

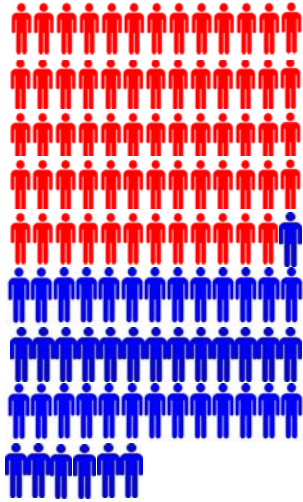
MPAAA

Legislative Update

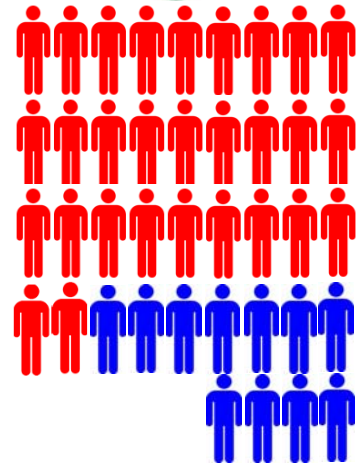
Chris Glass – West Michigan Talent Triangle

Michigan Legislature – Impact
of Term Limits

Michigan State Legislature



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Michigan State Legislature



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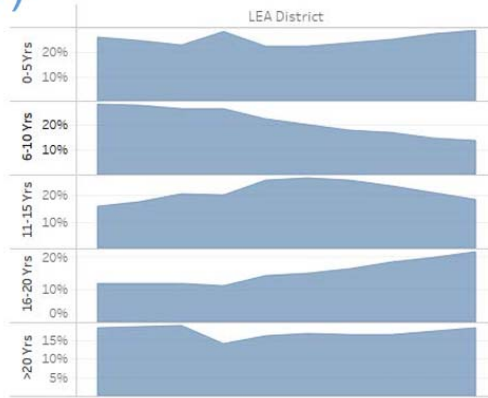


Michigan School Finance Trends

Michigan School Finance – 10 Year Look Back

	2017-18		2007-08		2007-08 (Inflation)
Foundation Allowances	\$9,219,300,000	63%	\$9,734,000,000	75%	\$11,491,960,400
Special Education	\$1,387,246,100	10%	\$1,431,183,000	11%	\$1,689,654,650
Federal Programs	\$1,295,943,500	9%	\$1,054,626,900	8%	\$1,245,092,518
MPSERS	\$1,332,853,000	9%		0%	\$0
Other Programs	\$592,496,300	4%	\$477,134,000	4%	\$563,304,400
At-Risk Programs	\$499,000,000	3%	\$310,457,000	2%	\$366,525,534
Early Childhood Programs	\$257,475,000	2%		0%	\$0
Total	\$14,584,313,900		\$13,007,300,400		\$15,356,418,852
Employer Retirement Rate:	25.56%		16.72%		
District Retirement Contributions*	\$2,160,582,455		\$1,664,999,670		
Retirement Contribution Difference	\$495,582,785				
Total Education Spending Increase	\$1,577,013,500				
Total Retirement Spending Increase**	\$1,828,435,785				
*Excludes 147c Funding					
**Includes difference in higher rate and MPSERS 147 line item.					

Teacher Years of Experience Statewide (2007-17)

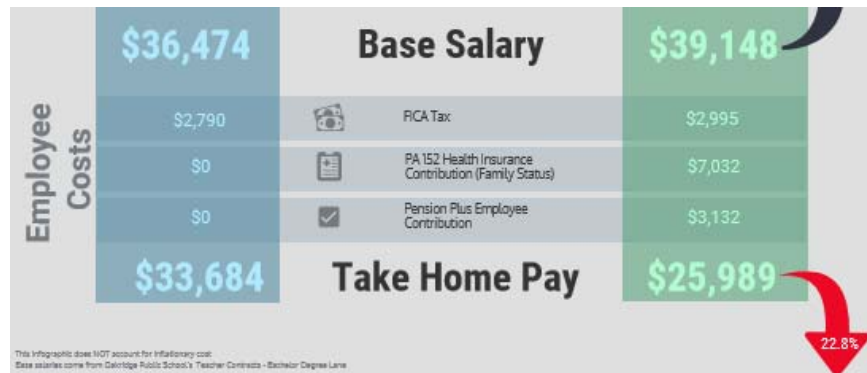


Note: Charts are limited to only LEA and PSA districts statewide. Teacher years of experience denotes the number of years an educator has spent in their respective district and does not account for years in other school districts. Districts with missing data are excluded.
Source: CEP Registry of Education Personnel 2008-17, Educational Entity Master 2008-18

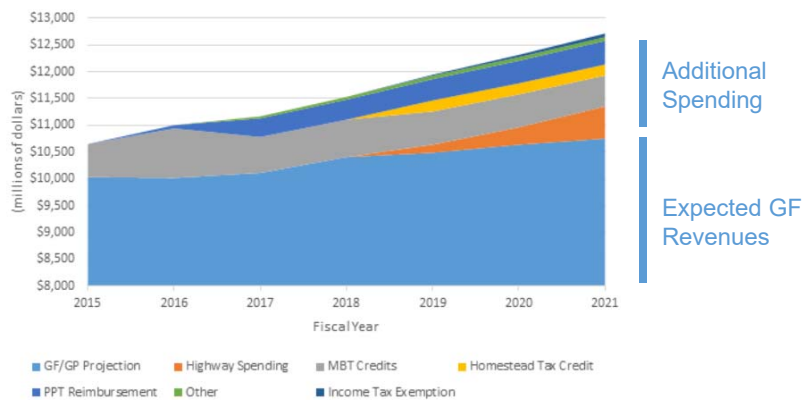
10 Year Comparison of First Year Teacher Salaries – District Example

	2007-08		2017-18	
Employer Costs	\$62,140	District Investment	\$76,394	22.9%
	\$2,790	FICA Tax	\$2,995	
	\$51	Worker's Comp Insurance	\$313	
	\$16,726	Health Insurance Costs (Family Status)	\$17,304	
	\$0	Ancillary Insurance Costs (Family Status)	\$2,196	
	\$0	Pension Contribution for State Pension Debt (LJAL)	\$4,432	
	\$6,098	Pension Employer Contribution	\$10,006	7.3%
	\$36,474	Base Salary	\$39,148	

10 Year Comparison of First Year Teacher Salaries – District Example

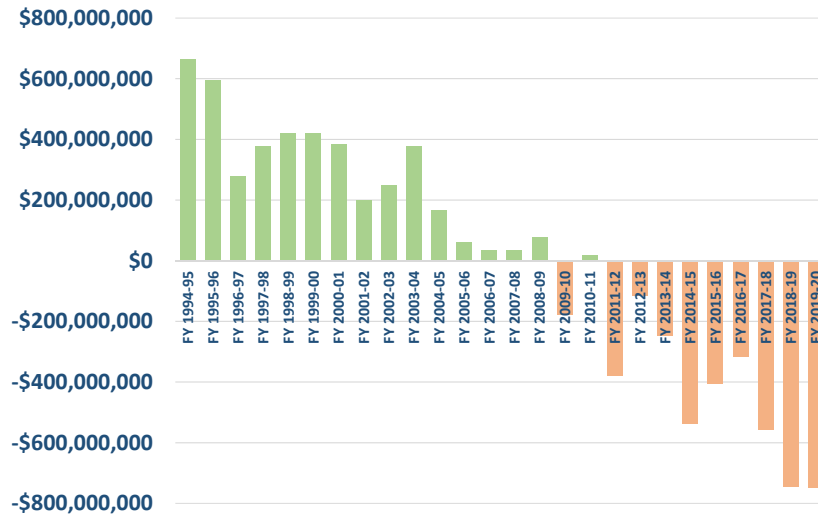


General Fund Struggles



Sources: House Fiscal Agency, Senate Fiscal Agency, CREC

School Aid Fund/GF Relationship



January Consensus Forecast

Table 14

GENERAL FUND/GENERAL PURPOSE AND SCHOOL AID FUND ESTIMATED YEAR-END BALANCES (Millions of Dollars)			
	FY 2016-17 Estimate	FY 2017-18 Estimate	FY 2018-19 Estimate
General Fund/General Purpose	\$643.2	\$285.6	\$1.6
School Aid Fund	\$381.7	\$228.0	\$544.2



MICHIGAN SCHOOL BUSINESS OFFICIALS

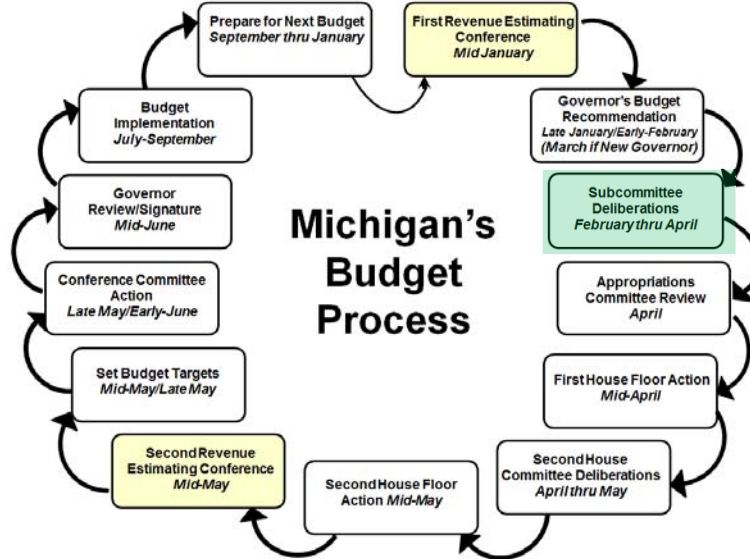
MPAAA Budget Update

**Grand Traverse Resort
May 9, 2018**

Michigan School Business Officials

**Governor, Senate & House
Budget Recommendations**

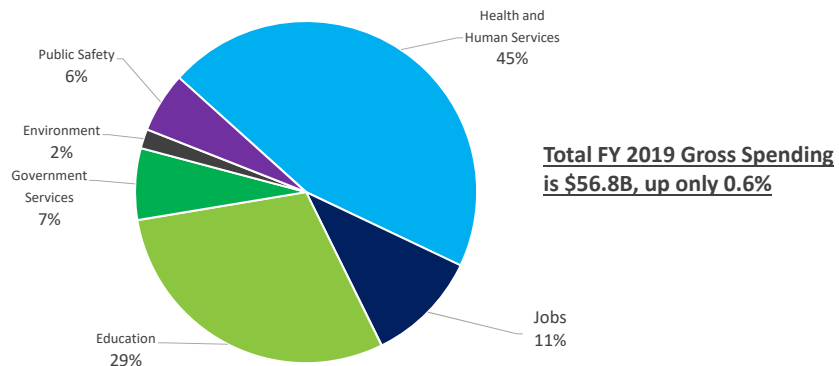
Budget Process



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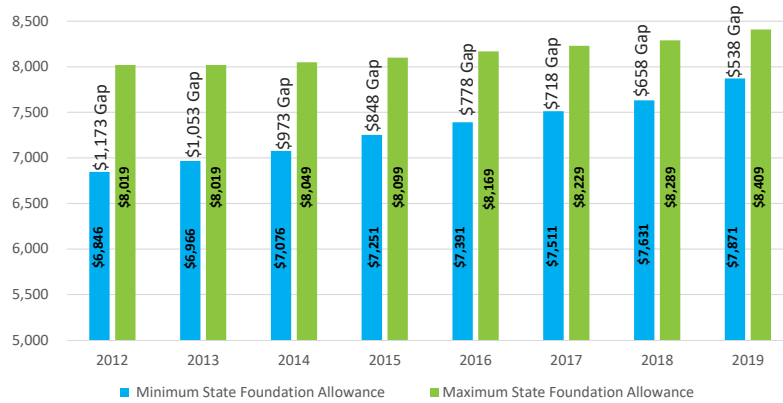
FY18 Budget Plan

Almost three quarters of the total spending is dedicated to education and health and human services.



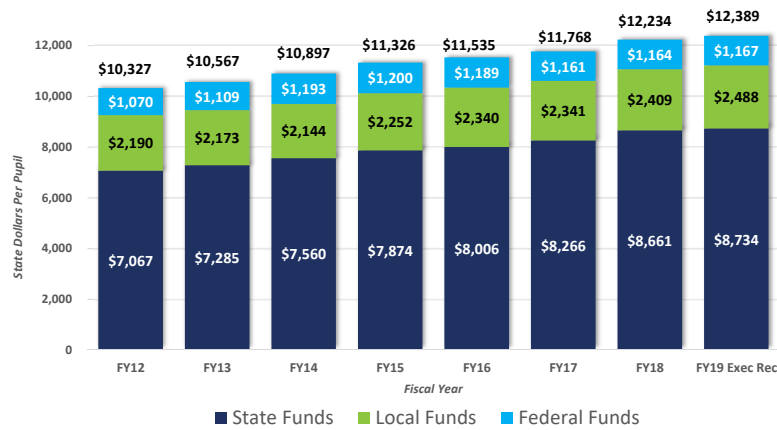
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Foundation Allowance



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Education Funding – Revenue Source

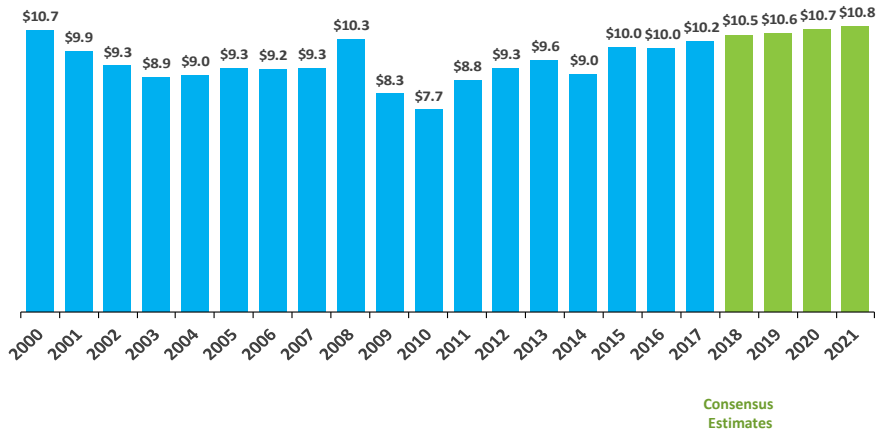


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General Fund Revenue – Growth?

General Fund - General Purpose Revenue Remains Under \$11 Billion

(Graph in billions of dollars)



Source: FY 2000 – FY 2015, Treasury Department, final revenue from ongoing revenue on same basis used in consensus process. FY 2016, Preliminary final revenue. 2017-2019 estimates, 1/12/17 Consensus Estimates. 1/12/17.

Pupil Membership Definitions – Sec 6



Governor's Budget

Maintains current law and cap of shared time student at .75 FTE and county day as the 1st Wednesday in October. Revises substitute teacher definition.



House Budget

Concurs with Governors changes



Senate Budget

Reduces the cap on shared time student to .67 FTE and limits growth of shared time to 10% of prior year. Districts participating in shared time for 3 or more years limited to no more than 5% of non-shared time students. Youth challenge program count day defined as the 4th Wednesday in August.

Proposed Foundation Allowance – Sec. 20



Governor's Budget

\$120 - \$240 per pupil; utilizing 2X formula.



House Budget

\$120 - \$240 per pupil; utilizing 2X formula.



Senate Budget

\$115 - \$230 per pupil; utilizing 2X formula.



At-Risk Pupil Support – Sec. 31a



Governor's Budget

Maintains current funding level at \$499 million. Makes adjustments to "accountability" language.



House Budget

Maintains current funding level at \$499 million. Makes alternative program revisions.



Senate Budget

Maintains current funding level at \$499 million. Uses current year accountability language.



MPSERS Cost Offset – Sec. 147a



Governor's Budget

Increases funding by \$88.49 million to account for lowering the Assumed Rate of Return for the retirement system.



House Budget

Increases funding by \$88.49 million to account for lowering the Assumed Rate of Return for the retirement system.



Senate Budget

Concurs with Governor. Adds \$5 million for ISDs who were previously not included in Sec. 147a.

Shared Time Pupils – Sec. 23F



Governor's Budget

Eliminates shared-time for kindergarten. Caps enrollment at 5% of district enrollment.



House Budget

Maintains current law for shared time. Revision to requirement that program offering available to the full-time students in the district to publishing the offering in district or web.



Senate Budget

Eliminates shared-time for kindergarten. Does not concur with Governor on enrollment cap. Instead goes with FTE cap of .67

High School Per Pupil Bonus – Sec. 22N



Governor's Budget

Retains High School Bonus of \$25 per pupil.



House Budget

Concurs with Governor.



Senate Budget

Concurs with Governor.



Cyber School Foundation Reduction – Sec 20(6)



Governor's Budget

Establishes an 75% limit on Foundation Allowance for a school of excellence that is a cyber-school.



House Budget

Maintains current law.



Senate Budget

Does not concur with the Governor.



Private School Mandate Funding– Sec. 152b



Governor's Budget

Language not included; repeals section.



House Budget

Maintains Current Law.



Senate Budget

Concurs with the Governor.



Virtual Courses – Sec. 21f



Governor's Budget

Maintains current law but requires district to maintain parental consent form on file per MDE format.



House Budget

Maintains current law; clerical reference correction



Senate Budget

Maintains current law



Pupil Transfer Process – Sec. 25E



Governor's Budget

Maintains but revises language for CEPI reporting of pupils transferring in and out of the public school system rather than the State



House Budget

Maintains but revises by deleting CEPI reporting of out of state transferring of students .



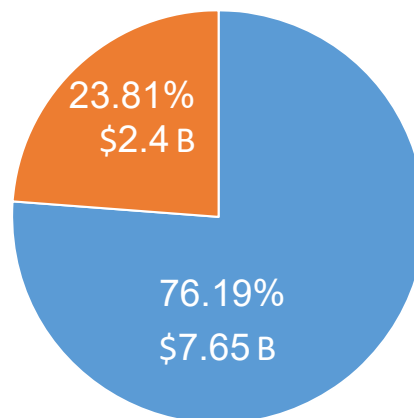
Senate Budget

Maintains current law



Income Tax “Net” vs. “Growth”

Income tax
refunds totaled
\$1.8 billion in
2017



If “refunds” were
split between SAF
and GF it’s a \$429
million hit.

■ General Fund ■ School Aid Fund

Governor Snyder's 7 Budgets

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	Difference
Foundation	\$8,828,000,000	\$8,864,300,000	\$8,907,700,000	\$8,817,000,000	\$9,009,700,000	\$9,105,000,000	\$9,219,300,000	\$391,300,000
At-risk	\$308,988,200	\$308,988,200	\$308,988,200	\$308,988,200	\$378,988,200	\$378,988,200	\$499,000,000	\$190,011,800
Spec ed	\$648,700,000	\$678,000,000	\$662,200,000	\$597,300,000	\$610,000,000	\$644,500,000	\$635,300,000	-\$13,400,000
147c	\$288,000,000	\$326,000,000	\$504,600,000	\$796,534,500	\$993,500,000	\$1,082,800,000	\$1,332,853,000	\$1,044,853,000
Total	\$12,746,884,600	\$12,944,528,500	\$13,361,803,600	\$13,673,960,100	\$13,896,329,300	\$14,161,842,100	\$14,580,173,900	\$1,833,289,300
% of total	79%	79%	78%	77%	79%	79%	80%	88%

MPSERS Off-set

MPSERS Appropriations in K-12

(Dollars in Millions)

K-12	Sec. 147c	Sec. 147a(1)	Sec. 147a(2)	Sec. 147d/c	Sec. 147e	K-12
	Rate Cap	Cost Offset	Add'l AROR	Add'l Liability	SB 401 Reforms	
2012	\$ -	\$ 155.0		\$ -		\$ 155.0
2013	\$ 160.5	\$ 155.0		\$ -		\$ 315.5
2014	\$ 405.5	\$ 100.0		\$ -		\$ 505.5
2015	\$ 676.4	\$ 100.0		\$ 19.6		\$ 796.0
2016	\$ 892.9	\$ 100.0		\$ -		\$ 992.9
2017	\$ 982.2	\$ 100.0		\$ -		\$ 1,082.2
2018	\$ 960.1	\$ 100.0	\$ 48.9	\$ 200.0	\$ 23.1	\$ 1,332.2

Another nearly \$84.0 million is appropriated to support MPSERS costs for Community Colleges, Universities, and Libraries.

The End.