

# 2017-18 School Aid Budget Summary



Michigan Association of School Administrators

Governor Snyder has released his budget and both Chambers have advanced their proposals through the subcommittee process. Not a lot of movement is anticipated until after the May Consensus Revenue Estimating Conference.

Although there are many items in the budget, this document includes the largest ticket items, as well as the ones that have resulted in the most member questions. The House bill is HB 4235 and the Senate bill is SB 149. Information on this hand out is subject to change as the budget process moves forward.

For questions, contact Peter Spadafore at [pspadafore@gomasa.org](mailto:pspadafore@gomasa.org) or 517.327.9265.



## Governor's Budget

To view the full bill please click here



## House Budget

To view the full bill please click here



## Senate Budget

To view the full bill please click here

## Proposed Foundation Allowances – Sec. 20(1)



### Governor's Budget

The basic Foundation Allowance for 2017-18 will be \$8,279, an increase of **\$50**. The minimum Foundation Allowance for 2017-18 will be \$7,611, an increase of **\$100**. 2x Formula.

**\$50-\$100** per pupil  
2x Formula



### House Budget

The basic Foundation Allowance for 2017-18 will be \$8,329, an increase of \$100. The minimum Foundation Allowance for 2017-18 will be \$7,611, an increase of **\$100**. Across the Board.

**\$100** per pupil  
All districts



### Senate Budget

Concurs with Governor and adds \$100 million from 147a MPSERS allocation to be distributed using the 2x Formula. The basic Foundation Allowance for 2017-18 will be \$8,367, an increase of **\$88**. The minimum Foundation Allowance for 2017-18 will be \$7,687, an increase of **\$176**. 2x Formula.

**\$88-\$176** per pupil  
2x Formula

*ALL - There is consensus on a blended pupil membership of 90% current year fall and 10% prior year spring.*



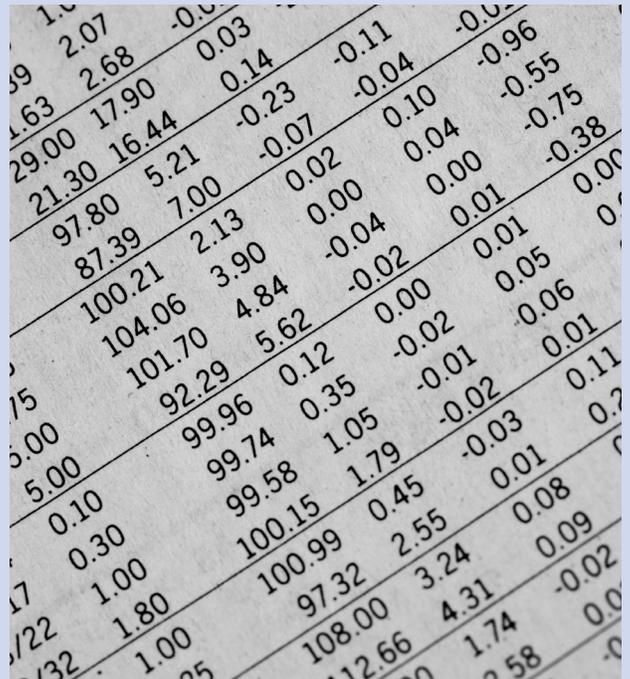
| High School Per Pupil Bonus – Sec. 22N                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| For the first time, a proposal was floated to provide schools a premium per pupil allocation for high school students. MASA supports this effort to recognize the added costs of higher level courses.                                                                                                                                                                                                                                                                                                         | \$22 million for 2017-18 for additional payments to districts for higher instructional costs of educating high school students. Payments equal to \$50 per pupil for all Grade 9-12 students.                                                                                                                                                                             | Language not included.                                                                                                                                                                                                                                                                                               | Language not included.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Sec. 23F – Shared Time Pupils                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$60 million for state Foundation Allowance payments to districts for educating non-public part-time pupils enrolled in Grades K-12, commonly referred to as “shared-time” agreements.                                                                                                                                                                                    | Language not included.                                                                                                                                                                                                                                                                                               | Language not included; current law in Sec. 22a with exception of a cap on maximum per pupil FTE of .75 in Sec. 6.                                                                                                                                                                                                                                                                                                                                                                                     |
| Cyber School Foundation Reduction – Sec. 20(6)                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| The Governor proposed an 20% reduction in the cyber school Foundation Allowance. MASA supports this recommendation.                                                                                                                                                                                                                                                                                                                                                                                            | Establishes an 80% limit on Foundation Allowance for a school of excellence that is a cyber-school.                                                                                                                                                                                                                                                                       | Language not included.                                                                                                                                                                                                                                                                                               | In a different section (6(4)(II)) proposed a 75%FTE cap on shared time pupils.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “At-Risk” Pupil Support – Sec. 31a                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Michigan’s goal of an 11.5% premium on the Foundation Allowance for at-risk funding has gone unmet for years. While there is consensus about the need to increase at-risk funding, the amount and eligibility requirements (free and reduced lunch, students living in households eligible for SNAP and TANF, foster, migrant and homeless students) are still under debate. MASA supports the increased investment for at-risk pupils and encourages the Legislature and Governor to continue down this path. | Increases funding by \$150 million for a total of \$539.7 million. Expands number of eligible students based on definitional changes and would include hold harmless districts. Estimated to be an increase of \$105 per at-risk pupil and an expansion to serve 131,000 additional students.                                                                             | Increases funding \$129 million for a total of \$518.8 million. Provides allocations to hold harmless and out-of-formula equal to 50% of amount calculated prior to any proration. Intent language added for 2018-19 allowing for funds to be used for out-of-district student transportation via voucher or passes. | Increases funding \$100 million for a total of \$490.2 million. Provides a per pupil hold harmless allocation to any district receiving less than \$8,229 combined state and local funding for 2016-17 that allows the same per pupil allocation in 2017-18 for all “economically disadvantaged” students. Additionally, ALL districts would receive an equal allocation per economically disadvantaged student to a limit of \$41 million statewide. Adds \$5 million for English Language Learners. |
| ISD Operations Support – Sec. 81                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Often dubbed “the Foundation Allowance for ISDs,” Sec. 81 is a way to help ISDs fulfill their mission of serving local school districts. MASA has long-supported increases to Sec. 81 that are proportionate to the increase in the foundation, and we encourage lawmakers to work toward that end.                                                                                                                                                                                                            | Maintains funding at \$67.1 million.                                                                                                                                                                                                                                                                                                                                      | Concurs with Governor.                                                                                                                                                                                                                                                                                               | Concurs with Governor and increases funding by \$1 million, which equates to a 1.5% increase.                                                                                                                                                                                                                                                                                                                                                                                                         |
| Declining Enrollment Support – Sec. 29                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$7 million for additional payments to districts for declining enrollment assistance for districts meeting specific criteria.                                                                                                                                                                                                                                             | Language not included.                                                                                                                                                                                                                                                                                               | Language not included.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| CTE Equipment Upgrade – Sec. 61c                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | \$20 million for eligible districts and intermediate districts for the CTE Equipment and Innovation Competitive Grant Initiative funding restructuring to be a competitive grant program.                                                                                                                                                                                 | Concurs with Governor’s language and adds priority for leasing of equipment, but only allocates \$10 million in funding.                                                                                                                                                                                             | Appropriates \$7.5 million distributed to career education planning districts as current law; no competitive grant restructuring.                                                                                                                                                                                                                                                                                                                                                                     |
| MPERS Cost Offset – Sec. 147a                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Paid to districts based on their percentage of payroll. Roughly 1% off the MPERS rate. Recognizes higher costs for employees in districts that participate in MPERS                                                                                                                                                                                                                                                                                                                                            | Maintains \$100 million allocation for MPERS participants. Adds an additional \$48.9 million for districts AND intermediate districts for 2017-18. Allocation of the new funding is meant to offset the cost of lowering the expected rate of return on retirement system investments and is based on the district's payroll as a percentage of statewide payroll totals. | Concurs with Governor.                                                                                                                                                                                                                                                                                               | Eliminates funding of \$100 million and moves to the foundation using 2x formula under Sec. 22b. Concurs with the Governor for the additional \$48.9 million for 2017-18.                                                                                                                                                                                                                                                                                                                             |
| Public Funds for Private Schools – Sec. 152b                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| MASA opposes this line item and we were encouraged when the Governor left it out of his budget recommendations. Unfortunately the House and Senate have gone farther by expanding the funding. While we hope for a victory through the budgeting process, MASA is a participant in a lawsuit against the state to prohibit this unconstitutional funding to be expended.                                                                                                                                       | Language not included; repeals section.                                                                                                                                                                                                                                                                                                                                   | Maintains current funding at \$2.5 million and adds additional \$250,000 for competitive grants for nonpublic schools to participant in FIRST Robotics.                                                                                                                                                              | Maintains current funding at \$2.5 million and adds \$500,000 for nonpublic school participation in FIRST Robotics.                                                                                                                                                                                                                                                                                                                                                                                   |
| Educator Evaluations – Sec. 95a                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Appropriates \$7 million for payment to districts and ISDs to support the implementation of local evaluation systems for teachers and administrators.                                                                                                                                                                                                                     | Language not included; repeals section.                                                                                                                                                                                                                                                                              | Language not included; repeals section.                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

# Financial Penalties

Tucked into the tail end of the budget recommendations from the House are two new sections that seek to impose financial penalties on districts.

The first item is for any legal action against the state filed by a district. The district would be penalized by an amount equal to the amount spent on any such lawsuit. The practical results would be either that: 1) Districts would no longer be able to file lawsuits against the state for fear of penalty; or 2) Lawsuits will now cost twice as much given that a district would pay the legal fees, followed by an equal amount as a penalty. We believe this is an overreach by the state and is in direct response to a recent lawsuit filed against the non-public school funding line item included in last year's budget.

The second item imposes a 5% penalty on districts if certain provisions are included in collective bargaining agreements. Since all of the items are already disallowed, it's not certain what "problem" this language seeks to fix.



**Governor's Budget**



**House Budget**



**Senate Budget**

## Sec. 164g – Legal Action Against State

|                        |                                                                                                              |                        |
|------------------------|--------------------------------------------------------------------------------------------------------------|------------------------|
| Language not included. | Adds language preventing the use of state funds for any expenses relating to legal action against the state. | Concurs with Governor. |
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## Sec. 164h – Collective Bargaining Agreement Penalty

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                        |
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| Language not included. | Adds language of a 5% penalty for any collective bargaining agreement that does any of the following: 1) Establishes racial and religious preferences for employees. 2) Automatically deducts union dues from employee compensation. 3) Is in conflict with any state or federal law regarding transparency. 4) Includes a method of compensation that does not comply with the requirements of section 1250 of the Revised School Code, MCL 380.1250. | Concurs with Governor. |
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