

Proposed School Aid Fund Spending Framework

May 25, 2021

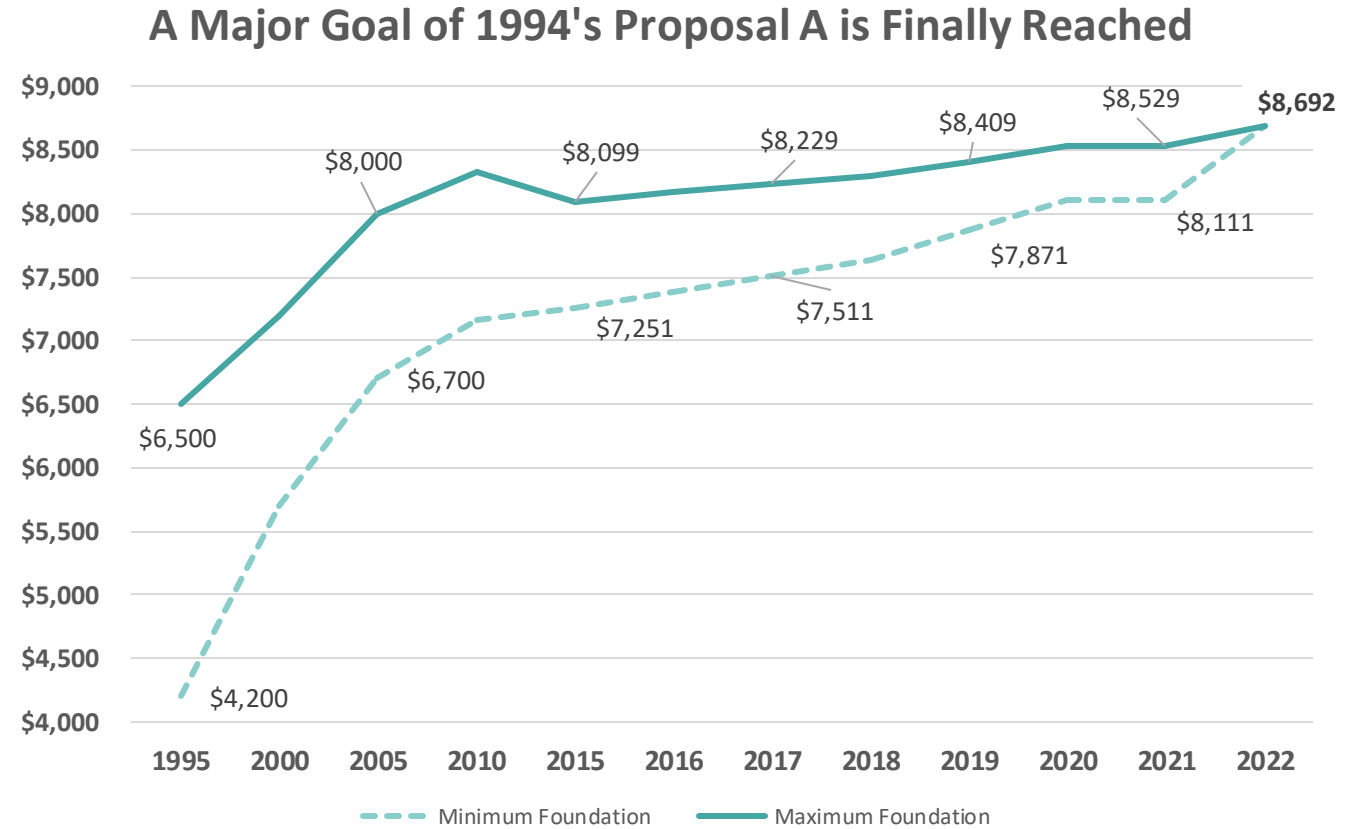


Available School Aid Fund Dollars

- After the May Consensus Revenue Estimating Conference:
 - One-time school aid fund (SAF) balance is projected at \$1.74 billion.
 - Ongoing SAF balance is projected at \$927.3 million.
- Proposed items that follow include original Executive Budget priorities, increases to funding equity, and providing student interventions.
- These proposals leave a total of \$25.5 million available for other purposes.

Foundation Allowance – Eliminate the Funding Gap

- Original Executive Budget increased foundation allowances by 2% (\$82 to \$164 per pupil).
- Proposed investment doubles the increase to 4% (\$163/\$326pp) at an additional cost of \$402 million.
- The proposed budget also includes an equity payment (cost of \$262 million) to **eliminate the gap between districts at the minimum and maximum foundation allowances.**



Improved Funding Equity – Weighted Foundation Payments

Student Population	Spending <i>(in millions)</i>	Comments
At Risk Students	\$20.4	4% increase, Orig. Exec. Rec. proposed 2%
Special Education Students – <i>Increased cost reimbursement</i>	\$60.0	Doubles additional cost reimbursement added in FY20 (from 2% to 4%). Funding is on top of required 28% reimbursement.
English Language Learners	\$12.2	Fully funds existing categorical for ELL students and provides 4% increase. Currently prorated by \$11m.
Career and Technical Education Students	\$15.0	Quadruples CTE incentive payment (\$5m appropriated in current law). From \$35 per pupil to \$140 per pupil.
Students in Small, Rural, and Isolated Districts	\$0.3	4% increase, Orig. Exec. Rec. proposed 2%

- Original Executive Budget stabilized student enrollment by including additional funding of **\$200 million** to pay districts for 70% of lost pupils between fiscal year 2021 and fiscal year 2022.
- This proposal maintains the \$200 million originally proposed but also sets aside \$150 million for FY23 for the same purpose. (**\$350 million in total**).
- Funding would be appropriated in FY22 with work project language to allow a predictable glideslope over 2 years for districts with declining enrollment.

Student Learning Interventions – Staff Supports

- Provide **\$450 million over 3 years** for districts to increase the number of school psychologists, social workers, counselors, and nurses in school buildings.
 - Year 1 costs for these staff would be supported entirely by state funds. Years 2 and 3 would split costs between the state and the district. In year 4, the district would be expected to fund the entire cost of the staff.
 - Funding would be provided only to districts that demonstrate ongoing funding commitment by year 4.
- Provide **\$50 million (one-time)** to subsidize the cost of college credit and pay for student loan debt to address shortage in available school psychologists, social workers, counselors, and nurses with incentives to work in high need districts. (Similar proposals for teachers in ARP Plan –see slide 17).
- Provide an additional **\$10 million (total of \$41.5 million)** for literacy coaches, which increases the number of funded coaches from 280 to 369.

- Provide an additional **\$50 million (ongoing)** for mental health programs, to be distributed through the existing distribution formula. Current law provides \$55.6 million.
- Include **\$5.4 million for TRAILS (one-time)**, which provides resources, training, and support to help schools implement effective practices to address student mental health needs. Funding was recommended with original federal GEER fund proposal.

- Includes a **total increase of \$45.8 million (ongoing) for preschool through the state's Great Start Readiness Program (GSRP)**
 - The original Executive Budget increased funding for preschool services through GSRP by \$32.2 million, to a total of \$282.4 million.
 - The revised proposal increases costs due to the proposed increase in the foundation allowance. This proposal keeps GSRP funding benchmarked to the foundation allowance and raises the full-day allocation to \$8,692.
- **Doubles funding (\$7 million ongoing) for the state's Early On program**, which provides identification and early intervention for developmental delays in children less than 3 years of age.
 - Funded at \$7.2 million current law.

- Provide \$1.5 million over 3 years for **Project SEARCH**, a research-based program that educates and trains students with developmental and intellectual disabilities in a pre-employment setting.
- \$1.5 million over 3 years to support a task force that will develop a comprehensive multi-year **plan to address attract, prepare, and retain qualified personnel for children with disabilities**. Spend in conjunction with ARP funds.
- \$3 million to expand content in the **Remote Learning Library**, an online resource for students with disabilities, their families, and educators.

- Provide **\$500 million (one-time)** to offset school district capital improvement costs by equalizing revenue generating capacity.
- Tax bases vary by school district, meaning that each district's capacity to generate local revenue for capital costs varies. This creates inequities across districts in the ability to improve and maintain schools.
- Funding would be used to equalize local millage revenue per pupil for infrastructure improvements and guarantee a minimum amount per pupil.

- Provide **\$35 million (one-time) to forgive debt for closed Inkster Schools.**
 - The district is no longer open. Once debt is paid, local revenue now directed at debt service will return to the tax base used to support districts that inherited portions of the district, lowering the state subsidy, thus net neutral to the state.
 - Existing local revenue generation is not sufficient to pay off ongoing interest, meaning that remaining debt obligations can never be repaid.
- Provide **\$17.6 million (ongoing) to ISDs and community colleges to offset MPERS costs.**
 - Current law appropriates \$100 million to offset about 1.35% of MPERS payroll costs in K-12 districts. This proposal extends this relief to community colleges and ISDs.
 - \$12m for ISDs and \$5.6m for community colleges.

- Provide a **2% operational funding increase** for community colleges, at a cost of \$6.5 million (ongoing) as proposed in the Exec. Rec.
- Allocate **\$12.7 million (one-time)** in FY21 to meet federal CARES Act maintenance of **effort** requirements for community colleges (in Exec Rec FY21 supplemental).
- Set aside **\$250 million (one-time)** for federal CRRSA and ARP maintenance of **effort requirements** for community college and higher education in FY22 and FY23.
 - Actual maintenance of effort requirements are based on actual total state spending in FY22 and FY23.
 - State must allocate approximately 8% of total discretionary spending to community college and higher education. Cost could range between \$160m and \$325m, depending on actual spending in out-years.

Other Items Included in Original Executive Proposals

Funding Item	Spending (in millions)	Comments
ISD Operations	\$2.8	Provides a 4% increase. Funded at \$69.1m in current law. Original Executive Budget provided 2% increase.
Center for Educational Performance and Information	\$2.0	Increased operational funding for CEPI in recognition of ongoing cost increases.
Math Essentials	\$2.0	Provides job-embedded professional learning opportunities for mathematics teachers
Educare	\$1.0	Maintains funding for early childhood collaborative in the Flint area providing services. This item was funded in the Department of Education in fiscal year 2021.
Proposed Items Originally Funded with GEER Dollars	\$15.5	Before and After School Programs (\$6m), Educator Wellness (\$3m), Childcare Innovations (\$3m), DPTV (\$2m), MCERI/LAUNCH (\$1.5m)
Filters First	\$55.0	Payments to school districts to replace drinking water fixtures with fixtures capable of filtering out lead and other impurities.

Summary of Proposed Spending

	One-Time	Ongoing	Total (in millions)
Available Revenue	1,744.4	927.3	2,671.7
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<i>Foundation Allowance and Equity Payments</i>	-	664.0	664.0
<i>Weighted Foundation Payments</i>	-	107.9	107.9
<i>Enrollment Stability Supports</i>	350.0	-	350.0
<i>Student Learning Interventions</i>	500.0	10.0	510.0
<i>Mental Health Supports</i>	5.4	50.0	55.4
<i>Early Interventions – Preschool and Early On</i>	-	52.8	52.8
<i>Special Education Supports</i>	3.0	3.0	6.0
<i>School Infrastructure</i>	500.0	-	500.0
<i>Debt Service and MPERS Offset</i>	35.0	17.6	52.6
<i>Community Colleges and Higher Education</i>	262.7	6.5	269.2
<i>Other Items Included in Executive Proposals</i>	71.5	6.8	78.3
Total Proposed Spending	1,727.6	918.6	2,646.2
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Amount Remaining	16.8	8.7	25.5

American Rescue Plan

Proposal for K-12 Student Needs

ARP - K-12 Student Needs

Focus:

- Expand access to CTE and college credit pathways and ensure students are on the path aligned with their career goals
- Continue to support students and mitigate the impact COVID-19 on student learning.
- Ensure there are enough high-quality teachers in high need fields and geographies

Process Goals:

- All students have access to CTE, skilled trades training programs, and college credit in high school.
- Prevent pandemic-related worsening of the achievement gap.
- Increase in the number of certified teachers in high need fields and locations.

Long-term Outcomes:

- Increased high school graduation rates, college or credential attainment rates, and higher levels of employment directly out of school.
- Economic growth due to a more skilled workforce and a more vibrant private sector.

ARP - K-12 Student Needs

Funding Options	Amount	Policy Goal	Process Goal
Double existing state-funded CTE, vocational education, and skilled trades programs.	\$50m	<i>Pathways – CTE</i>	All students have access to CTE, skilled trades training programs, and college credit in high school.
Payments to districts for the full cost of dual enrollment options	\$55m	<i>Pathways - College</i>	
Grants to expand or develop Advanced Placement and International Baccalaureate programs	\$10m	<i>Pathways - College</i>	
Increase funding for guidance and career counselors – Require local match and spending plan to fund counselors locally after federal money is unavailable.	\$100m	<i>Pathways - Both</i>	
Student intervention supports	\$0*	<i>COVID Mitigation</i>	Achievement gap post-pandemic is not greater than the gap pre-pandemic and continue to narrow the gap
Summer and Credit Recovery Programs	\$0*	<i>COVID Mitigation</i>	
Balanced Calendar – Requiring matching contributions by districts. Funding could be used for infrastructure or personnel needs.	\$50m	<i>COVID Mitigation</i>	

* Funded with federal Elementary and Secondary School Emergency Relief (ESSER) Fund dollars.

ARP - K-12 Student Needs (continued)

Funding Options	Amount	Policy Goal	Process Goal
Subsidize the cost of college credit in teacher preparation programs , with special focus in high-need fields	\$50m	<i>Teachers</i>	<ul style="list-style-type: none"> Eliminate critical shortages Increase number of students graduating with teaching credentials Increase teacher retention.
Reimburse teachers for student debt that agree to work in high-need school districts or subject areas.	\$50m	<i>Teachers</i>	
Engage in a marketing campaign to increase the attractiveness of the teaching profession	\$2m	<i>Teachers</i>	
Provide grants to school districts for “ grow-your-own ” teaching programs	\$10m	<i>Teachers</i>	
Commission research on the reasons Michigan teachers leave the profession	\$0	<i>Teachers</i>	