

## School Aid

### Governor's Recommended Budget for Fiscal Years 2020 and 2021

The School Aid budget provides operational support for the state's public education system, which is charged with providing a quality education from cradle to career. Setting students on a path toward lifelong learning requires educational opportunities during a child's first 1,000 days, high-quality Pre-K to 12 instruction, academic supports, interventions for students in need, and programs to provide all students with the tools and skills to succeed in college or in a career.

The Governor's recommended budget includes total ongoing funding of \$15.4 billion in fiscal year 2020, with \$13.5 billion from the School Aid Fund and \$45.0 million from the state's general fund.

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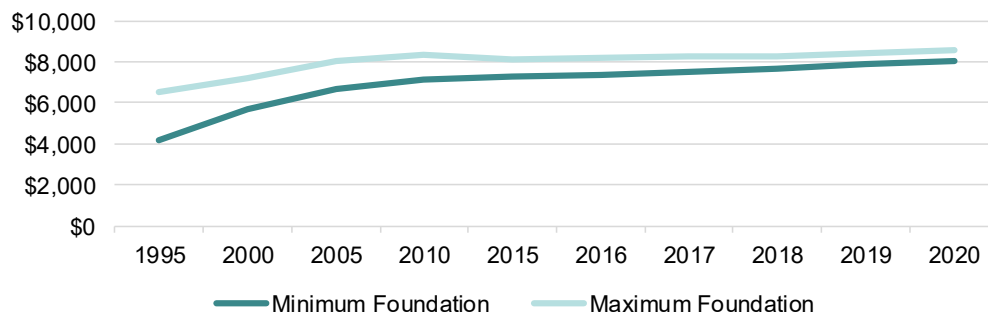
### Highlights

The Governor's recommended budget includes several key investments:

- ♦ **\$507 million in investment for a new, restructured weighted funding model** that includes a base per-pupil amount plus additional funding for students with more costly educational needs:
  - ♦ **\$235 million to increase base per-pupil funding** to \$8,051 for districts at the minimum (a \$180 per pupil increase) and \$8,529 for districts at the maximum (a \$120 per pupil increase). This reduces the gap between the highest and lowest funded districts to \$478 per pupil.
  - ♦ **\$120 million to increase state reimbursements for special education services by 4 percentage points.** This brings total state funding for special education services to \$1.1 billion, which will help districts address the wide variety of needs for special education students, which range from academic supports to one-on-one specialists.
  - ♦ **\$102 million to provide an estimated \$894 per at-risk or economically disadvantaged pupil** (11 percent of the state minimum foundation allowance). This brings total funding for this purpose to \$619 million. Economically disadvantaged students tend to have lower academic success rates. The recommended funding will allow districts to provide additional instructional supports like tutoring and non-instructional supports like counseling to improve academic outcomes for these students.
  - ♦ **\$50 million to provide an estimated \$487 per career and technical education pupil** (6 percent of the state minimum foundation allowance). This brings total funding for this purpose to \$55 million and will help support the higher costs of materials, equipment, and staff for career and technical education courses.

- ♦ **\$85 million to expand state-funded preschool programming.** This investment expands eligibility to 4-year-olds in families with an income up to 300% of the federal poverty level, and also increases state payments per child. This investment brings total funding to \$328.9 million and will provide preschool education to an estimated 42,500 children, an increase of 5,100 children from current funding levels.
- ♦ **\$24.5 million to triple the number of state-funded literacy coaches** available to assist elementary school teachers and help improve early literacy attainment.
- ♦ **\$61.5 million to support water infrastructure in older school buildings** by replacing drinking fountains with hydration stations that filter contaminants from water. Funding will be distributed beginning in fiscal year 2019.

**The Gap Between the Minimum and Maximum Foundation Allowance has been Reduced by 80% Over Last 25 Years**



**Continuing Funding**

Beyond the investments highlighted above, the Governor’s recommended budget continues funding for the following programs:

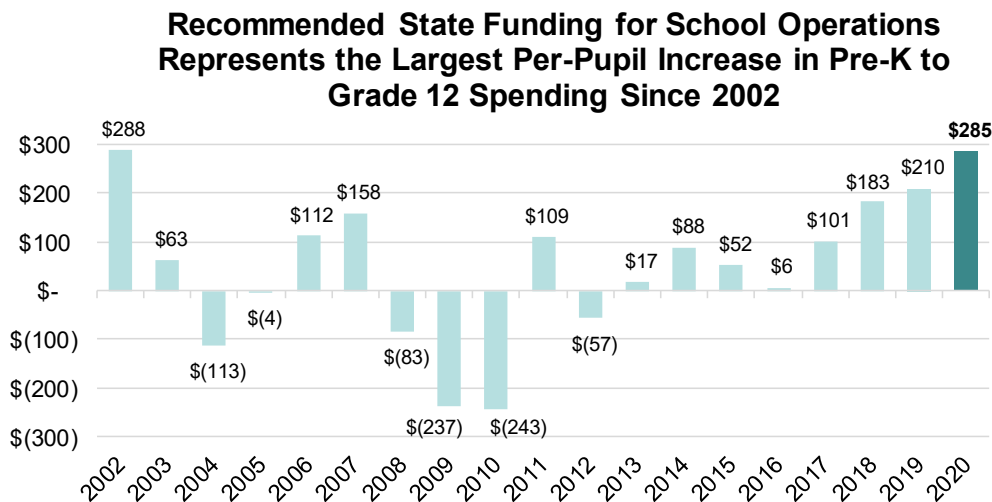
- ♦ **\$1.5 billion (\$1.1 billion, School Aid Fund) for programs that provide more than 207,000 students** in the state with special education services.
- ♦ **\$1.3 billion for Michigan Public School Employees Retirement System (MPERS) obligations** (increase of \$94.7 million). These payments offset costs that would otherwise be paid by school districts, which improves financial stability for schools while also improving sustainability of the retirement system. The budget includes increased cost offset payments to schools resulting from more conservative investment assumptions and recent reforms adopted by the Legislature.

- ♦ **\$23.3 million to continue mental health programming in schools.** This funding was added for fiscal year 2019 and may be used for additional behavioral health staff and for mental health and support services.

**Reductions**

The recommended budget reduces funding for the following programs:

- ♦ **\$22.0 million to reduce foundation allowance payments for cyber schools** in recognition of lower facility, maintenance, and transportation costs compared to brick and mortar schools.
- ♦ **\$4.4 million to eliminate payments for programs** not serving students statewide or not showing a high return on investment. These dollars have been reinvested in the weighted per-pupil foundation allowance to support students across the state.



**School Aid**  
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 \$ in Thousands

**FY 2020 Adjustments**

	<u>GF/GP</u>	<u>SAF</u>	<u>GROSS</u>
<b>FY 2019 Current Law</b>	<b>\$87,920.0</b>	<b>\$12,876,825.2</b>	<b>\$14,844,588.8</b>
Removal of FY 2019 One-Time Funding	(\$42,920.0)	\$26,920.0	(\$67,200.1)
<b>FY 2020 Ongoing Investments</b>			
Base Foundation Allowance - Increase of \$120 to \$180 per pupil through the 1.5x formula	\$0.0	\$235,000.0	\$235,000.0
Weighted Foundation - Economically Disadvantaged - Combined with existing at-risk dollars, provides a per-pupil weight of 11% of the foundation for academic supports for economically disadvantaged students	\$0.0	\$102,000.0	\$102,000.0
Weighted Foundation - Special Education - Increases reimbursements for special education costs by 4 percentage points	\$0.0	\$120,000.0	\$120,000.0
Weighted Foundation - Career and Technical Education (CTE) - Provides an additional per-pupil weight of 6% of the foundation for CTE programs	\$0.0	\$50,000.0	\$50,000.0
Great Start Readiness Preschool Program - Expands eligibility to 300% of the federal poverty level and increases the per full-time student allocation by \$1,250, up to \$8,500	\$0.0	\$85,000.0	\$85,000.0
Literacy Initiatives - Provides funding to triple the number of state-funded literacy coaches and supports for reading intervention and training programs	\$0.0	\$28,500.0	\$28,500.0
Drinking Water Declaration of Emergency - Continued supports for early childhood, academic interventions, and nutrition in the Flint area bringing total funding to \$8.1 million	\$0.0	\$4,845.0	\$4,845.0
Intermediate School District Operations Increase (3.5%) to a total of \$70.8 million	\$0.0	\$2,396.0	\$2,396.0
<b>FY 2020 Reductions</b>			
Cyber School Foundation Allowance - Reduces foundation allowance payments for cyber schools by 20%	\$0.0	(\$22,000.0)	(\$22,000.0)
Elimination of Small Categoricals	\$0.0	(\$4,400.0)	(\$4,400.0)
<b>FY 2020 Baseline Adjustments</b>			
Baseline Cost Adjustments (Pupils, Taxable Value, Special Education, Cash Flow Borrowing, Other)	\$0.0	(\$95,126.9)	(\$102,191.9)
Michigan Public School Employees Retirement System (MPSERS) Adjustments	\$0.0	\$94,701.0	\$94,701.0
<b>FY 2020 Total Executive Recommendation - Ongoing Funding</b>	<b>\$45,000.0</b>	<b>\$13,504,660.3</b>	<b>\$15,371,238.8</b>
<b>FY 2020 One-Time Investments</b>			
Drinking Water Declaration of Emergency Placeholder	\$0.0	\$0.0	\$0.1
<b>FY 2020 Total Executive Recommendation - One-Time Funding</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.1</b>
<b>FY 2020 Total Executive Recommendation - Ongoing and One-Time</b>	<b>\$45,000.0</b>	<b>\$13,504,660.3</b>	<b>\$15,371,238.9</b>
\$ Change from FY 2019 - Total Funding	(\$42,920.0)	\$627,835.1	\$526,650.1
% Change from FY 2019 - Total Funding	(48.8%)	4.9%	3.5%

**FY 2021 Adjustments**

	<u>GF/GP</u>	<u>SAF</u>	<u>GROSS</u>
<b>FY 2020 Total Executive Recommendation</b>	<b>\$45,000.0</b>	<b>\$13,504,660.3</b>	<b>\$15,371,238.9</b>
Removal of FY 2020 One-Time Funding	\$0.0	\$0.0	(\$0.1)
FY 2021 Baseline Adjustments (Pupils, Taxable Value, Special Education, Cash Flow Borrowing, Other)	\$0.0	(\$69,098.9)	(\$69,098.9)
FY 2021 Baseline Adjustments - Michigan Public School Employees Retirement System Experience Study Cost Impact	\$0.0	\$193,317.0	\$193,317.0
<b>FY 2021 Total Executive Recommendation</b>	<b>\$45,000.0</b>	<b>\$13,628,878.4</b>	<b>\$15,495,456.9</b>
\$ Change from FY 2020 - Total Funding	\$0.0	\$124,218.1	\$124,218.0
% Change from FY 2020 - Total Funding	0.0%	0.9%	0.8%