

## Brief Narrative on Governor's Recommendation for School Aid

### FY 2014-15 Revisions

For the current year, the Governor is recommending a negative K-12 supplemental that totals \$182,365,500 Gross, of which GF/GP support to the budget is reduced \$81,200,000. Items in the supplemental include CREC foundation and special education cost savings of \$96.0 million; a reduction in MPSERS one-time liability payment of \$88.4 million; transferring in \$2.2 million from MDE for library MPSERS payments; elimination of \$1.2 million in funding for an online health and nutrition education program; and, \$1.0 million in new spending for an education resource allocation study. Overall, when combining these changes with fund shifts in community colleges and higher education, roughly \$250.0 million in School Aid Fund revenue is proposed to be used to help fill in the projected General Fund shortfall in the current year.

### FY 2015-16 Recommendation

#### Foundation Allowance

The Governor is recommending a \$75 across-the-board increase in the per-pupil foundation grant. The cost of this proposal is \$108.0 million. (As a side note, the \$108.0 million could instead provide a '2x' formula increase of \$41 for the higher funded districts and \$82 for the minimum; or, a \$108 increase to just the districts at the minimum.) The equity payment, which in the current year is a separate categorical, is rolled into base funding for FY 2015-16.

#### New Programs

New programs include \$25.0 million for early literacy initiatives, including grants for additional instructional time with kindergarteners, literacy coaches for K-3 teachers, expanding ISD home visiting programs focusing on parenting skills and identification of children needing special services, assessments for kindergarten entry and Grades 1 and 2, and other items. Other new programs include \$20.0 million for career and technology education and skilled trades initiatives, including \$17.8 million for grants to prosperity regions to support the five most 'in-demand' career clusters identified by the regions; \$0.6 million to add community college courses to the statewide online course catalog; and, a \$1.0 million increase to the Michigan College Access Network (which is transferred to the School Aid budget from the Higher Education budget), bringing total funding for MCAN to \$3.0 million.

#### Increases in Existing Programs

The Governor is recommending a \$100.0 million increase in At-Risk funding (to \$409.0 million), and a \$71.0 million increase in money set aside for the district fiscal emergency contingency fund. Also, in order to fund the rate cap in the Michigan Public School Employees' Retirement System, funding is increased \$216.6 million (plus \$2.2 million to pay for library MPSERS payments transferred in from MDE). School Bond Loan Fund debt service is increased \$17.0 million.

#### Decreases or Eliminations of Existing Programs

The Governor is recommending the elimination of the one-time payment toward MPSERS liabilities (\$108.0 million in current law; proposed to be reduced in the negative supplemental). Also, pupil performance grants (\$51.1 million) are eliminated, along with \$14.8 million for educator evaluations (funding from the current year would be carried over and spent in FY 2015-16), *Durant* debt service of \$39.5 million (since FY 2014-15 is the last payment), bus conversion grants (\$3.0 million), and online health and nutrition programming (\$1.2 million). Best Practices grants are reduced \$45.0 million, and Technology Readiness grants are reduced \$16.5 million.