

APPROPRIATION LINE ITEM AND BOILERPLATE HISTORY

**K-12 SCHOOL AID
PART 1: LINE ITEM DETAIL**

	2017 PA 108 Article I FY 2017-18 Initial
Sec. 11 APPROPRIATION SUMMARY	
1. <u>Unclassified full-time equated (FTE) positions</u> - Positions that are exempted from the classified State civil service pursuant to Article XI, Section 5 of the Michigan Constitution.	N/A
2. <u>Classified FTE positions</u> - All positions in State service unless exempted by Article XI, Section 5 of the Michigan Constitution. One FTE position equals 2,088 hours.	N/A
3. GROSS APPROPRIATION - Total appropriations	\$14,578,863,900
4. <u>Interdepartmental grants (IDG)</u> - Funds that are also appropriated in other budgets. These funds are categorized as IDGs in the Department of Education that spends the funds and are therefore subtracted from the Gross Appropriation to avoid double counting total statewide appropriations.	N/A
5. <u>ADJUSTED GROSS APPROPRIATION</u> - Gross appropriations less IDGs.	14,578,863,900
6. <u>Federal revenue (on-going)</u> - Funding allocated to the State by the Federal government that is not temporary in nature.	1,726,943,500
8. <u>Local revenue</u> - Funds paid by local units of government that support State services and programs.	N/A
9. <u>Private revenue</u> - Available appropriated funds from private sources, including funding from non-governmental agencies.	N/A
10. <u>State restricted revenue</u> - Revenue earmarked for a specific purpose by the State Constitution, statute, or appropriation bill. Restricted revenue for school aid is generally referred to as the School Aid Fund (SAF).	12,638,230,400
11. <u>State general fund/general purpose</u> - Revenue that has no constitutional or statutory restrictions on how it is used. Approximately 90% of the general fund/general purpose (GF/GP) revenue is derived from the income, single business, insurance, sales, and use taxes.	213,690,000
12. <u>Payments to locals</u> - State appropriations from GF/GP or State restricted revenues that will be allocated to local units of government. For school aid purposes, local school districts and intermediate school districts (ISD) are considered local units of government.	12,677,072,800
Sec. 11j - SCHOOL BOND LOAN FUND PAYMENTS	
1. <u>Appropriation</u>	\$125,500,000

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2. Purpose of Appropriation

To make payments to the school bond loan redemption fund in the Department of Treasury for debt service payments on behalf of districts and ISDs that have borrowed through the School Bond Loan Fund program. Prior to FY 2002-03, this program was funded in the Department of Treasury budget.

3. Funding Source

State school aid fund

\$125,500,000

Sec. 11m - CASH-FLOW BORROWING

1. Appropriation

\$6,500,000

2. Purpose of Appropriation

To make payments on behalf of districts and ISDs for fiscal year cash-flow borrowing costs related to the State School Aid Fund. Prior to FY 2006-07, this program was funded in the Department of Treasury budget.

3. Funding Source

State school aid fund

\$6,500,000

Sec. 11s - FLINT DECLARATION OF EMERGENCY

1. Appropriation

\$8,730,100

2. Purpose of Appropriation

To make payments to support early childhood programs, school nurses and social workers, nutrition programs, and related items for Flint Schools and Genesee ISD. The amount appropriated represents roughly one-half of the estimated need for FY 2017-18, with the remaining need intended to be transferred from the reserve fund established to provide additional resources as necessary.

3. Funding Source

State restricted (water emergency reserve fund)

\$100

State general fund/general purpose

\$8,730,100

Sec. 20 - FOUNDATION ALLOWANCE

1. Appropriation

N/A

2. Purpose of Appropriation

This section is for **calculation of foundation allowances only** (and not for the payment of per-pupil funding). A foundation allowance is a per-pupil amount that is determined for each local school district. When Proposal A was first implemented in FY 1994-95, the foundation allowance for local school districts was calculated based on the amount of eligible State and local revenue per pupil a district received in FY

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1993-94. Since then, the foundation allowance has been adjusted by adding a per-pupil amount to a district's foundation allowance according to the formula provided in the School Aid Act.

In addition, the basic foundation allowance is the foundation allowance that is used to determine the amount of increase each year. Prior to FY 1999-2000, some districts were below the basic foundation allowance and received a higher per-pupil increase so as to bring those districts up to the basic foundation allowance amount. Districts that were at or above the basic foundation allowance received only the actual amount of increase determined for the basic foundation allowance. From FY 1999-2000 through FY 2006-07, all districts were at or above the basic foundation and thus all districts received the same amount of per-pupil increase each year during that time period. Beginning in FY 2007-08, a return to what is called the "2x" formula was implemented, whereby districts at the minimum funding (\$6,966 per-pupil in FY 2012-13) receive twice the dollar increase provided to districts at or above the newly established basic foundation allowance (\$8,019 in FY 2012-13), in order to further close the funding gap among low- and high-spending districts.

For FY 2017-18, the "2x" formula was used to provide a minimum increase of \$60 per pupil, up to \$120 per pupil for districts with foundation allowances at the minimum. The new minimum is \$7,631, and the new basic is \$8,289.

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|----|-----------------------|-----|
| 3. | <u>Funding Source</u> | N/A |
| | State school aid fund | N/A |

Sec. 20f - CATEGORICAL OFFSET PAYMENTS

- | | | |
|----|---|--------------|
| 1. | <u>Appropriation</u> | \$18,000,000 |
| 2. | <u>Purpose of Appropriation</u> | |
| | <p>This section was new for FY 2013-14 and is continued into FY 2016-17. When the section was added for FY 2013-14, it provided payments to districts to ensure that the sum of the FY 2013-14 changes in per-pupil foundation allowance, equity, and Michigan Public School Employees Retirement System (MPERS) offset (Sec. 147a) payments compared to FY 2012-13 levels result in at least a \$5 increase. For FY 2014-15, districts that received a payment under this section in the previous year received the same per-pupil payment as provided in FY 2013-14. For FY 2015-16, an additional payment was made on top of the previous amounts, to ensure that every district received at least a \$25-per-pupil increase in overall funding when calculating the positive changes in the foundation allowance and at-risk payments against the negative changes in pupil performance and best practices grants. For FY 2017-18, districts that received a payment under this section in the previous year received the same per-pupil payment as provided in FY 2016-17.</p> | |
| 3. | <u>Funding Source</u> | |
| | State school aid fund | \$18,000,000 |

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Sec. 21h - PARTNERSHIP MODEL

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|----|---|-------------|
| 1. | <u>Appropriation</u> | \$6,000,000 |
| 2. | <u>Purpose of Appropriation</u>
New for FY 2017-18, this section provides funding to assist districts assigned by the Superintendent of Public Instruction to participate in a partnership to improve student achievement. Funds allocated may be used to pay for district expenditures approved by the Superintendent to improve student achievement, including professional development, increased instructional time, teacher mentors, or other expenditures that directly impact student achievement and can't be paid from existing district financial resources. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$6,000,000 |

Sec. 21j - COMPETITIVE GRANTS FOR COMPETENCY-BASED EDUCATION

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|----|---|-----------|
| 1. | <u>Appropriation</u> | \$500,000 |
| 2. | <u>Purpose of Appropriation</u>
New for FY 2017-18, this section provides for competitive grants to districts for the design and implementation of competency-based education programs to provide enhanced choice to pupils and parents for the completion of the requirements for Kindergarten through a high school diploma. | |
| 3. | <u>Funding Source</u>
State general fund/general purpose | \$500,000 |

Sec. 22a - PROPOSAL A OBLIGATION PAYMENT

- | | | |
|----|---|-----------------|
| 1. | <u>Appropriation</u> | \$5,181,800,000 |
| 2. | <u>Purpose of Appropriation</u>
To satisfy the State's Proposal A Constitutional per-pupil funding obligation. This section allocates payments to guarantee a FY 1994-95 foundation allowance for every pupil. The number of pupils in a school district and the amount of local revenue raised from a district's 18-mill operational levy determine the amount of funding under this section. The State pays the difference between what is generated locally under the district's 18-mill operations levy on nonhomesteads and the district's 1994-95 foundation allowance, multiplied by the district's pupils in membership. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$5,181,800,000 |

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Sec. 22b - DISCRETIONARY PAYMENT

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|----|---|-----------------|
| 1. | <u>Appropriation</u> | \$4,037,500,000 |
| 2. | <u>Purpose of Appropriation</u>

To make discretionary nonmandated payments to districts, equal to the sum of calculations under Sections 20, 51a(2), 51a(3), and 51a(11) less the payments made under Sections 22a and 51c. In order to receive these funds, districts must administer department-approved standardized tests of basic educational skills in grades 1-5, comply with Sections 1278a, 1278b, and 1230g of the Revised School Code, furnish data to the Center for Educational Performance and Information, and comply with Section 21f of the School Aid Act. The section earmarks \$1.0 million for litigation costs incurred by the State related to commercial or industrial property tax appeals that impact SAF revenues, and \$1.0 million for litigation costs incurred by the State in defense of lawsuits. | |
| 3. | <u>Funding Source</u> | |
| | State school aid fund | \$3,815,620,500 |
| | Community district education trust fund | \$72,000,000 |
| | State general fund/general purpose | \$149,879,500 |

Sec. 22d - ISOLATED DISTRICTS FUNDING

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|----|--|-------------|
| 1. | <u>Appropriation</u> | \$5,000,000 |
| 2. | <u>Purpose of Appropriation</u>

To make payments to small, geographically isolated districts. Of the total funding, \$4,042,700 is for payments to districts with 7.3 or fewer pupils per square mile. For this group of districts, funding is allocated on an equal per-pupil basis, and is estimated at \$44. The remaining \$957,300 is for payments to districts that operate grades K-12, have fewer than 250 pupils, and is located in the Upper Peninsula at least 30 miles from any other public school building or is located on an island not accessible by bridge. Funding to this group of districts is determined based on a spending plan approved by the State Superintendent. | |
| 3. | <u>Funding Source</u> | |
| | State school aid fund | \$5,000,000 |

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Sec. 22m - REGIONAL TECHNOLOGY DATA HUBS

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|----|---|-------------|
| 1. | <u>Appropriation</u> | \$2,200,000 |
| 2. | <u>Purpose of Appropriation</u>
New for FY 2017-18, this section appropriates funding for supporting the integration of local data systems into the Michigan Data Hub Network based on common standards and applications in compliance with Section 19(6). An entity that is the fiscal agent for no more than five consortia of intermediate districts that previously received TRIG funding for the purpose of establishing regional data hubs are eligible for funding. Those eligible fiscal agents include Kalamazoo RESA, Kent ISD, Oakland Schools, REMC 1/Copper Country ISD, and Wexford-Missaukee ISD. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$2,200,000 |

Sec. 22n - HIGH SCHOOL PER-PUPIL PAYMENT

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|----|---|--------------|
| 1. | <u>Appropriation</u> | \$11,000,000 |
| 2. | <u>Purpose of Appropriation</u>
New for FY 2017-18, this section provides an additional payment to districts equal to \$25 per high school pupil. A district is eligible for a payment if it educates pupils in one or more of grades 9 to 12. If the funding is insufficient to fully fund payments, payments will be prorated on an equal per-pupil basis. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$11,000,000 |

Sec. 24 - COURT-PLACED PUPILS

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|----|--|-------------|
| 1. | <u>Appropriation</u> | \$8,000,000 |
| 2. | <u>Purpose of Appropriation</u>
To reimburse the educating district or ISD for the added costs of providing an on-grounds educational program to pupils under court jurisdiction placed in or assigned to attend a juvenile detention facility or child caring institution. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$8,000,000 |

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Sec. 24a - JUVENILE DETENTION FACILITIES

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|----|--|-------------|
| 1. | <u>Appropriation</u> | \$1,339,000 |
| 2. | <u>Purpose of Appropriation</u>
For payments to ISDs to cover State costs associated with educational programs for pupils placed in juvenile justice facilities that are within an ISD's boundaries. Program responsibilities will not be transferred to the host ISD without their consent. Prior to FY 2006-07, this program was funded in the Department of Human Services budget. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$1,339,000 |

Sec. 24c - YOUTH CHALLENGE PROGRAM

- | | | |
|----|---|-------------|
| 1. | <u>Appropriation</u> | \$1,528,400 |
| 2. | <u>Purpose of Appropriation</u>
For payments to districts for pupils enrolled in a nationally administered community-based education and youth mentoring program known as the Youth Challenge program. Prior to FY 2006-07, this program was funded in the Department of Military and Veterans Affairs budget. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$1,528,400 |

Sec. 25f - STRICT DISCIPLINE ACADEMIES

- | | | |
|----|--|-----------|
| 1. | <u>Appropriation</u> | \$750,000 |
| 2. | <u>Purpose of Appropriation</u>
For payments to strict discipline academies (SDAs) to reimburse for costs above and beyond the costs covered by the foundation allowance or other sources of State Aid on an added-cost basis. Payments under this section and under Section 24 (court-placed pupils) cannot exceed the equivalent of an additional foundation allowance payment. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$750,000 |

Sec. 25g - DROPOUT RECOVERY

- | | | |
|----|----------------------|-----------|
| 1. | <u>Appropriation</u> | \$750,000 |
|----|----------------------|-----------|

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2. Purpose of Appropriation

For payments to districts operating dropout recovery programs under certain conditions. For districts operating dropout recovery programs that utilize special membership counting provisions of Section 6(4)(dd), payments reimburse for the education of students when they may otherwise be counted as more than 1.0 FTE (e.g., summer school months).

3. Funding Source

State school aid fund \$750,000

Sec. 26a - RENAISSANCE ZONE REIMBURSEMENT

1. Appropriation

\$17,000,000

2. Purpose of Appropriation

To reimburse districts and intermediate school districts for tax revenue lost due to Renaissance Zone tax exemptions.

3. Funding Source

State school aid fund \$17,000,000

Sec. 26b - PILT REIMBURSEMENT

1. Appropriation

\$4,405,100

2. Purpose of Appropriation

For payments to districts, ISDs, and community colleges for lost tax revenue on land owned by the State Department of Natural Resources and Environment. Prior to FY 2005-06, this program was funded in the DNR budget.

3. Funding Source

State school aid fund \$4,405,100

Sec. 26c - PROMISE ZONE REIMBURSEMENT

1. Appropriation

\$1,500,000

2. Purpose of Appropriation

For reimbursement to local districts and ISDs that have a Promise Zone development plan approved by the Department of Treasury.

3. Funding Source

State school aid fund \$1,500,000

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Sec. 31a - AT-RISK PUPILS

1. Appropriation

\$510,207,300

2. Purpose of Appropriation

Of the total appropriation, \$499.0 million provides additional funding to districts for each student "at-risk" of educational failure; \$6.1 million of the appropriation is used to support child and adolescent health centers (previously funded in the Department of Community Health budget until FY 2005-06); and \$5.2 million of the appropriation is used to cover the State's portion of hearing and vision screenings (previously funded in the Department of Community Health budget until FY 2006-07). If fully funded, at-risk dollars would be provided to districts equal to 11.5% of the statewide weighted average, multiplied by the number of students determined to be economically disadvantaged. If this appropriation is not enough to fully fund the categorical, proration occurs on a per-pupil basis. For the previous fiscal year (2016-17), proration was equal to \$184.18, a reduction from the prior-year proration of \$186.77 per pupil. However, additional funding was added in FY 2017-18, and proration should be lower.

The FY 2014-15 budget included significant language changes in the At-Risk section, where the dollars (other than those earmarked for vision/hearing screening or health centers) are specified for the purposes of ensuring that pupils are proficient in reading by the end of third grade and that high school graduates are career and college ready. All other restrictions on the uses of At-Risk funds were removed.

Language was added in FY 2014-15 to state that districts may use 100% of their funds to implement schoolwide reform in schools with 40% or more of pupils identified as at risk by providing supplemental instructional or noninstructional services consistent with the school improvement plan.

The section was further amended to state that, beginning in FY 2014-15, if a district did not demonstrate to the satisfaction of the Department of Education that at least 50% of at-risk pupils are reading at grade level by the end of third grade and demonstrate improvement over three consecutive years in the percentage of at-risk pupils that are career- and college-ready, then restrictions would be put into place mandating the percentages of total funding that would have to be allocated to improve both areas.

Changes in FY 2015-16 built upon the changes enacted in FY 2014-15, primarily by requiring all districts to implement a multi-tiered system of supports in at least grades K to 3 in order to receive any At Risk funding. In addition, the definition of "at-risk pupil" was broadened to include numerous additional qualifiers, such that more students can receive services funded with at-risk dollars.

Changes for FY 2017-18 also occurred, most notably by including previously ineligible districts in funding. Specifically, prior to FY 2017-18, districts whose combined State and local per-pupil operational funding exceeded the basic were ineligible for At Risk funding. Beginning with FY 2017-18, these districts will be eligible for funding, although their payment will be 30% of what is received by a district whose combined State and local per-pupil operational funding is at or below the basic (\$8,229 for FY 2017-18).

In addition, the definition of eligible pupils was changed from being eligible for free lunch

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to being economically disadvantaged, which includes eligible for free or reduced-price meals, living in a household that receives supplemental nutrition or TANF assistance, and being homeless, a migrant, or in foster care. This significantly broadens the number of children eligible for At Risk funding.

The section also changed the overarching goals to align with the 3rd Grade Reading efforts, such that the funds are to ensure pupils are proficient in English Language Arts by the end of grade 3, that pupils are proficient in math by the end of grade 8, that pupils are attending school regularly, and that high school graduates are career and college ready. Along the same lines, for grades K to 3, districts must use resources to address early literacy, and for at least grades 4 to 8, implement MTSS.

3. Funding Source

State school aid fund

\$510,207,300

Sec. 31b - YEAR-ROUND SCHOOLS GRANTS

1. Appropriation

\$1,500,000

2. Purpose of Appropriation

To provide competitive grants to at-risk districts for implementing a year-round instructional program for at least 1 of the district's schools. A district is eligible if it is either eligible in FY 2017-18 for the community eligibility option for free and reduced price lunch, or if at least 50% of the pupils in the district met the income eligibility criteria for free breakfast, lunch, or milk in the prior year. The board of the district must adopt a resolution stating that the district will newly implement a year-round calendar in FY 2018-19 for at least one school operated by the district, and commit to that year-round calendar for at least three years. Priority in the awarding of the competitive grants is based on districts that had lower general fund balances, districts that operate at least one school identified as a priority or focus school, and ensuring that grant funding includes both rural and urban districts. Maximum grant amount is \$750,000.

3. Funding Source

State school aid fund

\$1,500,000

Sec. 31d - SCHOOL LUNCH PROGRAMS

1. Appropriation

\$545,695,100

2. Purpose of Appropriation

To reimburse districts for 6.0127% of the necessary costs of the State-mandated portion of the school lunch programs, and to reimburse districts for the Federal National School Lunch and Emergency Food Assistance programs.

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	Federal revenue	\$523,200,000
	State school aid fund	\$22,495,100
Sec. 31f - SCHOOL BREAKFAST REIMBURSEMENT		
1.	<u>Appropriation</u>	\$4,500,000
2.	<u>Purpose of Appropriation</u>	
	To reimburse districts for the cost of providing breakfast, which is statutorily required under certain circumstances. Until FY 2006-07, this program previously was funded in the Department of Education budget.	
3.	<u>Funding Source</u>	
	State school aid fund	\$4,500,000
Sec. 31j - LOCAL PRODUCE IN SCHOOLS GRANTS		
1.	<u>Appropriation</u>	\$375,000
2.	<u>Purpose of Appropriation</u>	
	To support a pilot project (that began in FY 2016-17) to support districts in the purchase of locally-grown fruits and vegetables. Funding is to be provided to prosperity regions 2, 4, and 9 with competitive grants established for districts within those prosperity regions.	
3.	<u>Funding Source</u>	
	State general fund/general purpose	\$375,000
Sec. 32d - SCHOOL READINESS GRANTS		
1.	<u>Appropriation</u>	\$243,900,000
2.	<u>Purpose of Appropriation</u>	
	To provide formula grant funding to eligible intermediate districts and consortia of ISDs for comprehensive compensatory education programs to improve the school readiness of at-risk four-year-olds. The formula is provided in Section 39; beginning in FY 2017-18, American Community Survey (ACS) population census data will replace ISD estimates of eligible children. The initial allocation will be the lesser of the number of children served in the prior year (with funding based on numbers of children served in half-day and full-day programs), or the number of children the applicant has the capacity to serve. Any funds remaining would be distributed to each ISD or consortium that serves less than the State percentage benchmark (which is 60% in FY 2017-18).	
	An approved school readiness program must include an age-appropriate educational curriculum, nutritional services, health screening, a plan for parent (legal guardian) involvement, and referrals for community social services. (Language new for FY 2017-18 requires the Department to review age-appropriate comprehensive classroom level quality assessments, and make at least two assessments available no later than April	

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1, 2018. Other new language allows the use of a supplemental curriculum that aligns with and enhances the age-appropriate educational curriculum.)

At least 90% of the children participating in the program must be from families with income levels no more than 250% of the Federal poverty level, with children from poorer families awarded slots before children from families with higher incomes levels. However, if all slots at 250% of poverty are served within an ISD, the threshold can be increased to 300% of poverty. ISDs must contract for at least 30% of the total slot allocation, unless contractors are unable to fulfill the contracts. Children served in a program funded only through Head Start are not counted toward the 30% mandate.

Of the total appropriation, \$300,000 GF/GP also is allocated for a competitive grant for continuation of a longitudinal evaluation of children who participated in the school readiness program.

Of the total appropriation, \$10.0 million is earmarked for reimbursement of transportation costs at no more than the actual cost of transporting kids to GSRP programs, or \$300 multiplied by the number of children funded for the program. This earmark was new for FY 2014-15 and continued into FY 2017-18.

School Readiness grants to entities other than school districts were funded in the Department of Education budget until FY 2005-06.

An ISD or consortium of ISDs may retain for administrative services provided an amount not to exceed 4% of the grant amount. Expenses incurred by subrecipients engaged by the ISD or consortium of ISDs for directly running portions of the program are considered program costs or a contracted program fee for service.

3. Funding Source

State school aid fund	\$243,600,000
State general fund/general purpose	\$300,000

Sec. 32p - EARLY CHILDHOOD BLOCK GRANT PROGRAM

1. Appropriation \$13,400,000

2. Purpose of Appropriation

To fund an early childhood block grant program (birth through age 8), using funding previously allocated under section 32b and 32j. In order to receive funding, each ISD is required to provide an application detailing proposed uses of early childhood funding. Under this section, ISDs are required to submit reports after the end of the fiscal year indicating actual programs offered and children served. Funding to each ISD will be determined based upon a formula established by the Office of Great Start to ensure equitable funding statewide.

Of the total, \$2.5 million is earmarked for home visits to at-risk children and their families, to improve school readiness, reduce the number of pupils retained in grade level, and reduce the number of pupils requiring special education.

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3.	<u>Funding Source</u>		
	State school aid fund		\$13,400,000

Sec. 32q - EARLY LEARNING COOPERATIVE

1.	<u>Appropriation</u>		\$175,000
2.	<u>Purpose of Appropriation</u>	<p>To support a pilot project that evaluates the relative impact on vulnerable children of one versus two years of preschool education. The grant is to an ISD that partners with an early childhood collaborative, with the intent that the pilot is supported for 3 years. (FY 2017-18 is the second of three years of funding.)</p>	
3.	<u>Funding Source</u>	State school aid fund	\$175,000

Sec. 35 and 35a - EARLY LITERACY ADMINISTRATION AND GRANT FUNDING

1.	<u>Appropriation</u>		\$27,900,000
2.	<u>Purpose of Appropriation</u>	<p>To fund numerous early literacy activities under various sections, with administration under Section 35 (\$1.0 million to the Department of Education), and specific types of funding and assistance under Sections 35a, described in more detail as follows:</p> <ul style="list-style-type: none"> • Sec. 35a(4) - Early Literacy Coaches: \$6.0 million, to provide early literacy coaches at ISDs to assist teachers in developing strategies for pupils in grades K to 3, with at least one coach per ISD, and remaining funding directed to ISDs based on proportion of free-lunch eligible K-3 students. ISDs must provide matching funding, and State grants will not exceed \$75,000 per coach. • Sec. 35a(5) - Payment for Additional Instructional Time in K-3: \$20.9 million, to pay districts an estimated \$210 per first grade pupil to pay for the expansion of instructional time in grades K to 3. Districts must implement MTSS and meet other criteria to qualify. Districts may spend up to 5% for professional development in current State literacy standards, and up to 5% to administer screening and diagnostic tools (or for professional development on those tools). • Sec. 35a(6) - Michigan Education Corps: \$2.5 million GF, for the group to replicate the Michigan Reading Corps program and demonstrate efficacy and impact. 	
3.	<u>Funding Source</u>	State school aid fund	\$24,400,000
		State general fund/general purpose	\$3,500,000

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Sec. 39a - FEDERAL GRANTS

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|----|--|---------------|
| 1. | <u>Appropriation</u> | \$761,600,000 |
| 2. | <u>Purpose of Appropriation</u>
To provide Federal grants to districts, ISDs, and other eligible applicants. Federal grants were previously appropriated in the Department of Education budget, but were transferred to the School Aid budget in FY 2002-03. Grants are distributed in accordance with Federal law. | |
| 3. | <u>Funding Source</u> | |
| | Federal NCLB Grants | \$731,600,000 |
| | Federal Non-NCLB Grants | \$30,000,000 |

Sec. 41 - BILINGUAL EDUCATION

- | | | |
|----|---|-------------|
| 1. | <u>Appropriation</u> | \$6,000,000 |
| 2. | <u>Purpose of Appropriation</u>
To provide grants to districts offering programs of instruction for pupils of limited English-speaking ability. Districts must administer the Wida assessment. Reimbursement is either \$410 or \$620 per full-time English language learner, based on Wida scores. To be eligible to receive funding, districts must allow access for the Department to audit records, and must provide a report on usage of funds. | |
| 3. | <u>Funding Source</u> | |
| | State school aid fund | \$6,000,000 |

Sections 51a, 51c, 54, and 56 - SPECIAL EDUCATION

- | | | |
|----|--|-----------------|
| 1. | <u>Appropriation</u> | \$1,326,746,100 |
| 2. | <u>Purpose of Appropriation</u>
Provides payments for the required State funding percentages for special education and special education transportation, including foundation allowance payments for students in special education membership, and other special education categorical programs.

The appropriation funds the following specific allocations which are listed in order of funding priority:
A. An estimated \$264,200,000 for reimbursing intermediate ISDs 28.6138% of total approved costs of special education students, excluding costs reimbursed under Section 53a, and 70.4165% of total approved costs of special education transportation. These payments are required by the <i>Durant v. State of Michigan</i> decision and are allocated in Section 51a(2).
B. An estimated \$635,300,000 is allocated to reimburse districts for 28.6138% of total approved costs of special education, excluding costs reimbursed under Section 53a, and 70.4165% of total approved costs of special education transportation. These payments are required by the <i>Durant v. State of Michigan</i> decision and are allocated in Section 51c. | |

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- C. An estimated \$3,600,000 for foundation allowance payments for special education pupils described in Section 53a including those in institutional placements and nonspecial education pupils served by an ISD in a juvenile detention or child caring facility. These payments are allocated in Section 51a(11).
- D. Up to \$10,500,000 for reimbursement of 100% of the total approved costs of special education (excluding foundation allowance payments which are made under Section 51a(11)) for pupils in institutional and community placements described in Section 53a.
- E. Up to \$2,200,000 for the cost of implementing administrative rule revisions made in 1987. These allocations are made in Section 51a(6).
- F. \$1,688,000 for ISDs in an amount per pupil for each pupil enrolled at the Michigan Schools for the Deaf and Blind. These allocations are made in Section 54.
- G. An estimated \$1,000,000 for payments to ensure that ISDs receive at least the amount of the FY 1996-97 allocation under Sections 52 and 58. These allocations are made in Section 51a(3). For local school districts and public school academies, this Section is for calculation purposes only, to determine discretionary payments under Section 22b.
- H. \$500,000 to reimburse ISDs for the administrative costs related to monitoring cyber schools with regard to special education pupils.
- I. Up to \$37,758,100 for equalization of ISD special education millage. For FY 2016-17, reimbursement to each ISD will be at least 75.0% of what was received in FY 2015-16, with the exception of Wayne RESA, which is frozen at no more than 62.9% of the total appropriation. These allocations are made in Section 56.

Federal Funds: From the total Federal allocation, not more than \$3.5 million may be allocated by the Department of Education for competitive grants to improve special education on a statewide basis. All remaining Federal monies are distributed in an equal amount per special education-identified pupil, based on Federally required head counts of students. This allocation is found in Section 51a(5).

3. Funding Source

State school aid fund	\$956,246,100
Federal revenue	\$370,000,000
General fund/general purpose	\$500,000

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Sec. 51d - FEDERAL SPECIAL EDUCATION GRANTS

- | | | |
|----|---|--------------|
| 1. | <u>Appropriation</u> | \$61,000,000 |
| 2. | <u>Purpose of Appropriation</u>
To allocate funding for special education programs funded by Federal grants. These grants include Handicapped Infants and Toddlers, Preschool Grants, and Special Education Programs (funded with Individuals with Disabilities Education Act funds).

All Federal funds allocated under this section shall be distributed in accordance with Federal law. | |
| 3. | <u>Funding Source</u>
Federal revenue | \$61,000,000 |

Sec. 54b - INTEGRATED BEHAVIOR AND LEARNING SUPPORT (MiBLSi)

- | | | |
|----|---|-------------|
| 1. | <u>Appropriation</u> | \$1,600,000 |
| 2. | <u>Purpose of Appropriation</u>
This appropriation is for the purpose of piloting statewide implementation of the Michigan Integrated Behavior and Learning Support Initiative (MiBLSi) and providing training to districts and ISDs related to the safe implementation of emergency restraints and seclusion. | |
| 3. | <u>Funding Source</u>
State general fund/general purpose | \$1,600,000 |

Sec. 55 - CONDUCTIVE LEARNING CENTER STUDY

- | | | |
|----|---|-----------|
| 1. | <u>Appropriation</u> | \$150,000 |
| 2. | <u>Purpose of Appropriation</u>
To pay Michigan State University for a study of the Conductive Learning Center at Aquinas College, evaluating conductive education for children with cerebral palsy. Language states that this is the third of three years of funding. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$150,000 |

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Sec. 61a - CAREER AND TECHNICAL EDUCATION PROGRAMS

- | | | |
|----|---------------------------------|--------------|
| 1. | <u>Appropriation</u> | \$37,850,300 |
| 2. | <u>Purpose of Appropriation</u> | |

To reimburse for the added costs of secondary-level career and technical education programs. The disbursement of funds to local school districts or secondary area vocational-technical centers occurs through an "added-cost" reimbursement process. The allocation depends on the type of program provided, the number of pupils enrolled, and the length of the training period. The reimbursement is limited to 75% of added costs of any program. Language directs the prioritization of the funding formula using specified criteria, as well as a requirement that 9th grade students are counted in all aspects of the funding formula. Language allows a Career and Technical Education program funded under this section to provide an opportunity for adult education students participating under Sec. 107 to enroll if participation occurs outside of regular school hours.

New for FY 2017-18, out of the total, \$1.0 million is for competitive grants to not more than three ISDs to hire CTE counselors, and \$160,000 is for two \$80,000 grants to Corunna and Owosso School Districts for CTE counselors.

Of the total, \$79,000 is earmarked for the Michigan Restaurant Association's restaurant management and culinary arts program.

- | | | |
|----|------------------------------------|--------------|
| 3. | <u>Funding Source</u> | |
| | State school aid fund | \$37,771,300 |
| | State general fund/general purpose | \$79,000 |

Sec. 61b - CAREER AND TECHNICAL EDUCATION EARLY/MIDDLE COLLEGES

- | | | |
|----|---------------------------------|-------------|
| 1. | <u>Appropriation</u> | \$8,000,000 |
| 2. | <u>Purpose of Appropriation</u> | |

This program was new for FY 2015-16, and is continued into FY 2017-18. Its purpose is to increase the number of Michigan residents with high-quality degrees or credentials, and to increase the number of students who are college- and career-ready upon high school completion. Specifically, the funding is designed to incentivize Career and Technical Education (CTE) early/middle colleges, which are high school programs in the highest five career cluster rankings in any of the 10 regional strategic plans, that will allow for a high school diploma and either an associate degree, a certification, transferable college credits, or participation in a registered apprenticeship. The funding also supports CTE dual enrollment programs. Funds will be distributed equal to 50% of CTE costs per pupil times the current year enrollment of each career cluster in an eligible CTE middle college program or CTE dual enrollment program.

Of the total, \$500,000 is earmarked for grants to ISDs or consortia of ISDs for the purpose of planning for new or expanded early middle college programs.

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A program receiving funding under Section 61a may receive funding under this section for allowable costs that exceed the reimbursement received under 61a, but the combined payments shall not exceed the total allowable costs.

Language states the intent of the Legislature to provide funds in FY 2017-18 to reimburse districts with early/middle college programs for the added costs of providing both a high school diploma and an associate's degree, industry-recognized certification, up to 60 transferable credits, or participation in a registered apprenticeship in less than 5 years.

3. Funding Source

State school aid fund	\$8,000,000
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Sec. 61c - CTE EQUIPMENT UPGRADES

1. Appropriation

\$9,600,000

2. Purpose of Appropriation

To provide equal payments to career education planning districts (CEPDs) for the CTE skilled trades initiative. Specifically, the funding to each CEPD is to be used to update equipment in current CTE programs that have been identified in the highest five career cluster rankings, for training on new equipment, for professional development relating to computer science or coding, or for new and emerging CTE programs to allow CEPD administrators to provide programming in communities that will enhance economic development.

Of the total, \$300,000 is earmarked for competitive grants to districts for mechatronics programs that operated in FY 2016-17.

3. Funding Source

State general fund/general purpose	\$9,600,000
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Sec. 62 - INTERMEDIATE SCHOOL DISTRICT VOCATIONAL EDUCATION MILLAGE EQUALIZATION

1. Appropriation

\$9,190,000

2. Purpose of Appropriation

To equalize intermediate school district millage revenue for vocational education. ISDs are targeted for minimum per-mill revenue for ISD vocational education millages levied in the prior fiscal year. For an intermediate district with taxable value per pupil less than a specified level, the State provides a payment that enables the intermediate district to receive combined State and local revenue as if the ISD had a taxable value of the specified amount. Beginning in FY 2013-14, each ISD shall receive at least 75.0% of what it received in the prior year, with the exception of Genesee ISD which is capped at no more than 38.4% of the total appropriation.

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3.	<u>Funding Source</u>			\$9,190,000
	State school aid fund			

Sec. 64b - DUAL ENROLLMENT INCENTIVE PAYMENTS

1.	<u>Appropriation</u>			\$1,750,000
2.	<u>Purpose of Appropriation</u>	This section appropriates \$1.75 million for grants to districts for the purpose of making payments for the support of attendance of pupils in dual enrollment or concurrent enrollment programs. For eligible districts, grants are equal to \$10 per credit, for up to three credits, plus \$30 per pupil per successfully completed course.		
3.	<u>Funding Source</u>	State school aid fund		\$1,750,000

Sec. 64d - INFORMATION TECHNOLOGY EDUCATION OPPORTUNITIES

1.	<u>Appropriation</u>			\$1,000,000
2.	<u>Purpose of Appropriation</u>	New for FY 2017-18, this section allocates funding for a competitive grant to provide IT education opportunities to students attending schools operating grades K-12, CTE academies, and community colleges and universities. This is intended to be the first of three years of funding, and funds are to be used for instruction in IT skills and competencies to secure broad-based IT certifications.		
3.	<u>Funding Source</u>	State general fund/general purpose		\$1,000,000

Sec. 65 - DETROIT AREA PRE-COLLEGE ENGINEERING PROGRAM (DAPCEP)

1.	<u>Appropriation</u>			\$340,000
2.	<u>Purpose of Appropriation</u>	To provide funding for DAPCEP, which exposes Southeast Michigan pupils to, and motivates and prepares pupils for, science, technology, engineering, and mathematics careers and postsecondary education with special attention given to at-risk pupils.		
3.	<u>Funding Source</u>	State general fund/general purpose		\$340,000

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Sec. 67 – MICHIGAN COLLEGE ACCESS NETWORK

- | | | |
|----|--|-------------|
| 1. | <u>Appropriation</u> | \$3,000,000 |
| 2. | <u>Purpose of Appropriation</u>
Provides \$3.0 million for support of the College Access Network. The Michigan College Access Network (MCAN) was funded in the Higher Education budget at \$2.0 million prior to its move to School Aid in FY 2015-16. Programs funded are intended to inform students of college and career options, and to increase the number of residents with high-quality degrees or credentials. The \$3.0 million may be used for MCAN operations and services to local networks, for local college access networks, the Michigan College Advising Program, for districts that establish a college access team and implement a college-going culture, for public awareness and outreach, and for postsecondary institutions to recruit college student mentors and advisors to assist high school pupils. | |
| 3. | <u>Funding Source</u>
State general fund/general purpose | \$3,000,000 |

Sec. 67a - WEB-BASED CAREER PREPARATION AND READINESS PLATFORM

- | | | |
|----|---|-------------|
| 1. | <u>Appropriation</u> | \$1,000,000 |
| 2. | <u>Purpose of Appropriation</u>
New for FY 2017-18, this section provides funding to expand an eligible web-based career preparation and readiness platform to prosperity regions beyond where the platform is being utilized currently. The eligible grantee is MI Bright Future. | |
| 3. | <u>Funding Source</u>
State general fund/general purpose | \$1,000,000 |

Sec. 74 - BUS DRIVER SAFETY INSTRUCTION AND SCHOOL BUS INSPECTIONS

- | | | |
|----|---|-------------|
| 1. | <u>Appropriation</u> | \$3,730,300 |
| 2. | <u>Purpose of Appropriation</u>
To support bus driver safety instruction or evaluation and to reimburse districts for nonspecial education auxiliary services transportation, and to reimburse for costs associated with the inspection of school buses. State-supported colleges or universities and intermediate school districts are eligible for bus driver safety instruction reimbursement and local districts are eligible for the nonspecial education auxiliary services transportation funds. Of the total appropriation, \$2,025,000 is allocated for these purposes.

The remaining funding (\$1,705,300) is to be used for the school bus inspection program, which, prior to FY 2006-07, was appropriated in the Michigan State Police (MSP) budget. The program funds a staff person at the MSP to inspect the buses. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$3,730,300 |

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Sec. 81 - INTERMEDIATE SCHOOL DISTRICT GENERAL FORMULA

- | | | |
|----|--|--------------|
| 1. | <u>Appropriation</u> | \$67,108,000 |
| 2. | <u>Purpose of Appropriation</u>

To fund ISDs for general operations to comply with the requirements of the School Aid Act and the Revised School Code, and provide technical assistance to districts as authorized by the ISD board. The full amount of the appropriation is for unrestricted operational funding, and ISDs no longer have to meet specified best practices criteria to receive full funding. No increase was provided for FY 2017-18, therefore each ISD's allocation will be equal to the prior year's funding. | |
| 3. | <u>Funding Source</u>

State school aid fund | \$67,108,000 |

Sec. 94 - ADVANCED PLACEMENT (AP) INCENTIVE PROGRAM

- | | | |
|----|---|-----------|
| 1. | <u>Appropriation</u> | \$750,000 |
| 2. | <u>Purpose of Appropriation</u>

To provide funding to the Department of Education for efforts to increase the number of pupils who participate and succeed in AP and International Baccalaureate (IB) programs. The funds are to cover all or part of the costs of AP or IB test or registration fees for low-income pupils, provided the pupil pays at least \$5 toward the cost of each test. Payments do not exceed \$20 per test or \$150 per IB registration fee. | |
| 3. | <u>Funding Source</u>

State general fund/general purpose | \$750,000 |

Sec. 94a - CENTER FOR EDUCATIONAL PERFORMANCE AND INFORMATION (CEPI)

- | | | |
|----|--|--------------|
| 1. | <u>Appropriation</u> | \$16,409,500 |
| 2. | <u>Purpose of Appropriation</u>

To provide funding for operations and the development and implementation of a comprehensive data management and student tracking system, including a longitudinal data system. The Center should use funding to collect, coordinate, and validate data, develop model policies, improve the quality and quantity of educational data available to teachers, school administrators, parents, and the general public, and to fulfill Federal reporting requirements. \$16.2 million GF/GP is appropriated to support the operations of the Center and \$193,500 Federal funds is to support the Center and the P-20 longitudinal data system. Of the total funding, an amount determined by CEPI is earmarked for competitive grants to support collaborative efforts on the P-20 longitudinal data system. Grants will be awarded to eligible ISDs or a consortium of ISDs, and activities funded under the grant may include portal hosting, hardware and software acquisition, maintenance, enhancements, and other items. | |

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3.	<u>Funding Source</u>			
	State general fund/general purpose			\$16,216,000
	Federal revenue			\$193,500

Sec. 95b - VALUE-ADDED GROWTH AND PROJECTION ANALYTICS SYSTEM

1.	<u>Appropriation</u>			\$2,500,000
2.	<u>Purpose of Appropriation</u>	<p>New for FY 2017-18, this section provides funding for the Department to adopt a model value-added growth and projection analytics system and to incorporate that model into its reporting requirements under the Every Student Succeeds Act. The section specifies criteria that the adopted model must contain.</p>		
3.	<u>Funding Source</u>	State general fund/general purpose		\$2,500,000

Sec. 98 - MICHIGAN VIRTUAL HIGH SCHOOL

1.	<u>Appropriation</u>			\$7,387,500
2.	<u>Purpose of Appropriation</u>	<p>To provide funding for the Michigan Virtual University (MVU) to operate the Michigan Virtual Learning Institute, tasked with a multiplicity of items, including: supporting and accelerating innovation in education (including research of digital education models), and analyzing the effectiveness of online learning in preparing students to be career- and college-ready; providing extensive professional development to 30,000 educators; establishing an internet-based platform for educators to use student-centric learning tools; establishing and maintaining a statewide catalog of online courses offered by public school, along with best practices, course reviews, and course statistics; and providing leadership for Michigan's system of digital learning education (including making policy recommendations that accelerate the expansion of effective online learning). MVU is prohibited from using more than \$1.0 million of the State funding under this section to subsidize the cost paid by districts for online courses. MVU is required to allocate up to \$500,000 to support the expansion of new online and blended educator professional development programs.</p>		
3.	<u>Funding Source</u>	State general fund/general purpose		\$7,387,500

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Sec. 99h - FIRST ROBOTICS

- | | | |
|----|---|-------------|
| 1. | <u>Appropriation</u> | \$2,800,000 |
| 2. | <u>Purpose of Appropriation</u>
To provide competitive grants to districts (\$2.5 million) and nonpublic schools (\$300,000) that provide pupils in grades K to 12 with expanded opportunities to improve math, science, and technology skills by participating in FIRST Robotics, JR FIRST Lego, FIRST Lego League, FIRST Tech Challenge, and FIRST Robotics competition. Funding under this section may be spent on three categories: stipends for coaches; event registrations, travel costs, or other costs of preparing competitions; and for districts and nonpublic schools advancing to State and world championships. | |
| 3. | <u>Funding Source</u> | |
| | State school aid fund | \$2,500,000 |
| | General fund/general purpose | \$300,000 |

Sec. 99k - CYBERSECURITY COMPETITIONS

- | | | |
|----|--|-----------|
| 1. | <u>Appropriation</u> | \$500,000 |
| 2. | <u>Purpose of Appropriation</u>
New for FY 2017-18, this section provides funding for competitive grants to districts that provide pupils in grades 6-12 with expanded opportunities to improve computer science skills by participating in cybersecurity competitions hosted by Merit Network (Michigan High School Cyber Challenge) or by the Air Force (Cyberpatriot). | |
| 3. | <u>Funding Source</u> | |
| | State school aid fund | \$500,000 |

Sec. 99r - EXECUTIVE DIRECTOR AND ASSISTANT: MiSTEM NETWORK

- | | | |
|----|--|-----------|
| 1. | <u>Appropriation</u> | \$250,000 |
| 2. | <u>Purpose of Appropriation</u>
To continue full-year support of an Executive Director and assistant, to support the creation of the MiSTEM Network, replacing the existing system of math and science centers. | |
| 3. | <u>Funding Source</u> | |
| | State general fund/general purpose | \$250,000 |

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Sec. 99s - MICHIGAN SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS (MiSTEM) PROGRAMS

1. Appropriation \$12,534,300

2. Purpose of Appropriation

Subsection (2) establishes the MiSTEM Advisory Council with \$50,000 GF/GP for administrative, training, and travel costs. The Council is charged with providing recommendations designed to improve and promote innovation in STEM education and prepare students for careers in STEM, and award STEM grants.

Subsection (3) allocates \$2.85 million SAF for the purpose of funding programs recommended by the MiSTEM Advisory Council (grants cannot exceed \$100,000).

Subsection (4) allocates \$3,299,300 School Aid Fund and \$4,700,000 Federal funds to provide grants to math and science centers, previously funded under Section 99. FY 2017-18 is intended to be the centers' final year of funding.

Subsection (5) allocates \$85,000 SAF to the Math and Science Centers Network to reimburse ISDs for transition costs as the Centers transition to MiSTEM Network Regions.

Subsection (6) allocates \$1.4 million GF/GP to the MiSTEM Network Regions, where each region will receive an amount equal to one-half of the State funding allocated to the math and science centers located within that region, to allow the region to begin operating by April 1, 2018.

Subsection (13) allocates \$150,000 GF/GP to the Van Andel Education Institute for the purpose of advancing and promoting science education.

3. Funding Source

Federal revenue	\$4,700,000
State school aid fund	\$6,234,300
State general fund/general purpose	\$1,600,000

Sec. 99t - ONLINE ALGEBRA TOOL

1. Appropriation \$1,100,000

2. Purpose of Appropriation

To purchase statewide access to the Algebra Nation online algebra tool for a second year.

3. Funding Source

State general fund/general purpose	\$1,100,000
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Sec. 102d - SCHOOL DATA ANALYTICAL TOOLS

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|----|--|-------------|
| 1. | <u>Appropriation</u> | \$1,500,000 |
| 2. | <u>Purpose of Appropriation</u>

To provide grants to districts and intermediate districts that enter into a licensing agreement with an approved school data analytical tool. Funds allocated will be a reimbursement for having a licensing agreement, with districts and ISDs submitting requests for reimbursements indicating the cost paid for the tool. If there are sufficient funds to pay one-half of the costs, then that will be the reimbursement; if not, then reimbursement will be made on an equal percentage basis. If funds remain after the first reimbursement calculation, those funds will be distributed on an equal per-pupil basis, but a total payment shall not exceed the cost paid for the tool. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$1,500,000 |

Sec. 104 - MEAP TESTING REIMBURSEMENTS

- | | | |
|----|--|---------------------------------|
| 1. | <u>Appropriation</u> | \$40,959,400 |
| 2. | <u>Purpose of Appropriation</u>

To make payments on behalf of districts for costs associated with complying with Sections 1249, 1278a, 1278b, 1279, 1279g, and 1280b of the Revised School Code, and with PA 38 of 1970 (M-STEP testing). Prior to FY 2006-07, the costs of assessments were funded in the Department of Education budget. Of the total appropriation, \$3.2 million is earmarked for the development or selection of an online reporting tool to provide student-level assessment data securely to educators, parents, and pupils immediately after tests are scored. The Department is required to make the Kindergarten Entry Assessment (KEA) available to districts in FY 2017-18. Also, \$1,000,000 of the total is earmarked for an ISD (located in Prosperity Region 9 with at least 3,000 kindergarten pupils enrolled in its constituent districts) to implement a kindergarten entry observation tool. | |
| 3. | <u>Funding Source</u>
State school aid fund

Federal revenue | \$34,709,400

\$6,250,000 |

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Sec. 104d - COMPUTER ADAPTIVE TEST OR K-3 DIAGNOSTIC/SCREENING TOOLS

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|----|--|-------------|
| 1. | <u>Appropriation</u> | \$4,000,000 |
| 2. | <u>Purpose of Appropriation</u>
To provide grants to districts to reimburse for the purchase of a computer-adaptive test or for purchase of 1 or more diagnostic tools, screening tools, or benchmark assessments for pupils in grades K to 3 to increase reading proficiency by grade 4. Reimbursement will be on an equal per-pupil basis, based on the number of districts that purchase eligible tools and submit a request for funding under this section. This section began in FY 2015-16. | |
| 3. | <u>Funding Source</u>
State school aid fund | \$4,000,000 |

Sec. 107 - ADULT EDUCATION

- | | | |
|----|---------------------------------|--------------|
| 1. | <u>Appropriation</u> | \$27,000,000 |
| 2. | <u>Purpose of Appropriation</u> | |

To provide high school completion, General Education Development (G.E.D.) test training, English as a second language, adult basic education, and job- or employment-related programs to eligible adults. An individual is eligible if enrolled in an adult basic education program, an adult secondary education program, an adult ESL program, a high school equivalency test preparation program, or a high school completion program, and is at least 20 years old, or at least 18 years old and the individual's graduating class has graduated.

Between FY 2014-15 and FY 2017-18, one-third of the allocation will be awarded to ISDs in each of the 10 prosperity regions identified by the Department of Education based on need (number of adults who are not high school graduates or proficient in English), and two-thirds of the allocation was awarded to ISDs based on the proportion of total funding formerly received by the adult education providers in that prosperity region in FY 2013-14. New language changed "prosperity region" to "prosperity regions and subregions".

For FY 2018-19, two-thirds of the allocation will be awarded based on need in prosperity regions and subregions, and one-third will be awarded to ISDs based on previous allocations to providers in prosperity regions and subregions. Finally, beginning in FY 2019-20, the entire allocation will be distributed to ISDs based on need in the prosperity regions and subregions. ISDs may use up to 5.0% of the award for administration.

New language added in FY 2015-16 dovetailed with language in Section 61a (CTE) that requires an adult education funding recipient to agree to pay to a CTE program the amount of funding received under this section in the proportion of CTE coursework used to satisfy adult basic education programming, as billed by programs under Sec. 61a.

For FY 2017-18, \$500,000 is earmarked for one pilot program located in a prosperity region with two or more subregions that connects adult education participants directly with employers by linking adult education, career and technical skills, and workforce

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development. This earmark is intended to be the third of three years of funding.

Also for FY 2017-18, another \$2.0 million is earmarked for five additional pilot programs that connect adult education with CTE and employers.

3. Funding Source

State school aid fund	\$27,000,000
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Sec. 147a - MPSERS COST OFFSET

1. Appropriation

\$148,969,000

2. Purpose of Appropriation

Of the total, \$100.0 million is to make payments to districts (not ISDs) participating in MPSERS, based on each participating district's percentage of the total statewide payroll for all participating districts across the State. These payments are for the purpose of offsetting a portion of the retirement contributions owed by the district for FY 2017-18. This funding first came into existence in FY 2011-12, the year prior to the enactment of the statutory rate cap under PA 300 of 2012.

The remaining funding (\$49.0 million) is for payments to participating districts, ISD, and libraries to cover the increased normal cost associated with lowering the assumed rate of return from 8% to 7.75% (FY 2018-19 will see that rate decline to 7.5%).

3. Funding Source

State school aid fund	\$148,940,000
General fund/general purpose	\$29,000

Sec. 147c - MPSERS RATE CAP

1. Appropriation

\$1,160,784,000

2. Purpose of Appropriation

Of the total, \$960,784,000 is to allocate funds to districts, ISDs, and participating libraries to remit to the Michigan Employees' Retirement System pursuant to Section 41 of the MPSERS Act. This funding is used to pay the difference between the uncapped MPSERS contribution rate (36.88% of payroll for MIP/Basic), and the capped rate that school employers will pay in FY 2017-18 (25.56% of payroll for MIP/Basic). Requires the Department of Education to publish and post an estimated MPSERS rate cap per pupil for each district.

The remaining \$200.0 million is a one-time allocation to pay down a portion of unfunded accrued liabilities in the MPSERS. Specifically, this funding will be used for the payment or prepayment of the final years or partial years of costs related to the early out provisions of 2010.

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3.	<u>Funding Source</u>	
	State school aid fund	\$1,160,130,000
	State general fund/general purpose	\$654,000

Sec. 147e - ADDITIONAL COSTS DUE TO MPSERS RETIREMENT REFORMS

1.	<u>Appropriation</u>	\$23,100,000
2.	<u>Purpose of Appropriation</u> New for FY 2017-18, this provides funding to cover the additional costs to MPSERS employers related to SB 401 of 2017. Specifically, this funding will reimburse employers for the additional defined contribution costs for new hires choosing the DC plan, and for the higher hybrid defined benefit costs for new hires choosing the new hybrid, which is more costly due to a lower assumed rate of return.	
3.	<u>Funding Source</u> State general fund/general purpose	\$23,100,000

Sec. 152a - DATA REPORTING COSTS

1.	<u>Appropriation</u>	\$38,000,500
2.	<u>Purpose of Appropriation</u> To pay the necessary costs related to the State-mandated collection, maintenance, and reporting of data to the State. The Department of Education is directed to make payments to districts and intermediate districts on an equal per-pupil basis.	
3.	<u>Funding Source</u> State school aid fund	\$38,000,500

Sec. 152b- REIMBURSEMENT FOR NONPUBLIC MANDATES

1.	<u>Appropriation</u>	\$2,500,000
2.	<u>Purpose of Appropriation</u> To reimburse costs incurred by nonpublic schools in complying with a health, safety, or welfare requirement mandated by a law or administrative rule. A nonpublic school seeking reimbursement must submit a form to the Department.	
3.	<u>Funding Source</u> State general fund/general purpose	\$2,500,000

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6(4) **Pupil Membership Definitions.** Provides for the definition of a pupil membership and lists the criteria for counting pupils in membership. Pupil membership is the term for a pupil upon which many State aid payments are based.

Background: Since the implementation of Proposal A in FY 1994-95, the way a membership pupil is determined has changed several times. A membership pupil is determined by using what is known as a "blended count". Beginning in FY 2013-14, the blended count will use an averaging of the current-year fall pupil count with the current-year's spring pupil count (prior to this, it was the current-year fall and *previous-year* spring count). Each count is given a certain weight and then the two counts are "blended" to derive the current year's official membership count. The fall count day (known as the pupil membership count day) is the fourth Wednesday after Labor Day while the spring count day (known as the supplemental count day) is the second Wednesday in February.

In FY 1994-95, the blended count was determined by using 50% of the current year's pupil membership count and 50% of the previous year's supplemental count. That was known as a 50/50 blend. In FY 1997-98, the blend was changed to a 60/40 blend, thus using 60% of the current year's pupil membership count and 40% of the previous year's supplemental count. In FY 1999-2000, the blended count was again changed to a 75/25 blend, followed by a change in FY 2000-01 to a blend of 80/20. In FY 2004-05, the blend returned to 75/25. In FY 2011-12, the blend was changed to 90/10, and remained that calculation for FY 2012-13. For 2013-14 and 2014-15, the blend remained 90/10, but the weighting was changed to 90% on the current-year fall and 10% on the current-school year spring. Beginning in FY 2015-16, a return to prior-year weighting was implemented, with 90% current-year fall and 10% prior-year spring.

Also, small districts with fewer than 1,550 pupils, fewer than 4.5 pupils per square mile, and declining enrollments, may use a three-year average to determine their pupil membership, unless the district is funded under Section 22d(2).

Pupils' participation in an online educational program of the Education Achievement System or of an Achievement School is considered regular daily attendance, and for a district, a pupil's participation in an online course (defined in Sec. 21f) is considered regular daily attendance.

New for FY 2017-18, nonpublic or home-school pupils who take classes taught by public school teachers may be counted in membership by the public school as no more than 0.75 of an FTE. Also, a pupil enrolled in a middle college program may be counted s more than 1.0 FTE if enrolled in more than the minimum number of days and hours and expected to complete the five-year program with a high school diploma and associate's degree or 60 transferable college credits.

6b **Nonresident Pupils.** Allows districts to count in membership a nonresident pupil as long as the resident district gives its permission before the end of the school year.

Background: This section was first added in FY 1996-97 and remains unchanged.

7 **Costs for School Operating Purposes.** Lists the types of expenditures that are allowed to be considered to be costs for operating purposes.

Background: In FY 1996-97, this section was amended to state that costs for school operating purposes include all expenditures necessary to carry out the powers of the district under the Revised School Code. This amendment was necessary due to the revision of the School Code.

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8b	<p><u>Assignment of Public School Academy District Code.</u> Requires the Department of Education to assign a district code to each PSA that is authorized under the Revised School Code within 30 days after a contract is submitted to the Department by the Public School Academy District's (PSA's) authorizing body. If the Department does not assign a code, an automatic code is given to the PSA in order for the Department to make State aid payments to the PSA.</p> <p>Background: This section was first added in FY 2003-04 in response to concerns that academies were not being assigned district codes (necessary to receive School Aid funding) in a timely manner.</p>
11a	<p><u>School Aid Stabilization Fund (SASF).</u> Creates the SASF and requires unexpended School Aid Fund revenue to be deposited into the Fund at the close of a fiscal year. Funds in the SASF must be specifically appropriated before they may be expended.</p> <p>Background: This section was first added in FY 2003-04.</p>
11h	<p><u>Amounts to Districts for Settlement of <i>Durant v State of Michigan</i>.</u> Lists the amount to be paid to each nonplaintiff district, which receives payments under <i>Durant v. State of Michigan</i>.</p> <p>Background: This section was first added in FY 1997-98 as part of the State's response to <i>Durant I</i> and remains unchanged.</p>
11i	<p><u>Borrowing Money and Issuing Bonds.</u> Allows districts to borrow from the Michigan Municipal Bond Authority in anticipation of receiving funds under Section 11g.</p> <p>Background: This section was first added in FY 1997-98 as part of the State's response to <i>Durant I</i> and remains unchanged.</p>
11k	<p><u>School Loan Revolving Fund.</u> Appropriates from the General Fund to the School Loan Revolving Fund an amount equal to the school bond loans assigned to the Michigan Finance Authority (MFA).</p> <p>Background: This section was first added in FY 2005-06 as part of the School Bond Loan Reform in 2005. This language takes the loans from the General Fund and assigns them to the MFA.</p>
13	<p><u>Apportionments and Limitations of Apportionments.</u> Requires apportionments to be made based on pupil membership and number of teachers and other professionals approved by the Superintendent employed as of the pupil membership count day, and on the taxable value and the operating millage of each district for the calendar year.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>
14	<p><u>Defective Data and Duties of the Department.</u> Prohibits the Department of Education from making State aid payments if the data from an ISD or district are defective or incomplete, making it impracticable to ascertain proper apportionment to be disbursed.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>

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15	<p><u>Adjusting State Aid Payments and Appropriating Overpayments.</u> Provides for adjustments in State aid payments to occur in the apportionment following the determination that the current apportionment is incorrect. The Department of Education may adjust payments in the following fiscal year if necessary, to correct payments from the prior fiscal year.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95. The section was amended in FY 2005-06 to appropriate an amount equal to the collection of overpayments, but not to exceed amounts available from overpayments, for obligations in excess of applicable appropriations (i.e., payables and receivables). Language was added in FY 2014-15 allowing the Department of Education to conduct audits (or direct audits by a designee) for the current fiscal year and the immediately preceding three fiscal years. Language added for FY 2017-18 increases the amount of time that the Department may grant for a district to repay any overpayments, from four years to nine years, if the repayments would cause financial hardship to the district. Language also was added to allow the Department to waive all or a portion of the adjustments, if the repayment would cause hardship and the district has taken sufficient corrective action.</p>
17a	<p><u>Withholding Payments to Districts or ISDs.</u> Allows the withholding of State aid for the purpose of repaying debts upon which districts have defaulted.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged, with the exception of adding the Emergency Municipal Loan Act and the Local Financial Stability and Choice Act to the list under which aid may be withheld.</p>
17b	<p><u>Amounts to be Distributed in Installments to Districts.</u> Provides for school aid payments to be made in equal monthly installments.</p> <p>Background: From FY 1994-95 through FY 1996-97, payments were made in nine equal monthly installments with no payments in July, August, or September. Payments were reduced for April, May, and June by one-third of the payments in the previous fiscal year under Section 20g. These reductions were necessary because districts received advanced funding called transitional payments that were intended to ease the financial burden on school districts that resulted from not receiving payments in July, August, and September that were the result of the implementation of Proposal A.</p> <p>Beginning in FY 1997-98 and continuing through the current fiscal year, school aid payments are made in 11 equal monthly installments. Also, FY 1997-98 was the last year for the advance funding and the subsequent reduction in payments. Because of the switch to 11 installment payments, the reduction in payments to districts were made for April, May, June, and July and were reduced by one-fourth of the payments in the previous fiscal year under former Section 20c.</p> <p>Advance payments are no longer made to districts and thus there is no longer a need to reduce payments. Simply, each school district receives 1/11 of their total State school aid payment each month from October through August. Currently, there is no September payment.</p> <p>The section was amended in FY 2007-08 to allow for an advance release of funds due to a district or intermediate district, but the advance cannot be more than 30 days earlier than the established payment date for the funds. In order to receive an advance, a written request and submission of satisfactory proof of a need of a temporary and recurring nature must be submitted and approved by the Superintendent, State Budget Director, and State Treasurer.</p>

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18 **Application of Money Received Under Act.** Describes the allowable uses of unrestricted State aid received under this Act; requires posting of annual budgets to a web site, audits of financial and pupil accounting records, submission of financial and special education data, and special reporting requirements for districts offering online learning, including per-pupil costs of operation.

Background: Beginning with FY 1994-95, this section has required annual audits, annual comprehensive financial reports, and has limited the amount of State aid that may be used for a building and site fund or a debt retirement fund to no more than 5%. This limit was changed to no more than 20% of State aid in FY 1996-97. In FY 2006-07, this was amended to require districts and ISDs to post their annual operating budgets (or amendments to such) on the web. In FY 2009-10, this was further amended specifying detailed financial information to be posted on the internet, and in FY 2010-11, many of the financial reporting requirements were eliminated for ISDs under this Act, because the School Code provides slightly different financial reporting requirements which were in conflict. The section also was amended to allow single-building financially stable, very small districts to conduct financial audits every two years, rather than annually. The language requiring reports of providers of virtual learning was substantially revised for FY 2013-14 and again in FY 2014-15 to attempt to standardize information remitted to the State and to make that information more usable. Beginning in FY 2014-15, districts will have only 15 days (instead of 30) in which to post to their web sites adopted budgets or revisions to budgets, and are newly required to post deficit elimination plans, to identify all credit cards maintained by the district, and to detail costs incurred for out-of-state travel. Further, financial reporting that is currently due by November 15 was moved up to a deadline of November 1, beginning with the data submitted for the 2014-15 school year, and the data submitted must be consistent with the district's or ISD's audited financial statements. New for FY 2015-16, districts must adopt a budget that complies with the Uniform Budgeting and Accounting Act, and non-compliance may result in a 10% financial penalty.

18a **Expending of Grant Funds.** Requires grant funds to be expended by the end of the school fiscal year following the year in which they were awarded.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95.

18b **Property of Public School Academy (PSA) to be Transferred to the State.** Requires the assets of public school academies that are purchased with State funds to be transferred to the State if the public school academy ceases operations or if the PSA's contract has been revoked or terminated for any reason.

Background: This section was first added in FY 1999-2000. For FY 2013-14, language was added clarifying that one of the allowable scenarios for transferring assets would occur if a PSA's contract had expired and not been reissued. Further, the PSA corporation is required to initiate the process of transferring property to the State within 30 days of an event triggering the transfer process.

18c **Contract Between Public School Administrator and Third Party.** Exempts the State from liability for debts incurred by public school academies.

Background: This section was first added in FY 1999-2000 and remains unchanged.

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19 **Compliance with Applicable Reporting Requirements.** Districts must comply with State and Federal reporting requirements and must submit all information necessary for the preparation of the district and high school graduation report. Districts also must report educational personnel information and information on safety practices and criminal incidents. If districts fail to comply, the Department of Education is required to withhold 5% of total school aid funding. The Department also must allow a district or school to appeal a determination of school or district accountability designations. Language also requires the Department to implement, beginning in FY 2016-17, statewide standard reporting requirements for education data. Districts are required to implement the statewide standard reporting not later than FY 2017-18 or when a district or ISD updates its education data reporting system, whichever occurs later.

Background: Districts are required to provide information to the Center for Educational Performance and Information (CEPI). This section has been amended numerous times since its inception in 1988.

20d **Requirements for Final Determination under Former Section 20a.** Requires the Departments of Education and Treasury to follow certain procedures for calculating total State and local revenue in 1993-94 for purposes of foundation allowances beginning in 1994-95.

Background: This section was included to provide for the implementation of Proposal A.

20m **Foundation Allowance Calculation for Hold Harmless Districts.** Because the Revised School Code caps the statutory foundation allowance increase for hold harmless districts at the rate of inflation, this section was enacted to provide a calculation for the difference between the dollar increase provided in the basic foundation allowance and the capped inflationary dollar increase statutorily provided to those hold harmless districts. The actual payment that stems from this calculation is made in Section 22b.

Background: This section, new for FY 2016-17, is virtually identical to the previous "20j" language, which was vetoed in FY 2009-10. For FY 2017-18, the foundation allowance calculation rolls in as much of this 20m adjustment as possible, given the inflationary constraints on hold harmless districts.

21b **Postsecondary Tuition.** Requires districts to pay tuition for pupils at eligible postsecondary institutions under the Postsecondary Enrollment Options Act.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.

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21f **Virtual Courses.** Establishes numerous criteria for districts to offer, enroll, and count pupils enrolling in virtual courses. A pupil is eligible to enroll in virtual courses under this section with the consent of a pupil or guardian, and may enroll in up to two virtual courses per term, semester, or trimester offered by the district or offered in the statewide catalog of virtual courses maintained by the Michigan Virtual University. Further criteria are outlined in the section for eligibility of pupils and course offerings. To pay for the cost of virtual learning, and the district is not required to pay a course cost that exceeds 6.67% of the minimum foundation allowance.

Background: This section was first added in FY 2013-14. FY 2014-15 changes to the section removed Grade 5 from the list of eligible grades and added a notification requirement such that students must make a request for virtual enrollment at least one semester or term prior to taking the virtual course. Language also was added allowing a pupil to enroll in more than two virtual courses in a semester or term if the pupil has demonstrated previous success and the parent or guardian, along with the school, determines it is in the pupil's best interest. FY 2015-16 added community colleges to the list of eligible providers of virtual courses under this section, and required providing

districts to assign a teacher of record to each pupil, and required the pupil's primary district to assign to the pupil a mentor to monitor the pupil's progress during the virtual course. FY 2016-17 removed age eligibility requirements (however a district may deny enrollment if the pupil is enrolled in any of grades K to 5), and required the primary district to develop an education development plan with a pupil desiring to take more than 2 virtual courses per semester or term, along with other changes.

23a **Dropout Recovery Program.** Allows a dropout recovery program operated by a district to qualify for special membership counting provisions outlined under Section (6)(4)(dd) and the hours and days of pupil instruction exemption under Section 101(12) if the program meets the specified criteria.

Background: This section was first included in FY 2012-13, and amended in FY 2016-17 to include a definition of teacher of record.

24b **Parents or Legal Guardian Residing in Different Districts.** Students may enroll in a district in which either of the child's parents or legal guardian resides regardless of custody.

Background: This section was first added in FY 1996-97 and remains unchanged.

25e **Enrollment of Pupil after Fall Count Day.** Requires CEPI to use a pupil transfer application process to allow a district or ISD, for a pupil transferring from one district or ISD into another, to enroll that pupil after the fall count day and to count that pupil in membership for the portion of the year (after the fall count day and before the spring count day) that the district or ISD educates the student. Requires the Department of Education to adjust the membership calculation of the district that first enrolled the student and the district that enrolled the student after the fall count day an amount equal to 1/105 of an FTE for each day enrolled and in attendance at the eligible entity between the fall and spring count days.

Background: This section was first added in FY 2013-14 and replaced a previous section (section 25) that was first added in FY 1996-97 to require resident districts to reimburse educating districts or ISDs for educating pupils in the resident district who transfer to an alternative education program operated by the district or ISD after the count date. The old section was amended in FY 1999-2000 to clarify that the reimbursement requirement applies to students being counted in membership by another local or intermediate district. It was further amended in FY 2004-05 to comply with additions in the Revised School Code related to enrollment in strict discipline academies. The most recent changes in FY 2012-13 amended the old section to address prorated membership calculation for

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student transfers to any district or ISD after the count day. The section 25e as it was in effect in FY 2015-16 made the process more universal in nature. However, for the initially-passed FY 2016-17 budget, the section was again amended to restrict this process only to eligible entities, where eligible entities were defined as strict discipline academies or public school academies focused on educating homeless students, who previously were dropouts, and in an alternative program offering at least 200 days of instruction. A subsequent supplemental (HB 5291) returned the process again to a universal one, where any student transferring to any type of entity between the count days may be counted by that district or ISD (where district includes academies, cybers, traditionals, ISDs, etc.).

- 26 **Renaissance Zones.** Requires a district or ISD receiving funds pursuant to the TIFA Act, the Local Developing Financing Act, the Brownfield Redevelopment Financing Act, or the Corridor Improvement Act to have its funds received under Sections 22b, 56, or 62 reduced by the amount of the added local money.

Background: This section has been in place since the implementation of Proposal A.

- 39 **Priority to Receive Michigan School Readiness Program Funds.** Sets the per-pupil allowance for School Readiness and describes how eligible applicants (ISDs or consortia of ISDs) will be prioritized to receive School Readiness funds.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95. The per-pupil amount (based on a half-day slot) in FY 1994-95 was \$3,000 and was increased to \$3,100 in FY 1997-98 and increased once again in FY 2000-01 to \$3,300. For FY 2010-11 through FY 2012-13, the per-pupil amount was \$3,400, rising to \$3,625 beginning in FY 2013-14.

Beginning in FY 2005-06, the section also allowed for a district providing a full-day program to count a full-day as two half-day slots and receive funding equivalent to two half-day slots for each child enrolled in a full-day program. The section was amended in FY 2009-10 to consolidate what was previously in Sections 37 (eligibility and application process) and 38 (funding formula). The section also was amended to modify the funding formula such that districts would no longer see potentially wide variations in individual funding, even in the absence of large changes in State funding. Beginning in FY 2011-12, districts no longer receive direct funding; instead, ISDs or consortia of ISDs act as fiscal agents. For FY 2016-17, "children" was changed to "slots" to provide stable funding from FY 2015-16 as a GSRP workgroup examines potential changes to the formula and program.

For FY 2017-18, recommendations from the workgroup were incorporated as follows: the comprehensive needs assessment is eliminated from the application. Instead, the application would include the total number of children meeting the criteria as provided to an ISD by the Department using census data, the total number of children served exclusively by Head Start, and the number of children able to be served by the ISD. The formula changes to provide the lesser of the funding to support the number of children served in a school-day program plus those served in a half-day program, or the number of children the ISD is able to serve. If funds remain after paying out the formula calculations, the Department is directed to distribute the funds to each ISD or consortium that serves less than the State percentage benchmark (60% for FY 2017-18), based on each applicant's proportionate share of the remaining unserved children necessary to reach the benchmark.

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51b	<p><u>Compliance with Article 3 of the Revised School Code.</u> Requires districts and ISDs to comply with Article 3 of the Revised School Code (which governs Special Education) in order to receive State aid funds.</p> <p>Background: This section was added in FY 1996-97 and remains unchanged.</p>
52	<p><u>Limit on Special Education Reimbursement.</u> States that reimbursement for certain necessary costs of special education programs and services shall be made under Sec. 51(1).</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95. Originally, the reimbursement was not to exceed 75% of the added costs of operating special education programs except for the added costs of certain special education programs. The section was amended in FY 1995-96 to limit the reimbursement to 75% of the total approved costs of operating special education programs except for the added costs of certain programs and to revise the list of programs exempted from the 75% limit. There have been no further changes since FY 1995-96.</p>
58	<p><u>Special Education Transportation Services.</u> Requires reimbursement under Section 51a for special education transportation services to be based on data reported by districts and ISDs for the current school year.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>
76	<p><u>Transporting Nonpublic School Students.</u> Requires districts to use foundation allowance funds to transport nonpublic school students if original funding was calculated as part of their base.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
77	<p><u>Transporting Nonresident High School Pupils.</u> Requires an educating district that is educating all of the high school pupils who are counted in membership in another district pursuant to an agreement to provide transportation to and from school for normal curricular activities for those high school pupils, if providing transportation for its own resident high school pupils.</p> <p>Background: New for FY 2015-16, this language pertains to Albion and Marshall.</p>
91a	<p><u>Cessation of a Pilot Intermediate District Schools of Choice Program.</u> Requires districts to continue enrolling pupils enrolled in a district under a pilot intermediate district schools of choice program (former Section 91).</p> <p>Background: This section was first added in FY 1995-96 and remains unchanged.</p>
91c	<p><u>Participation in Interscholastic Competition.</u> Prohibits pupils enrolled in a district other than the district of residence under a pilot intermediate district schools of choice program (former Section 91) to participate in interscholastic athletic competition for one semester.</p> <p>Background: This section was first added in FY 1995-96 and remains unchanged.</p>

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101 **Eligibility to Receive State Aid.** Describes specific requirements districts must meet in order to receive State aid, or face financial penalties. Requirements include submitting twice annually the number of pupils enrolled in the district, providing at least 1,098 hours of instruction and an allowance for six days of emergency situations to be counted as instruction, and exceptions to the hours requirement per approval from the Department of Education are provided. Beginning in FY 2014-15, the minimum number of days of pupil instruction is 175, an increase from the 170 requirement in place for FY 2012-13 and FY 2013-14. Beginning in FY 2016-17, the required minimum number of days is increased to 180. (Language allows collective bargaining agreements that were in place prior to the enactment of the increase in instructional days to expire before enforcing the new requirements.)

Background: This section has been in place since the implementation of Proposal A in FY 1994-95. It was amended in FY 1995-96 to add the provision that 75% of the students enrolled must attend to count as a day of instruction (or face financial penalties) and lays out the guidelines for hour requirements for districts. It was amended in FY 2000-01 to lock in the minimum number of hours of instruction at 1,098 and to allow districts to count up to 51 hours of teacher professional development time as hours of pupil instruction. In FY 2006-07, the professional development hour's provision was lowered from 51 to 38 (and it was removed entirely beginning with FY 2014-15). In FY 2010-11, a minimum number of days of instruction was reinstated: 165 days for FYs 2010-11 and 2011-12, increasing to 170 days thereafter, and additional increases in days have since been added.

102 **Deficit Budgets.** Prohibits deficit budgets and requires districts to set up a plan with the Department of Education to eliminate projected deficits, and post that plan on the district's website. The Department is required to prepare a report on deficit districts by March 1 each year and submit the report to numerous entities. The Department also is required to submit quarterly interim reports concerning the districts' progress, and the State Superintendent is required to present those reports to the K-12 School Aid/Education appropriations subcommittees.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95. The section was amended in FY 2010-11 to clarify that a district that ends one fiscal year not in deficit, but adopts a deficit budget for the upcoming year, is subject to the same regulations as districts already in deficit. In FY 2012-13 it was amended again to require a district to post its deficit elimination plan to its website, and to require quarterly interim reports from the Department of Education.

104b **Michigan Merit Examination (MME).** Provides for districts to administer State assessments under Section 1279 or the Michigan Merit Examination, consisting of a college entrance test, work skills test, and the M-STEP, to pupils in grade 11. Also details the timelines, purposes, and requirements of the MME.

Background: This section was added in FY 2004-05 to implement the MME, an augmented ACT test to be given to all pupils in Grade 11. The section was amended in FY 2008-09 to mirror changes in the MME. Changes for FY 2014-15 included specifying that the test has to include one or more writing components (instead of not requiring more than one extended writing sample) and requiring the exam to administered during the last 12 weeks of the district's school year. Changes for FY 2015-16 include that the college assessment be used by the majority of colleges and universities in Michigan for entrance purposes, and that it may (not shall) include one or more writing components.

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104c	<p><u>Michigan Assessments.</u> Provides for districts to administer State assessments described in this section and requires the Department of Education to develop for use in the spring of 2014-15 new MEAP assessments in English language arts and mathematics that are aligned with State standards. Further requires the Department to implement beginning in 2015-16 a summative assessment system that is proven valid and reliable that also meets numerous requirements laid out in the section, including being no more than nine hours in length. The Department is required to issue a request for proposals for the summative assessment not later than September 1, 2014.</p> <p>Background: This section was added in FY 2014-15. The name was changed for FY 2015-16 to the Michigan Student Test of Educational Progress (M-STEP), and the test was broadened to include the grade 11 MME as well as field testing a new kindergarten entry assessment and math and language arts assessments for students in grades 1 and 2, designed to improve early literacy. Language added in FY 2016-17 requires MDE to continue field testing the K-2 tests, in preparation for full implementation not later than FY 2018-19. Language was added for FY 2017-18 for the Department to issue an RFP for a Statewide summative assessment, and approve one Statewide summative assessment that was included in a response to the RFP; and, to issue an RFP for at least three benchmark assessments, and approve at least two benchmark assessments.</p>
105	<p><u>Schools of Choice Within an ISD.</u> Allows students to attend another school district within the same ISD if the school district elects to take students from another school district. Sets specific requirements and procedures for schools that open up to choice within an ISD.</p> <p>Background: This section was first added in FY 1996-97.</p>
105c	<p><u>Schools of Choice Among Contiguous ISDs.</u> Allows students to attend another school district located in an ISD that is contiguous to their ISD if the receiving school district elects to take students from another school district. Sets the same reporting requirements and procedures as Section 105. For special education students, the two school districts must work out payment agreements prior to accepting the student.</p> <p>Background: This section was first added in FY 1999-2000.</p>
106	<p><u>Pupils Not Counted in Membership.</u> Prohibits pupils enrolled in a public school from being counted in membership where teaching costs are fully subsidized by Federal or State funds.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
109	<p><u>Pupil Requiring Hospitalization or Confinement at Home.</u> Requires districts to provide instruction to pupils who require hospitalization or confinement at home for more than five school days.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95, within minor changes in FY 2011-12 to incorporate electronic information sharing.</p>
111	<p><u>Tuition Rates.</u> Describes the requirements for determining tuition rates for nonresident pupils. The rate must be uniform within each category of tuition pupils; but, for non K-12 districts, for a pupil enrolled in a grade not offered by the resident district, the tuition rate charged to the resident district cannot exceed the greater of the foundation allowance of the resident district or the educating district.</p> <p>Background: This section was last amended in FY 1997-98 and remains unchanged today.</p>

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112	<p><u>Prohibits Charging Tuition for Full-Day Kindergarten.</u> Prohibits a district from charging tuition or a fee for full-day kindergarten for a pupil enrolled in the district.</p> <p>Background: This section was added in FY 1997-98 and remains unchanged today.</p>
118	<p><u>Payment of State Aid Conditions (re: Tuition Pupils).</u> Prohibits payment of State aid unless a district has paid the agreed-upon tuition payments for pupils educated outside of the district's boundaries.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
121	<p><u>Valuation of District and Adjustments.</u> States the valuation of a whole or fractional district shall be the total taxable value of the property on the ad valorem tax roll. Adjustments to taxable value are made for State Tax Tribunal decisions, court decisions, local board of review adjustments, lands deeded to the State, and requirements of the School Aid Act.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and was amended in FY 2006-07 to include the value of property used to calculate the State payment in lieu of taxes on State-purchased property.</p>
122	<p><u>Deducting Valuation of Property from Valuation of District.</u> Provides that the valuation of property assessed under Public Act 189 of 1953 be deducted from the total valuation of the property if school taxes levied are not collected.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
124	<p><u>Adjustments for a District's Property Value.</u> Allows that if at least 5% of taxes collected are under protest, the district can deduct the amount for purposes of calculating local revenue. If at least 5% of the valuations of the district are not paid by a single bankrupt debtor, the total valuation for the district shall be reduced by that amount.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
147	<p><u>Allocations to the Public School Employees' Retirement System.</u> Provides the estimated payroll contribution rate assigned to districts and intermediate districts. By February 28, the MPSERS Board must notify districts and ISDs of the estimated contribution rate for the upcoming fiscal year. Districts and intermediate districts must pay to the retirement system an amount equal to the rate multiplied by the district's or ISD's payroll.</p> <p>Background: This section was amended in FY 2010-11 with an estimated payroll contribution rate for that fiscal year of 19.41%, and including a section with language allowing for the rate to be reduced if reforms to the MPSERS are enacted. PA 300 of 2012 capped the rate employers pay on the unfunded accrued liabilities in the system at 20.96% of payroll. On top of that 20.96%, employers pay the normal cost. However, any portion of the total rate that is in excess of that combined employer share is paid by the School Aid Fund.</p> <p>Beginning in FY 2011-12 this section was amended to accommodate the changes to MPSERS for those employed before and after July 1, 2010. The section now itemizes the contribution rates (both the total rate and the capped rate) for seven different combinations of pension and retiree health care plans that are found in MPSERS.</p>

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For FY 2017-18, the rates are as follows: for employees hired before 7/1/10, the total rate is 36.88%, with 25.56% paid by the employer. For employees hired on or after 7/1/10, the total rate is 35.60%, with 24.28% paid by the employer. For employees hired on or after 7/1/10 but who chose the personal healthcare fund, the total rate is 35.35%, with 24.03% paid by the employer. For employees first hired on or after 9/4/12, who chose defined contribution and participate in the personal healthcare fund, the total rate is 32.28%, with 20.96% paid by the employer. For employees first hired on or after 7/1/10 who chose defined contribution but retained health care coverage, the total rate is 32.53%, with 21.21% paid by the employer. For employees first hired on or after 7/1/0 who chose defined contribution and the personal healthcare fund, the total rate is 32.28%, with 20.96% paid by the employer. For employees first hired before 7/1/10 who chose the personal healthcare fund, the total rate is 36.63%, with 25.31% paid by the employer. The School Aid Fund pays the differences between the rates under Section 147c, and the amortization period is 21 years for FY 2017-18.

147b **MPSERS Retirement Obligation Reform Reserve Fund.** Creates this fund as a separate account within the State School Aid Fund. Money in the Fund may not be expended without a specific appropriation, and does not lapse to the General Fund at the end of a fiscal year but remains in the Fund. If employee contributions for retiree health care prescribed under Section 43e of the MPSERS Act (PA 300 of 1980) are found constitutional, those escrowed funds shall be deposited into the MPSERS Reform Reserve Fund.

Background: This section was first added in FY 2011-12 with an appropriation of \$133.0 million, and a second appropriation in FY 2012-13 of \$41.0 million, for total State appropriations in the fund of \$174.0 million. In addition, the escrowed monies (if found constitutional) are in excess of \$500.0 million. For FY 2013-14, a total of \$156.0 million is withdrawn from the Fund and used to help pay the cost of the MPSERS rate cap (the difference between the total uncapped rate and the capped amount each employer pays to the retirement system), and for FY 2014-15, the remaining \$18.0 million of State funding is used to support the rate cap costs. For FY 2017-18, \$55.0 million SAF was deposited into this Reserve Fund, and \$23.1 million was withdrawn from it to fund Section 147e.

151 **Statement of Taxable Value and Duty of Tax Tribunal.** Requires the treasurer of each county to furnish a statement of the taxable value of each district by August 1 of each year, and by May 1, report revisions to the prior year taxable values. The Tax Tribunal, by the 10th day of each month, must report to the Department of Education changes in taxable values other than those reported by county treasurers, caused by Tax Tribunal decisions.

Background: This section was last amended in FY 2008-09 to reflect changes in tax increment financing acts.

152 **Reporting Requirements.** Requires districts to submit certain reports to the Department of Education or to the Center for Educational Performance and Information by the first Monday in November to receive funding.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95.

153 **Furnishing Information to Fiscal Agencies.** Requires each district and ISD to furnish to the legislative fiscal agencies information the agencies require relative to the expenditure of funds appropriated and allocated under the School Aid Act.

Background: This section has been in place since the implementation of Proposal A in FY 1994-95.

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160	<p><u>School before Labor Day.</u> For a district or ISD that requests a waiver to start school before Labor Day, requires the district or ISD to conduct a joint public hearing with the Department before the waiver is granted, at a location within the district or ISD.</p>
161	<p><u>School Official or Board Member Responsibility.</u> States that a school official or board member who knowingly violates the provisions of the School Aid Act is guilty of a misdemeanor, punishable by imprisonment for up to 90 days, a fine of up to \$1,500, or both.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged, with the exception of clarifying in FY 2014-15 that the penalty is in addition to all other financial penalties otherwise specified.</p>
161a	<p><u>False Report of a Crime under Section 6(6)(f).</u> Allows a court to order a district intentionally falsely claiming that a nonresident pupil is enrolled under Section 6)(6)(f) to repay the resident district an amount equal to the resident district's foundation allowance.</p> <p>Background: This was added in FY 1999-2000 and amended for a technicality in FY 2006-07.</p>
162	<p><u>Failure to File Reports.</u> States that a district that fails through the negligence of school officials to file reports required by the School Aid Act will forfeit a day's worth of State aid for each day the reports are late.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
163	<p><u>Teacher Certification Requirements.</u> Except as otherwise allowed in the Revised School Code, this section requires districts to hire certified teachers and counselors. Districts will lose funding for each noncertificated teacher hired. States that if a school official knowingly continues to employ a noncertificated teacher, the official is guilty of a misdemeanor, punishable by imprisonment for up to 90 days, a fine of up to \$1,500, or both.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95, but was amended in FY 1996-97 to remove administrators and business officials from the list (since certification for these individuals is no longer required by law) and amended in FY 2007-08 to remove adult education officials from the list (now, they, too, need certification). Clarifying language was added in FY 2014-15 to state that the penalty is in addition to all other financial penalties otherwise specified. FY 2015-16 added language prohibiting a district from hiring a noncertificated educator to administer instructional programs in an elementary or secondary school, or in an adult basic education or high school completion program, unless that educator is fulfilling applicable continuing education requirements.</p>
163a	<p><u>Enrollment of Homeless Children.</u> Requires districts to enroll homeless children residing in the district.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>

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164	<p><u>Expenditures for Cars and Chauffeurs.</u> Prohibits districts from expending State aid for cars for board members, and chauffeurs for board members and administrators.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95, and was amended in FY 1996-97 to also prohibit districts from purchasing, leasing, and renting cars for board members.</p>
164a	<p><u>Unused Vacation or Personal Leave.</u> Prohibits a district or ISD from providing a school administrator a payment in lieu of unused vacation or personal leave for the purpose of increasing the school administrator's retirement benefits.</p> <p>Background: This section was added in FY 1994-95 and has not been changed since.</p>
164b	<p><u>Payment or Reimbursement of Board Member Expenses.</u> Provides that payments of expenses by board members must be in compliance with Section 1254 of the Revised School Code. Additionally, records of payments must be open to the public.</p> <p>Background: This section was added in FY 1996-97 and remains unchanged today.</p>
164c	<p><u>Purchase of Foreign Goods and Services.</u> Prohibits a district or ISD from purchasing foreign goods and services if American goods or services are available, competitively priced, and comparable in quality. Preference should be given to Michigan-made products.</p> <p>Background: This section was first added in FY 1995-96, and amended for the reference to Michigan-made products in FY 2005-06. It was again amended to give preference to goods and services provided by Michigan businesses owned and operated by veterans.</p>
164d	<p><u>Discriminatory Rules.</u> Prohibits districts from implementing policy or practices that discriminate against personnel solely because they have graduated from or are enrolled in a particular State university, and prohibits counselors from advising a pupil against certain State universities for reasons other than the suitability of the educational offerings for that pupil.</p> <p>Background: This section was first added in FY 1995-96 and remains unchanged.</p>
164e	<p><u>Discrimination Against Student Teachers.</u> Prohibits discrimination against a student teacher because the State university in which the person is enrolled serves as the authorizing body for one or more public school academies.</p> <p>Background: This section was first added in FY 1995-96 and remains unchanged.</p>
164f	<p><u>Procurement of Diesel Fuel.</u> Allows a district, PSA, or ISD to procure up to 25% of its fuel budget by entering into a swap, hedge, derivative, or similar agreement.</p> <p>Background: This section was first added in FY 2014-15.</p>
164g	<p><u>Legal Action against the State.</u> Prohibits a district or ISD from using any State or Federal funds appropriated under the School Aid Act to pay for an expense related to legal action initiated by the district or ISD against the State. If a district or ISD violates this, they would forfeit State aid in an amount equal to the expense funded with State or Federal dollars.</p>

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164h*	<p><u>Collective Bargaining Agreements.</u> Prohibits a district or ISD from entering into a collective bargaining agreement that establishes racial or religious preferences for employees; that automatically deducts union dues; that is in conflict with any State or Federal law regarding transparency; or that includes a method of compensation that does not comply with MCL 380.1250. <i>*In his signing letter, the Governor indicated he views this section as unenforceable.</i></p>
165	<p><u>Shared Time Agreement.</u> Requires an individual or entity receiving payment from participating in a contractual shared time agreement to reimburse the district or ISD the full payment if memberships attributable to that agreement are subsequently disallowed by the Department of Education.</p> <p>Background: This section was added in FY 1998-99 and remains unchanged today.</p>
166	<p><u>Policy for Financial Penalties for Violations of MCL 380.1507 or Referrals for Abortions.</u> Requires the governing boards of districts or ISDs to implement policies that prescribe financial penalties for employees who violate either Section 1507 of the Revised School Code or make a referral for an abortion for a student.</p> <p>Background: Between FY 1994-95 and FY 2015-16, this section prohibited districts from distributing drugs or devices related to family planning, or making referrals for abortions, and a penalty of 5% of total State aid was included. However, beginning in FY 2016-17, the section changed to require the governing board of a district or ISD to adopt and implement a disciplinary policy to provide for penalties for violations of Section 1507 of the Revised School Code and penalties for a school official, member of a governing board, employee of the district or ISD, or other person who refers a pupil for an abortion or assist a pupil in obtaining an abortion. A district or ISD that fails to adopt a policy within 3 years is required to forfeit \$100,000 from its total school aid payment. A disciplinary policy to be applied against an individual who violates the policy shall include a financial penalty of not less than 3% of that individual's annual compensation.</p>
166a	<p><u>Requirements Related to Sex Education.</u> States the requirements related to sex education.</p> <p>Background: This section has been in place since FY 1994-95.</p>
166b	<p><u>Enrollment in Nonpublic School or Home School.</u> Allows a nonpublic student to enroll in any courses offered by the district or ISD. State aid is provided for noncore curriculum courses.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and was amended in FY 1998-99 to add language for specific guidelines as to what can be counted as a part-time student for reimbursement for State aid. Other amendments have been added throughout the years to continue defining the parameters of this program, including allowing charter schools to educate nonpublic or home schooled students. This section was amended in FY 2016-17 to require the Department to establish a workgroup to examine the issue of providing a uniform definition of nonessential elective courses, and to provide a uniform definition of a part-time pupil. For FY 2017-18, changes include striking the requirement that the curricular offerings are available during regularly scheduled school hours, defining nonessential courses for grades K-8 and for high school, and referencing the Section 3 cap of 0.75 of an FTE that may be claimed for State aid.</p>

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166d	<p><u>Cyber Schools.</u> Prohibits a school of excellence that is a cyber school, or an educational management organization with which the cyber school has a contract, shall not require an employee to sign an agreement that he or she will not disclose salary or other compensation information. If a violation of this prohibition occurs, the school must forfeit 2% of its State aid.</p> <p>Background: This section was first added in FY 2010-11.</p>
166e	<p><u>Competitive Bid Process.</u> Requires Detroit public schools to use competitive bidding for materials, supplies, equipment, building construction, and repair contracts in excess of \$15,000.</p> <p>Background: This section was first added in FY 1997-98 and remains unchanged.</p>
167	<p><u>Immunization Process.</u> Requires districts to report the immunization status of pupils in grades K through 12 to their local health department. If a district does not have records or waivers on file for at least 90% of its pupils, the Department of Education shall withhold 5% of State aid.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95.</p>
167a	<p><u>Pupil Expulsions and Suspensions Exceeding 10 Days.</u> New for FY 2016-17, this section encourages districts to implement a plan to reduce pupil expulsions and suspensions that exceed 10 days. States the intent of the Legislature that a district that has not implemented such a plan will be subject to forfeiture of a portion of its total State school aid.</p> <p>Background: This section is new for FY 2016-17.</p>
168	<p><u>Access to Records and Audits.</u> Requires districts to give the Michigan Department of Education access to certain records and to audit certain records.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged, with the exception of language added in FY 2014-15 allowing audits for any of the three immediately preceding fiscal years</p>
168a	<p><u>Removing Asbestos.</u> Prohibits removal of asbestos unless its removal is required under P.A. 51 of 1993.</p> <p>Background: This section has been in place since the implementation of Proposal A in FY 1994-95 and remains unchanged.</p>
169	<p><u>Advertisement by Public School Academies.</u> Requires public school academies to advertise that the academy is enrolling students and the procedures for applying for enrollment, in order to receive State aid.</p> <p>Background: This section was first added in FY 1996-97 and remains unchanged.</p>
169a	<p><u>Information About the Schools for the Deaf and Blind.</u> Upon determination of the pupil's status, requires information to be provided to parents of deaf and blind children. A board member or employee of the district shall not interfere with the right or ability of the Michigan Schools for the Deaf and Blind to provide information about their residential program.</p> <p>Background: This section was first added in FY 1996-97 and remains unchanged.</p>

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169b **Board Member Conflicts of Interest.** Prohibits school board members from voting on any contract in which the board member has a conflict of interest.

Background: This section was first added in FY 1996-97 and remains unchanged.

296 **Proration.** Prescribes the formula to calculate proration in the event the amount appropriated under all articles of the Act exceeds the amount available for expenditure. Requires the Department to calculate the proration in district and ISD payments under Article I, and Treasury to calculate proration in community college and university payments under Articles II and III.

Background: This section was first added in FY 2011-12, when the community colleges and university budgets were added to the State School Aid Act of 1979 and partially funded with School Aid Fund revenue.