Budget Update
MASA/MASB Legislative Conference
May 31, 2016

Robert Dwan
Associate Executive Director
Michigan School Business Officials

Special Thanks to...
Bethany Wicksall – House Fiscal Agency
Kathryn Summers – Senate Fiscal

Proposed Omnibus Education Budget 2016-17
Executive/House HB5291/Senate SB801
Foundation Increase!!!

- Sec 20 - Foundation Allowance increase
- Current Law: Basic Foundation $5,968; minimum foundation $7,391
- Governor: Basic $8,120 (+$560); minimum foundation $7,511 (+$120)
- House: Concur with Governor
- Senate: Concur with Governor
- Foundation Allowance increase (20)
  - Current Law: no 20 funding
  - Governor: inhabit 20 payments to bring all districts to a minimum of a $60 increase in foundation allowance including those above the basic
  - House: Concur with Governor
  - Senate: Concur with Governor

Count Day Information

- Sec 6 - Calculation of FTE for Foundation Payments
  - Current Law: 90/10 (Fall 2016/Spring 2016)
  - Governor: 50%/50% (Fall 2016/Spring 2016)
  - House: 85%/15% (Fall 2010/Fall 2015)
  - Senate: 75%/25% (Fall 2016/Spring 2016)
  - Assists with declining enrollment
  - Winners and Losers
  - Potential for one count per year?
**Shared Time FTE Limit**

- See 6 - Membership definition (Homeschoolers and Non-Public Schools)
  - Current Law - FTE for shared time arrangements for non-core subjects
  - Governor - Limit FTE eligible to no more than 1/3
  - House - current law
  - Senate - Limit FTE eligible to no more than 1/2

**No More 25e?**

- See 25e – Adj. for Pupils Moving after Count Day
  - Current Law – Allows funding to follow students for change in district
  - Governor – Repeals section
  - House – Concurs with Governor
  - Senate – Does not repeat and updates for fiscal year change

**General Fund Transfer**

- Total Appropriations – General Fund/General Purpose (GF/GP)
  - Current Law – $251.1 million transfer from GF/GP to School Aid Fund (SAF)
  - Governor – $200 million transfer from GF/GP to SAF
  - House – $220.1 million transfer from GF/GP to SAF
  - Senate – $280.1 million transfer from GF/GP to SAF
  - DPS Trust Fund (Tobacco Tax Settlement)
    - Current Law – N/A
    - Governor – $272 million DPS transfer to SAF
    - House – Concurs with Governor
    - Senate – $0 million DPS transfer to SAF
Assistance to Flint

- Sec 11(q) - Flint Water Emergency
  - Current Law – N/A
  - Governor – $10.142 million for programs and services to Flint children
  - House – Concurs with Governor
  - Senate – Concurs with Governor

Audit and FID

- Sec 18 - Spending and Audit Requirements
  - Current Law – Allowable costs and posting requirements – November 1
  - Governor – Adds that audit and FID must be consistent or State Aid with
  - House – Concors with Governor
  - Senate – Concors with Governor

31a for Out-of-Formula

- Sec 31a – At-Risk
  - Current Law – $389.7 million in funding
  - Governor – maintains funding level and changes to proficiency in ELA
  - House – adds $10 million and includes out of formula districts
  - Senate – Concors with Governor
Water Testing – Retro?
DEQ Budget?

- Sec 78 – Lead Testing Water in Schools
  - Current Law – N/A
  - Governor – $9.0 million for 3 years to reimburse schools for lead testing
  - House – Not included
  - Senate – Not included
  - Possibly moved to other State budget

ISD Funding Increase 1.6%

- Sec 81 – ISD general Operations
  - Current Law – $67.1 million
  - Governor – $68.2 million (+1.6%)
  - House – Concurs with Governor
  - Senate – Concurs with Governor

Increased School Days

- Sec 101 – Day and Hours
  - Current Law – 1,098 hours of instruction and 175 days
  - Governor – 1,098 hours of instruction and 180 days
  - House – Concurs with Governor
  - Senate – Concurs with Governor
  - Also includes language on certifying compliance vs. report
Data Analysis Tools

- Sec 162d - Data Analysis Tools
  - Current Law - $1.5 million to reimburse districts for licensing
  - Governor - Continues allocation
  - House - Concus with Governor and adds $100,000 for ISD's ($1.6m)
  - Senate - Concurs with Governor

MPERS Payments

- Sec 147a - MPERS Payments to Districts
  - Current Law - $100 million to assist with district MPERS obligation
  - Governor - Continues allocation
  - House - Concurs with Governor
  - Senate - Concurs with Governor

- Sec 147c - MPERS Rate Cap
  - Current Law - $593.5 million to assist cap UAAL rate at 20.96%
  - Governor - Adds $60.3 million for 2016-17 estimated UAAL
  - House - Concurs with Governor
  - Senate - Concurs with Governor

Non-Public Mandates?

- Sec 152a - Reimbursement for Non-Public School Mandates
  - Current Law - N/A
  - Governor - N/A
  - House - $1 million to reimburse non-publics for mandated reporting
  - Senate - $5 million to reimburse non-publics for mandated reporting

SEC. 152b. (1) From the general fund money appropriated in
Section 11, there is allocated an amount not to exceed
$5,000,000.00 for 2016-2017 to reimburse nonpublic schools for the
costs identified in the nonpublic mandate report published by the
department on November 25, 2014 to ensure the health and safety of
all schoolchildren in the state.
Other uses of SAF

- Community College Funding from SAF
  - Current Law – $256.7 use of funds (or $172 pp K-12)
  - Governor – $250.4 use of funds (or $175 pp K-12)
  - House – Concurs with Governor
  - Senate – Concurs with Governor

- University Funding from SAF
  - Current Law – $265.2 use of funds (or $137 pp K-12)
  - Governor – $237.2 use of funds (or $160 pp K-12)
  - House – Concurs with Governor
  - Senate – Concurs with Governor

State Appropriations for Public University Operations
State support for public universities has increased by $153 million (13%) since FY 2012, but remains $255 million (18%) below the FY 2002 peak.

State Appropriations for Community Colleges Operations
Despite recent growth, state support for community college operations remains slightly below the FY 2003 peak. The School Aid Fund is now the primary source for this funding.
We suggest the greater of last fall's count and the current fall's count. Creates more budget stability.
**District Fund Balances and Deficits**

Total fund balances decreased from a high of $2.0 billion in FY 2002-03 to $1.2 billion in FY 2014-15. This average statewide total fund balance as a percent of revenues declined from 13.7% in FY 2002-03 to 7.9% in FY 2014-15. The number of districts with a deficit decreased from 65 in FY 2013-14 to 40 in FY 2014-15.

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**Michigan Public Schools Fund Balance Information**

Includes K-12 and EAA Only, No ISDs and PSAs as of 02-01-16

<table>
<thead>
<tr>
<th>Statewide Average</th>
<th>2012-13</th>
<th>2013-14</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deficit (Negative)</td>
<td>6.4%</td>
<td>6.9%</td>
<td>5.0%</td>
<td>7.4%</td>
</tr>
<tr>
<td>0% - 5%</td>
<td>44</td>
<td>50</td>
<td>79</td>
<td>61</td>
</tr>
<tr>
<td>5% - 10%</td>
<td>101</td>
<td>117</td>
<td>128</td>
<td>140</td>
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<tr>
<td>10% - 15%</td>
<td>127</td>
<td>136</td>
<td>140</td>
<td>140</td>
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<tr>
<td>Above 15%</td>
<td>137</td>
<td>145</td>
<td>145</td>
<td>145</td>
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<tr>
<td>Total Number of Districts Reported</td>
<td>150</td>
<td>149</td>
<td>141</td>
<td>134</td>
</tr>
</tbody>
</table>

*Does not include Highland Park Schools - Deficit District*

“Leadership: Driven By Our Vision”

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**Contact Information**

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