\$370,000,000
\$252,000,000	(\$200,000)	\$251,800,000
\$1,000,000		\$1,000,000
\$2,200,000		\$2,200,000
\$3,300,000	\$700,000	\$4,000,000
\$630,500,000	(\$24,500,000)	\$606,000,000
\$74,000,000		\$74,000,000
\$10,500,000		\$10,500,000
\$1,688,000		\$1,688,000
\$37,758,100		\$37,758,100
\$27,611,300		\$27,611,300
\$9,190,000		\$9,190,000
\$1,750,000		\$1,750,000
\$250,000		\$250,000
\$1,625,000		\$1,625,000

SCHOOL AID LINE ITEM SUMMARY



74	School Bus Inspections
74a	School Bus Diesel to Natural Gas Conversion - NEW
81	ISD General Operations Support
94	Advanced Placement (AP) Incentive Program - NEW
94a	Center for Educational Performance and Information
94a	Center for Educational Performance and Info - Federal
95a	Educator and Administrator Evaluations - NEW
98	Michigan Virtual University
99	Math and Science Centers - State
99	Math and Science Centers - Federal
99b	STEM Professional Development - NEW
99h	FIRST Robotics
104	Education Assessments - State
104	Education Assessments - Federal
107	Adult Education
147a	MPERS Cost Offset
147c	MPERS State Share of Unfunded Liability Payments
147d	MPERS ONE-TIME Extra UAL Payment - NEW
152a	Adair - Database Payment
TOTAL APPROPRIATIONS	

FY 2014-15		
ENACTED PA 196 of 14 (HB 5314)	Change from YTD	HB 4110 (H-1) Draft 2 Supplemental
\$1,691,500		\$1,691,500
\$3,000,000		\$3,000,000
\$67,115,000		\$67,115,000
\$250,000		\$250,000
\$12,022,800		\$12,022,800
\$193,500		\$193,500
\$14,800,000		\$14,800,000
\$7,387,500		\$7,387,500
\$3,225,000		\$3,225,000
\$5,249,300		\$5,249,300
\$330,000		\$330,000
\$2,000,000		\$2,000,000
\$41,394,400		\$41,394,400
\$6,250,000		\$6,250,000
\$22,000,000		\$22,000,000
\$100,000,000		\$100,000,000
\$674,700,000	\$2,200,000	\$676,900,000
\$108,000,000	(\$88,365,500)	\$19,634,500
\$38,000,500		\$38,000,500
\$13,870,325,600	(\$183,365,500)	\$13,686,960,100

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

\$1,808,162,700		\$1,808,162,700
\$11,929,262,900	(\$102,165,500)	\$11,827,097,400
\$18,000,000		\$18,000,000
\$114,900,000	(\$81,200,000)	\$33,700,000
\$13,870,325,600	(\$183,365,500)	\$13,686,960,100