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School Aid Budget Update

As passed by the Senate on October 8, House Bill 4447 **included \$100 million in new revenues that have not as yet been adopted by the Legislature.** State officials have estimated that, including the \$100 million in new revenues not yet enacted, the School Aid budget would still be **short \$264 million for the current fiscal year.**

Before signing House Bill **4447, Governor Granholm cut \$54 million** from the School Aid budget in line-item vetoes. She explained that if more revenues are not raised by the state soon, more cuts will be needed to bring the budget into balance.

The Governor urged quick legislative action to resolve the shortfall. However, Senate Republicans have stated that they have no intention of passing new revenues or for restoring funding to support a fully-funded budget.

As signed, the budget totals \$12.9 billion, an overall 2.9 percent cut from last year's appropriations and includes **a cut of \$165 per student to the foundation grant.** The largest of her line-item vetoes was **\$51.5 million from Section 20j.** This extra payment to 52 of the state's 554 school districts began after 1994's Proposal "A" left them with lower per-pupil revenues than before adoption.

AFT Michigan school districts affected by Section 20j elimination for 2009 - 2010 are listed below:

School District	Per Pupil Foundation	Section 20j (Incl. in Found.)	Total 20j Est. Reduction	Foundation After Veto
Dearborn City	\$ 9,083	\$ 281	\$ 4,916,682	\$ 8,802
Lamphere Public	\$10,926	\$ 177	\$ 455,738	\$ 10,749
Melvindale-NAP	\$ 9,262	\$ 267	\$ 727,060	\$ 8,995
Midland Public	\$ 8,904	\$ 293	\$ 2,446,396	\$ 8,611
Northville	\$ 8,539	\$ 321	\$ 2,236,538	\$ 8,218
Romulus Community	\$ 9,139	\$ 277	\$ 1,025,907	\$ 8,862
Warren Woods	\$ 9,228	\$ 270	\$ 869,976	\$ 8,958

Also vetoed was specialized funding for secondary prevention services (\$1.6 million), advanced and accelerated programs (\$285,000), cultural experiences grants (\$100,000), 21st Century Community Learning Center funds (\$50,000), vocational education funding forOakland ISD (\$388,700), and a pre-college engineering program in the Kalamazoo area (\$75,000).

Proration of School Aid Payments Ordered

The School Aid Act requires that if appropriations exceed the amount available for expenditures from the School Aid Fund in any given year, the State must prorate payments to districts and ISDs in order to eliminate the shortfall. On October 22 the State Treasurer estimated that the 2009 - 2010 School Aid budget has a shortfall of \$212 million.

As a result, State Budget Director notified the Legislature that the school aid payments as required by the School Aid Act. **The proration will reduce districts' total state aid payment by approximately \$127 per pupil, payments to ISDs by approximately \$8.8 million, and payments to other non-district entities by approximately \$1.3 million.**

The Legislature has **30 days or 6 session days** (whichever is greater) from the date the notice is given to appropriate additional funds or reduce appropriations by reducing or eliminating specific programs in order to avoid proration. Thus, the Legislature will need to act **by November 21, 2009**, if this proration is to be averted. If no action is taken, schools and ISDs will see a reduction starting with their December 2009 state aid payment.

URGENT: Contact your State Senator and Representative and tell them it is imperative to raise new revenues so that the education budget can be fully funded. For your convenience, we have a prepared letter on our website: www.aftmichigan.org, which can be e-mailed to your state legislators.

2009 - 2010 School Aid Budget (HB 4447)

On October 20, the Governor enacted seven line-item vetoes and signed House Bill 4447 to become Public Act 121 of 2009. **Listed below are highlights of the School Aid budget:**

Per Pupil Reduction of \$165. Reduces total state aid to districts by \$165 per pupil. This is a real reduction that is not backfilled by ARRA funds. Estimated total reduction is \$263,000,000. If districts agree to develop *service consolidation plans* to reduce school operating costs per Departmental guidelines, then district may absorb the cut by reducing or eliminating any other funded program except Sections 11g (Durant bond payment), 22a (Proposal A portion of the foundation allowance), 31d (school lunch program), 51a(12) (foundation allowance for special education students), 51c (special education 28% cost requirement), and 53a (added costs for special education students). If a district fails to agree, the reduction shall be absorbed out of Section 22b. **(Sec. 11d)** (See Spread Sheet for Your District)

Total Federal State Stabilization Fund (ARRA) Appropriations. Appropriates \$450,000,000 for 2009 – 2010 from Title XIV. **(Sec. 11)**

Carry Forward Fund Balance. Estimates year end SAF balance at \$40.6 million; estimates ARRA balance at \$184.1 million, for a total carry forward balance available at \$224.7 million.

Foundation Allowance. Maintains the same foundation allowance for 2009 – 2010 as 2008 – 2009. Maintains current provision that if the hold harmless millage required to reach a district’s foundation allowance is less than 0.5 mills and the district does not levy the millage, the state will provide the district a supplemental payment equal to the foregone millage revenue. **(Northville - \$345,000).** *(Sec. 20)*

ISD General Operations Funding. Appropriates 65,376,800 for 2009 – 2010. Intermediate districts would receive a **20.0% reduction** in operations funding. *(Sec. 8I)* (See Attached Spread Sheet)

Kindergarten Membership. Maintains full per-pupil foundation allowance for half-day kindergarten. *(Sec. 6(4)(r))*

Pupil Membership Definition for Small Rural Districts. Maintains current law. *(Sec. 6(4)(y))*

Instructional Sites Within the Boundaries of Another District. Prohibits any district after 2009 – 2010 from counting pupils in membership at an instructional site within the boundaries of another district unless given approval by the resident district. *(Sec. 6(6))*

Compliance with Reporting Requirements. Adds language that districts and ISDs shall cooperate with CEPI on the provision of the ARRA requiring the establishment of a statewide P-20 longitudinal data system. *(Sec. 19)*

Hold Harmless Districts. Maintains current funding. *(Sec. 20j)* – **VETOED**

Isolated District Funding. Maintains current year funding. *(Sec. 22d)*

Declining Enrollment. Maintains current year funding. *(Sec. 29)*

At-Risk Grants. Appropriates \$317,695,500 in 2009 – 2010. At-Risk Funding equals \$308,988,200. Reduces the exceptions to the funding formula for **Dearborn School District** by 25% (\$1,468,800). Cuts Child & Adolescent Health Center funding by 25%. *(Sec. 31a)*

Great Start Readiness Program (GSRP). Appropriates \$88,100,000 SAF for 2009 – 2010 to operate the district GSRP, \$300,000 GF/GP to continue a longitudinal study of the GSRP, and transfers in \$7,575,000 (50% cut) from Section 32I for the competitive GSRP. Maintains the Parents Involved in Education (PIE) option as an allowable use for the grants. Maintains the current language for required teacher and paraprofessional credentials. *(Sec. 32d)*

Great Parents Great Start ISD Program. Maintains current year funding level of \$5.0 million. *(Sec. 32j)*

Bilingual Education. Maintains current funding. *(Sec. 41)*

Advanced and Accelerated Programs. Maintains current year funding level of \$285,000. *(Sec. 57)* – **VETOED**

Vocational Education. Appropriates \$27,000,000 for 2009-2010. *(Sec. 61a)*

Health/Science Middle College Grants. Maintains current year funding. Expands middle college program to include other career fields and other entities besides hospitals. *(Sec. 64)*

Precollege Engineering and Science Grants. Maintains current year funding. *(Sec. 65)* **VETOED** pre-college engineering program for Kalamazoo area (\$75,000).

Bus Driver Safety. Appropriates \$1,625,000 for 2009 - 2010 to reimburse intermediate districts and universities for providing bus driver safety instruction. **Eliminates** funding of \$1,436,500 for reimbursement to district and intermediate districts for cost of Michigan State Police school bus inspections. *(Sec. 74)*

Michigan Virtual University and Math and Science Centers. Appropriates \$1,687,500 GF/GP in 2009 - 2010 and \$2,700,000 in federal funds. **Eliminates** funding of \$500,000 in SAF for My Dream Explorer career planning software statewide. **Eliminates** civics curricula requirement. **Adds** professional development for MI educators on developing and delivering online instruction to course offerings. **Does not include** Algebra 4 All Initiative. *(Sec. 98)*

Math and Science Centers. **Reduces** all funding from \$875,000 to \$2,625,000 or (75%) and maintains \$5,249,300 in Federal funds. **Deletes** Algebra 4 All Initiative. *(Sec. 99)*

Days and Hours of Instruction. Starting 2009 – 2010 or when contract expires, in addition to providing a minimum of 1,098 hours, a district must provide a minimum of 165 days of instruction and 170 days in 2012 – 2013. Also a district may not provide less days than it provided in 2008 – 2009. Does not define number of hours in an instructional day. Expands waiver of minimum instructional hours from just alternative education programs to Department approved innovative programs. Allows a district to count the 38 hours of professional development as instructional hours **only** if at least 5 of those hours are provided online either by MVU or a Department approved intermediate school provider. *(Sec. 101)*

Adult Education. Appropriates \$22,000,000 (a \$2,000,000 reduction) for current adult education programs for 2009 - 2010. Adds language that to be eligible for funding, a program shall employ certified teachers and qualified administrative staff and shall offer continuing education opportunities for teachers to maintain certification. *(Sec. 107)*

Michigan Public School Employees Retirement System Rates. Increases from 16.54% to 16.94%, starting October 1, 2009. *(Sec. 147)*

2009 - 2010 Higher Education Budget (House Bill 4441)

House Bill 4441 was presented to the Governor for signing on October 20. The Conference Committee's recommendation for the 2009 - 2010 Higher Education budget totals \$1,612,243,300, down \$146,861,900 from the current year. In the bill, universities will see a 0.4 percent cut to their operational budgets, but will also receive funding from the federal stimulus.

It is expected that the Governor will use line-item vetoes to reflect here funding priorities in the Higher Education budget before signing it. It is rumored that funding for MSU's Agricultural Experiment Station and the Cooperative Extension Service could fall victim to vetoes.

Listed below are some of the bill highlights:

University Operations. Uses ARRA money to partially fund university operations, but leaves a 0.4% reduction in the budget. (*Central Michigan University - \$82,436,000; Eastern Michigan University - \$78,212,100; Michigan State University - \$291,841,700; University of Michigan–Ann Arbor - \$325,347,400; University of Michigan–Dearborn - \$25,437,100; University of Michigan–Flint - \$21,498,900; Wayne State University - \$220,329,200; Western Michigan University - \$112,766,800*)

Tuition Restraint. Requires that funds appropriated from SFSF or ARRA be used to mitigate tuition/fee increases or modernize/renovate/repair facilities, consistent with ARRA provisions and requires report on use of funds. (*Sec. 436*)

King-Chavez-Parks Initiative. Retains current-year funding level of \$2.7 million GF/GP.

Agricultural Experiment Station (AES) and Cooperative Extension Service (CES). Concurs with GF/GP reduction under Executive recommendation, but (1) retain separate line items, (2) partially offset the GF/GP reduction with \$27.8 million from Education portion of SFSF consistent with state's application to U.S. Department of Education), and (3) add \$3.9 million GF/GP to equalize net reduction for line items with net reductions to university operations line items at 0.4%. Provides a net reduction to line items of \$255,800.

Michigan Merit Awards. Reduces appropriation from \$5.2 million (Merit Award Trust Fund) to \$100 as a placeholder for any remaining costs of program, which ended with students graduating from high school in 2006.

Michigan Promise Grants. Eliminates all funding for program; both exam-based award payments (2008 and 2009 high school classes) and back-end award payments (2007 high school class) are eliminated. (*Sec. 318*)

Tuition Incentive Program (TIP). Increases appropriation by \$6.0 million (23.8%; Merit Award Trust Fund) to reflect a continued increase in program participation. Program pays associate's degree tuition costs for students certifying as Medicaid eligible between 6th and 12th grades. (Fund sourcing for line item is adjusted to balance overall Merit Award Trust Fund appropriations.)

State Competitive Scholarships. Reduces line item by \$17.9 million to \$17.6 million. (Note: Overall financial aid reductions in conference report may affect state's ability to receive \$2.9 million in federal funds currently used to supplement state funding for Competitive Scholarships.) (*Sec. 301*)

Tuition Grants. Reduces line item by \$25.0 million (44.1%) to \$31.7 million; associated changes (1) eliminates graduate student eligibility and (2) limits total awards at any college/university to \$3.0 million. (*Sec. 302*)

Work Study. Eliminates appropriation. (*Sec. 303*)

Michigan College Access Grants. Does not include. (*Sec. 304*)

2009 - 2010 Community College Budget (HB 4435)

House Bill 4435 was signed into law on October 13 to become **Public Act 111 of 2009**. This Community College budget maintains the current-year funding of \$229,360,500. **Listed below are highlights of the 2009 - 2010 Community Colleges budget:**

College Operations. Maintains 2008 - 2009 funding level totaling \$292,557,800. (*Henry Ford Community College - \$20,898,900; Kirtland Community College - \$2,842,800; Lansing Community College - \$29,762,500; and Wayne County Community College - \$15,889,900.*)

At-Risk Students. Maintains funding of \$3,322,700 to assist academically at-risk students.

Renaissance Zone Reimbursements. Maintains funding for renaissance zone reimbursements pursuant to 1996 PA 376 at the 2008 - 2009 level of \$3,480,000.

Tuition Restraint. Includes section indicating Legislative intent to encourage community colleges to not raise in-district tuition and fees charged to Michigan residents more than 0.5 percent above the United States consumer price index in the immediately preceding year. (*Sec. 248*)

Consolidation. Includes new language encouraging community colleges to achieve efficiencies through joint ventures, collaborations, adjusting the size and frequency of classes, web-based instruction, consolidation of services, and coordinating and sharing proposed capital outlay improvements. (*Sec. 249*)

Part-Time Faculty. **Does not include** new section added by House stating Legislative intent that a discussion take place regarding the treatment of part-time faculty pay, benefits, and job security; specifically those part-time faculty with the equivalent of a full-time academic workload. (*Sec. 251*)

Department of Education Budget (HB 4438)

House Bill 4438 was signed into law on October 13 to become **Public Act 115 of 2009**. The Department of Education budget totals \$112.9 million, \$17.82 million less than for 2009 – a drop of 19 percent). **Listed below are highlights of their Department of Education budget recommendations:**

Teacher Preparation Programs. **Eliminates** funding for Central Michigan Universities' Alternative Teachers Certification Program and Wayne State Universities' Pathways to Teaching Program and deletes section. (*Sec. 503*)

National Board Certification. **Eliminates** funding and deletes section. (*Sec. 504*)

Additional Reductions. Cuts include \$139,900 from special education operations; \$115,000 from school improvement operations; \$54,500 from career technology; and \$98,000 from early education.

2009 - 2010 School Aid Budget
\$165 & \$127 Per-Pupil Reductions to Districts
20% Reduction to Section 81 ISD Operations Funding

School District	FY 2010 Per Pupil Foundation	FY 2010 Est. Consensus Pupils	FY 2010 \$165 K-12/ 20% ISD Reduction	FY 2010 \$127 Reduction
Alpena-Montmorency-Alcona ESD	\$ 0	0	(\$ 90,079)	(\$ 30,540)
Arenac Eastern School District	\$ 7,316	291	(\$ 47,922)	(\$ 36,939)
Bay-Arenac ISD	\$ 0	0	(\$ 382,914)	(\$ 146,282)
Brown City Community School District	\$ 7,316	1,012	(\$ 166,982)	(\$ 128,525)
Cheboygan-Otsego-Presque ISD	\$ 0	0	(\$ 145,786)	(\$ 44,881)
Chesaning Union Schools	\$ 7,316	1,759	(\$ 290,195)	(\$ 223,363)
Clare-Gladwin ISD	\$ 0	0	(\$ 120,674)	(\$ 62,771)
Crawford Ausable Schools	\$ 7,316	1,761	(\$ 290,600)	(\$ 223,674)
Crestwood School District	\$ 7,814	3,428	(\$ 565,562)	(\$ 435,312)
Dearborn City School District	\$ 9,083	18,097	(\$ 2,985,997)	(\$ 2,298,313)
Detroit City School District	\$ 7,660	85,748	(\$14,148,357)	(\$10,889,948)
East Detroit City School District	\$ 7,961	4,627	(\$ 763,412)	(\$ 587,596)
Ecorse Public School District	\$ 7,883	958	(\$ 158,016)	(\$ 121,624)
Fairview Area School District	\$ 7,316	312	(\$ 51,412)	(\$ 39,572)
Glen Lake Community School District	\$ 7,469	813	(\$ 134,218)	(\$ 64,400)
Hale Area Schools	\$ 7,316	650	(\$ 107,242)	(\$ 82,544)
Hamtramck Public Schools	\$ 7,316	2,844	(\$ 469,275)	(\$ 361,199)
Hemlock Public School District	\$ 7,316	1,324	(\$ 218,457)	(\$ 168,145)
Highland Park Public Schools	\$ 7,936	2,394	(\$ 395,017)	(\$ 304,043)
Huron Valley Schools	\$ 7,418	10,202	(\$ 1,683,282)	(\$ 1,295,617)
Imlay City Community Schools	\$ 7,316	2,252	(\$ 371,572)	(\$ 285,998)
Inkster City School District	\$ 8,044	3,538	(\$ 583,815)	(\$ 449,360)
Iosco RESA	\$ 0	0	(\$ 55,562)	(\$ 25,044)
Kingsley Area Schools	\$ 7,316	1,522	(\$ 251,100)	(\$ 193,271)
Lake City Area School District	\$ 7,316	1,154	(\$ 190,359)	(\$ 146,519)

School District	FY 2010 Per Pupil Foundation	FY 2010 Est. Consensus Pupils	FY 2010 \$165 K-12/ 20% ISD Reduction	FY 2010 \$127 Reduction
Lake Shore Public Schools	\$ 8,411	3,233	(\$ 533,465)	(\$ 410,606)
Lamphere Public Schools	\$10,926	2,747	(\$ 453,196)	(\$ 348,823)
Les Cheneaux Community Schools	\$ 7,713	314	(\$ 51,741)	(\$ 26,700)
Macomb ISD	\$ 0	0	(\$ 1,345,948)	(\$ 465,144)
Melvindale/North Allen Park Schools	\$ 9,263	2,776	(\$ 457,958)	(\$ 352,489)
Midland County RESA	\$ 0	0	(\$ 114,365)	(\$ 83,683)
Midland Public Schools	\$ 8,905	8,772	(\$ 1,447,448)	(\$ 1,114,096)
Northville Public Schools	\$ 8,539	7,318	(\$ 1,207,402)	(\$ 929,334)
Onaway Area Community Schools	\$ 7,316	748	(\$ 123,369)	(\$ 94,957)
Plymouth-Canton Community Schools	\$ 7,604	19,099	(\$ 3,151,297)	(\$ 2,425,544)
Romulus Community Schools	\$ 9,139	3,881	(\$ 640,344)	(\$ 492,870)
Roseville Community Schools	\$ 7,915	5,925	(\$ 977,618)	(\$ 752,470)
Rudyard Area Schools	\$ 7,316	928	(\$ 153,092)	(\$ 117,834)
Saginaw ISD	\$ 0	0	(\$ 416,161)	(\$ 168,591)
Tawas Area Schools	\$ 7,316	1,363	(\$ 224,895)	(\$ 173,101)
Taylor School District	\$ 8,182	8,429	(\$ 1,390,780)	(\$ 1,070,479)
Utica Community Schools	\$ 7,807	29,227	(\$ 4,822,467)	(\$ 3,711,838)
Van Dyke Public Schools	\$ 8,198	3,124	(\$ 515,495)	(\$ 396,775)
Warren Woods Public Schools	\$ 9,229	3,389	(\$ 559,131)	(\$ 430,361)
Washtenaw ISD	\$ 0	0	(\$ 377,805)	(\$ 161,584)
Waterford Public Schools	\$ 7,645	11,450	(\$ 1,889,286)	(\$ 1,454,178)
Wayne RESA	\$ 0	0	(\$ 2,111,947)	(\$ 1,257,059)
Wexford-Missaukee ISD	\$ 0	0	(\$ 142,549)	(\$ 123,507)
Whitefish Township Schools	\$11,419	51	(\$ 8,333)	(\$ 6,414)
Windover High School	\$ 7,580	110	(\$ 18,137)	(\$ 13,960)
Ypsilanti School District	\$ 7,983	3,806	(\$ 628,040)	(\$ 483,400)

Source: House Fiscal Agencies

bk:opeiu42aflcio: October 26, 2009