


REPORT



CAPITOL

September 2009

Budget Update

As of noon on Wednesday, September 30, there is no budget resolution for School Aid. This budget is bottled up on the House floor. AFT Michigan is lobbying for sending this budget back to conference to be funded with more revenues (taxes). **Please keep the pressure on your House and Senate Legislators and keep checking for e-mail alerts!**

Continuation Budgets

On Friday, September 25, with less than a week remaining in the current fiscal year, the Senate passed Senate Bills 831 and 252 to ensure state government will not shut down on October 1 if a final budget agreement is not reached. Both bills enact the of drastic reductions proposed by Senate Republicans and provide for reduced funding for state functions and public schools **just through October.**

On the morning of September 30, the House passed Senate Bill 831, the general government continuation bill, and sent it back to the Senate. At this time, the House has taken no action on Senate Bill 252, the School Aid continuation bill.

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2009 - 2010 School Aid Budget (HB 4447)

The Conference Committee's recommendation for the 2009 - 2010 School Aid Budget totals \$12.78 billion. Overall, the budget is \$482.8 million, or 3.6 percent, below current year funding for the schools. This budget includes \$450 million in ARRA funds and retains \$225 million for carry forward funding for next year (2010 - 2011) Listed below are highlights of the report:

Per Pupil Reduction of \$218. Reduces total state aid to districts by \$218 per pupil and allows districts to absorb the cut by reducing or eliminating any other funded program except Secs. 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). (**Sec. 11d**) (See Spread Sheet for Your District)

Foundation Allowance. Maintains the same foundation allowance for FY 2009 – 2010 as FY 2008 – 2009. *(Sec. 20)*

Discretionary Payments. Appropriates \$3,323,800,000 in SAF and \$450,000,000 in Federal State Stabilization Funds (ARRA) for at total of \$3,773,800,000 for FY 2009 – 2010. Section 11d reduces State Aid to districts by \$218 per pupil. *(Sec. 22b)* (See Spread Sheet for Your District)

Foundation Allowance. 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 \$45,469,100 for FY 2009 – 2010. Intermediate districts would receive a **44.36% reduction** in operations funding. *(Sec. 81)* (See Attached Spread Sheet)

Total Federal State Stabilization Fund (ARRA) Appropriations. Appropriates \$450,000,000 for FY 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; and Estimates Carry Forward Balance Available at \$224.7 Million.

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))*

21st Century School Fund. Eliminates funding and repeals section. *(Sec. 11n)*

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)*

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

Consolidation Transition Grants. Does not include. *(Sec. 22f)*

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

At-Risk Grants. Appropriates \$317,695,500 in FY 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 321 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)*

Great Start School Readiness Application and Formula. Allocates \$3,400 per pupil for program. Allows 2 slots to be used for one student for a full-day. Allows for a consortium of 2 or more districts or ISDs to be eligible to apply for a school readiness grant. The consortium may allow any child residing in any district in the consortium to be served at any location and allows the consortium to allocate slots based either on participating district allocations or the allocation for the consortium as a whole. *(Sec. 32)*

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

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

Vocational Education. Maintains current year funding. *(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)*

Bus Driver Safety. Maintains current year funding. **Eliminates** funding of \$1,403,500 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 \$1,125,000 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 (75%) or and maintains \$5,249,300 in Federal funds. **Deletes** Algebra 4 All Initiative. *(Sec. 99)*

Math Remediation Grants. Eliminates funding and repeals section. *(Sec. 99a)*

Academic Improvement Grant. Eliminates funding and repeals section (**Inkster**). *(Sec. 99e)*

Days and Hours of Instruction. Starting 2009 – 2010 or when contract expires, 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. Maintains current funding. 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)

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 their report, universities will see a 0.4 percent cut to their operational budgets, but will also receive funding from the federal stimulus. This budget has passed the House and is sitting on the Senate floor. Listed below are some of the highlights of the report:

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. Eliminate all funding for program (Senate included \$100 placeholder); both exam-based award payments (2008 and 2009 high school classes) and back-end award payments (2007 high school class) would be 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 would (1) eliminate graduate student eligibility and (2) limit 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)

The Conference Committee recommends maintaining current-year funding of \$229,360,500 for Community Colleges. This budget has passed the House and is sitting on the Senate floor. Listed below are highlights of the Conference Committee's budget recommendations for Community Colleges:

College Operations. Maintains FY 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 FY 2008-09 level of \$3,480,000.

Parity to Higher Education Budget. Eliminates section stating legislative intent that increases to State-supported 4-year universities will be accompanied by similar increases for State-supported community colleges.
(Sec. 239)

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

Consolidation of Dissolution. 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 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)

ARRA State Fiscal Stabilization Fund - General Government Services. Does not include the \$97 million in federal stimulus funding added by the House for workforce development.

Department of Education Budget (HB 4438)

The Conference Committee recommends a Department of Education Budget totaling \$112.9 million, \$17.82 million less than for 2009 – a drop of 19 percent). This budget has passed the House and is sitting on the Senate floor. 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.

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**2009 - 2010 Conference Report Estimated
\$218 Per-Pupil Reduction to Districts
44.36% Reduction to Section 81 ISD Operations Funding**

School District	FY 2009 - 2010 Per Pupil Foundation	FY 2009 - 2010 Est. Consensus Pupils	FY 2009 - 2010 Estimated Reductions*
Alpena-Montmorency-Alcona ESD	\$0	0	(\$199,794)
Arenac Eastern School District	\$7,316	291	(\$63,407)
Bay-Arenec ISD	\$0	0	(\$849,304)
Brown City Community School District	\$7,316	1,012	(\$220,618)
Cheboygan-Otsego-Presque ISD	\$0	0	(\$323,354)
Chesaning Union Schools	\$7,316	1,759	(\$383,410)
Clare-Gladwin ISD	\$0	0	(\$267,656)
Crawford Ausable Schools	\$7,316	1,761	(\$383,944)
Crestwood School District	\$7,814	3,428	(\$747,228)
Dearborn City School District	\$9,083	18,097	(\$3,945,135)
Detroit City School District	\$7,660	85,748	(\$18,692,981)
East Detroit City School District	\$7,961	4,627	(\$1,008,629)
Ecorse Public School District	\$7,883	958	(\$208,772)
Fairview Area School District	\$7,316	312	(\$67,927)
Glen Lake Community School District	\$7,469	813	(\$177,330)
Hale Area Schools	\$7,316	650	(\$141,689)
Hamtramck Public Schools	\$7,316	2,844	(\$620,012)
Hemlock Public School District	\$7,316	1,324	(\$288,628)
Highland Park Public Schools	\$7,936	2,394	(\$521,901)
Huron Valley Schools	\$7,418	10,202	(\$2,223,973)
Imlay City Community Schools	\$7,316	2,252	(\$490,925)
Inkster City School District	\$8,044	3,538	(\$771,343)
Iosco RESA	\$0	0	(\$123,237)
Kingsley Area Schools	\$7,316	1,522	(\$331,757)
Lake City Area School District	\$7,316	1,154	(\$251,504)

School District	FY 2009 - 2010 Per Pupil Foundation	FY 2009 - 2010 Est. Consensus Pupils	FY 2009 - 2010 Estimated Reductions*
Lake Shore Public Schools	\$8,411	3,233	(\$704,820)
Lamphere Public Schools	\$10,926	2,747	(\$598,768)
Les Cheneaux Community School District	\$7,713	314	(\$68,360)
Macomb ISD	\$0	0	(\$2,985,313)
Melvindale/North Allen Park Schools	\$9,263	2,776	(\$605,059)
Midland County RESA	\$0	0	(\$253,661)
Midland Public Schools	\$8,905	8,772	(\$1,912,385)
Northville Public Schools	\$8,539	7,318	(\$1,595,235)
Onaway Area Community School District	\$7,316	748	(\$162,996)
Plymouth-Canton Community Schools	\$7,604	19,099	(\$4,163,532)
Romulus Community Schools	\$9,139	3,881	(\$846,030)
Roseville Community Schools	\$7,915	5,925	(\$1,291,641)
Rudyard Area Schools	\$7,316	928	(\$202,267)
Saginaw ISD	\$0	0	(\$923,045)
Tawas Area Schools	\$7,316	1,363	(\$297,134)
Taylor School District	\$8,182	8,429	(\$1,837,515)
Utica Community Schools	\$7,807	29,227	(\$6,371,501)
Van Dyke Public Schools	\$8,198	3,124	(\$681,078)
Warren Woods Public Schools	\$9,229	3,389	(\$738,730)
Washtenaw ISD	\$0	0	(\$837,971)
Waterford Public Schools	\$7,645	11,450	(\$2,496,148)
Wayne RESA	\$0	0	(\$4,684,298)
Wexford-Missaukee ISD	\$0	0	(\$316,173)
Whitefish Township Schools	\$11,419	51	(\$11,009)
Windover High School	\$7,580	110	(\$23,963)
Ypsilanti School District	\$7,983	3,806	(\$829,773)

**Reductions reflect the \$218 per pupil reductions to school districts and the 44.36% reduction to ISD operations, and do not include other categoricals reduced or eliminated in the Conference Report.*

Source: House Fiscal Agencies

bk:opeiu42aflcio: September 23, 2009