



# SCHOOL EQUITY CAUCUS

*Making a difference for the public school children of Michigan*

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Dear Colleagues:

It was a busy week in Lansing as both the Senate and House Appropriations Subcommittees released their versions of the 2023-24 School Aid Fund budget. These build upon the governor's budget proposal released in early February. Much of this newsletter will be devoted to an overview of the proposals as they were introduced, and we will also give a summary of some of the other policy moves being made recently. Let's get started...

## 1. Budget Proposal Overview

As is always the case, each of the three parties to the state budget have put their own spin on the priorities and expenditure areas they would like to see receiving focus. Before we dive into the specifics, it is important to remember that we are still fairly early in the process, and there are bound to be many compromises prior to the emergence of a final version of the budget.

Making the process somewhat easier this year in the fact that all three parties (House, Senate, and Governor) are held by the Democrats. However, a potential cloud on the horizon appears to be slowing revenue collections, which may force the legislature and governor reassess how far they can push the budget without jeopardizing long-term stability. We will be paying very close attention to the upcoming Consensus Revenue Estimating Conference (CREC) taking place during the third week of May; at this meeting the final "official" revenue numbers will be established upon which next year's state budget will be based.

So, with that as background, here is a preliminary overview of some of the most notable elements of the proposals as they are currently understood:

- Foundation Allowance
  - *Governor* – Governor Whitmer's proposal called for an 5% increase on the foundation allowance of \$458 (from \$9,150 to \$9,608 per pupil at the target foundation level), for a total of \$614 million in additional expenditure after adjusting for lower overall pupil numbers.
  - *Senate* – The Senate is proposing an increase of 6% (\$550 per pupil) to \$9,700 per pupil at the target foundation level (\$633 million in additional expenditure after adjusting).
  - *House* – The House is proposing a \$366 increase in the foundation allowance (4% increase to \$9,516 per pupil at the target foundation level, additional expenditure of \$488 million).

- The House included language that would create a two-year blending of student count for the purpose of calculating individual district foundation allowance allocations, rather than the current single-year method.
- Cyber School Foundation Allowance
  - *Governor* – Proposal called for a reduction in cyber school foundation allowances to 80% of standard amount (\$7,687 per pupil, savings of \$42 million).
  - *Senate* – Agreed with the governor, but with higher proposed foundation allowance would provide cyber schools with \$7,760 per pupil
  - *House* – Maintains cyber school foundation allowance at the current 2022-23 amount of \$9,150 (i.e., no increase, savings of \$7.9 million)
- MPSERS
  - *Governor* – Total support for MPSERS decreased following removal of one-time appropriation to the MPSERS reserve fund. Continues reduction of payroll growth assumption to 0.75% and adds \$363.7 million in cost adjustments including a reduction in the assumed rate of return on investments.
  - *Senate* – Maintains \$500 million deposit to MPSERS reserve fund.
  - *House* – Essentially same as the governor, but adds \$97 million as a 1% reimbursement of UAAL costs.
- Great Start Readiness Preschool (GSRP)
  - *Governor* – Called for an increase to the new K-12 per pupil amount of \$9,608 per pupil. Also proposed increasing eligibility threshold from 250% to 300% of the federal poverty level (and up to 400% if all eligible children have been served). Transportation allocation also increased from \$300 to \$500 per pupil.
  - *Senate* – Increases full-day slot to \$9,700 (Senate proposed K-12 per pupil amount).
  - *House* – Increased by \$78 million equating to the House proposed K-12 per pupil amount of \$9,516 (the same as the House K-12 proposal). Increases eligibility threshold to 275% of federal poverty level (and 400% if all are served). Concurs with governor’s increased transportation allocation.
- Special Education
  - *Governor* – Funded at 87.5% of the foundation allowance. Total expenditures at \$2.2 billion.
  - *Senate* – Funded at 100% of the foundation allowance.
  - *House* – Funded at 100% of the foundation allowance. Eliminates former millage incentive language.
- At Risk (31a)
  - *Governor* – Maintains support at 11.5% of foundation allowance (increased to \$1,105 per student). Total allocation of \$812.2 million.
  - *Senate* – Provides \$73 million for cost increases and adds an additional \$100 million for a new “opportunity index” – districts with higher poverty get more. Allocations range from 11.5% - 15.3% of the foundation allowance. Total funding increases to \$920.6 million.
  - *House* – Increases funding to 14.6% of foundation allowance (\$1,391 per student), with statutory language “weighting” up to 35% of foundation allowance (not funded). Overall funding increase of \$273.9 million to a total of \$1 billion.

- EL Funding
  - *Governor* – Increases allocation by \$1.3 million (approximately 5%) to \$27.8 million distributed on a formula according to EL score status on the WIDA test.
  - *Senate* – Doubles allocation to \$53 million.
  - *House* – Increases by \$6.2 million to a total of \$32.8 million, and revises the formula to tie to the foundation grant in tiers (75% of foundation per student in Tier One, 50% in Tier Two, and 35% in Tier Three, but prorated as necessary).
  
- ISD Operations
  - *Governor* – Calls for a 5% increase (\$3.8 million) to \$79.4 million.
  - *Senate* – Calls for a 6% increase to \$80.2 million.
  - *House* – Concurs with the governor.
  
- School Safety
  - *Governor* – Proposed \$159 million in per pupil grants under Section 97, with an additional \$159 million “prefunded” for 2024-25. Also includes ISDs as eligible recipients.
  - *Senate* – Does not include Sect. 97, but allocates \$310.5 million in Section 31aa to address a combination of student mental health and school safety. Permits funding to be used for school resource officers.
  - *House* – Agrees with the governor, but also includes school resource officers as an acceptable expenditure.
  
- Section 31aa (Mental Health Supports)
  - *Governor* – Maintains \$150 million in per pupil grants.
  - *Senate* – Combined student mental health and school safety grants (see item above) for a total of \$310.5 million.
  - *House* – Concurred with the governor.
  
- Early Literacy
  - *Governor* – Proposed one-time funding of \$300 million for per pupil grants in pre-K to 5<sup>th</sup> grade (spent over two years, \$150 million per year).
  - *Senate* – Not included.
  - *House* – Concurred with the governor.
  
- Isolated District Funding
  - *Governor* – Proposed a 5% increase (\$443,000).
  - *Senate* – Proposed increase to \$11.7 million (26.3%), plus inclusion of \$500,000 for Grosse Ile.
  - *House* – Concurred with the governor, but adds an additional one-time increase of \$1.8 million. Also includes \$500,000 for Grosse Ile.
  
- Service Consolidation Grants
  - *Governor* – Proposed \$245 million from the School Consolidation and Infrastructure Fund for grants to cover initial costs of service consolidation.
  - *Senate* – Includes at a level of \$100 million.
  - *House* – Concurred with the governor, and adds physical consolidation costs as allowable.

- MI Clean School Bus Grants
  - *Governor* – Proposed \$150 million in one-time funding for matching grants to purchase low/no greenhouse emission buses (funds available through 2026-27).
  - *Senate* – Proposed \$75 million in funding.
  - *House* – Concurred with the governor.
  
- Before/After School Funding
  - *Governor* – Proposed \$25 million in one-time funding (repeating funding from 2022-23).
  - *Senate* – Does not include new funding.
  - *House* – Proposed \$50 million.
  
- Early Childhood Block Grants
  - *Governor* – Proposed increase of \$9.5 million to \$22.9 million.
  - *Senate* – Maintained current funding.
  - *House* – Proposed one-time increase of \$14.5 million to \$27.9 million.
  
- Math Teaching and Learning Support
  - *Governor* – Proposed one-time funding of \$30 million (to be spent over two years) for teaching and learning supports.
  - *Senate* – Does not include.
  - *House* – Concurred with governor.
  
- Mentoring Support
  - *Governor* – Proposed funding of \$25 million for new teacher mentoring support.
  - *Senate* – Does not include.
  - *House* – Concurred with governor.
  
- Rural Educator Credentialing Hub
  - *Governor* – Proposed one-time funding of \$15 million for pilot program.
  - *Senate* – Does not include.
  - *House* – Concurred with governor.
  
- FAFSA Challenge
  - *Governor* – Proposed one-time funding of \$15 million for program to incentivize completion of the FAFSA (including \$50 gift card per senior who completes the FAFSA and \$50 for the district).
  - *Senate* – Does not include.
  - *House* – Concurred with governor.

### Other Proposals

- The Governor proposed setting aside \$900 million into a School Aid Fund rainy day fund, but neither the House nor the Senate included this provision.
- The House proposed setting aside \$450 million into a new School Transportation Fund, and then using \$150 million for cost reimbursement based on a formula identified in the recent SFRC Transportation Report. Neither the Governor nor the Senate included this allocation.

- The Senate proposed including an additional \$117 million in funding to include pre-K students in pupil counts at a level of 1.2 FTE.
- All parties call for universal free breakfast and lunch.
- All parties included \$92 million for ISD mental health and support services.
- For the most part, teacher recruitment programs continued in the present form and at present funding levels. Grow Your Own will continue to be able to spend down current appropriation, but no additional funding was allocated. As originally allocated, funding can continue to be spent through 9/30/2026. MI Future Educator Fellowship Grants and Student Teacher Stipends maintained current funding.
- All parties eliminated funding for school resource officers under Section 97b (however, flexibility is included in certain other proposals as noted above).
- Officially eliminates Section 31o funding (wrap-around student support services).
- The Senate included \$52.5 million in debt forgiveness for distressed districts, while the House included \$40 million (no such allocation was included in the governor's proposal).
- The Senate included \$250 million for a student loan repayment assistance pilot program.

### Other Supplemental Recommendations

The following items were included for funding in the current (2022-23) budget year as part of a supplemental funding package:

- All three parties have included \$94.4 million to fund literacy initiatives in Detroit resulting from the *Gary B. vs. Whitmer* settlement.
- School Consolidation and Infrastructure Fund – The Governor and Senate proposed a deposit of \$500 million, while the House allocated \$782,584,700. Both the House and Senate eliminated the previous 50% set-aside for consolidation projects.
- MI Kids Back on Track – Both the Governor and the House appropriated \$300 million for before, during, and after school programming. The Governor's plan required a 100% district match, while the House required 50%. The Senate allocated \$100 million and a 100% district match.
- MI Healthy Schools – Both the Governor and House proposed \$300 million for competitive grants for energy enhancements and to improve school air and water quality. The Senate allocated \$150 million. Allocations would require a 50% match on the part of the district.
- All three parties included \$25 million for the "Talent Together" coalition.
- The House includes payments to eliminate all existing student meal debt.

This long list is by no means exhaustive – there are many, many more proposals that are not described here! And further clarifications may appear as the proposals are analyzed further.

## **2. Collective Bargaining Legislation and Survey**

**HBs 4354-4357** were introduced in the House earlier this month and have been referred to the House Labor Committee. These bills would remove a number of items from the list of prohibited subjects of bargaining within the Public Employee Relations Act (PERA) including:

- Teacher placement

- Layoff and recall policies
- The evaluation process
- Discipline and discharge
- Merit pay
- Consolidation of services and intergovernmental agreements
- Third-party contracting

Additionally, **HB 4044** (sponsored by Rep. Koleszar) would eliminate the requirement that wages and benefits be “frozen” during negotiations as well as eliminating the prohibition on retroactive wage and benefit settlements. This bill has been approved by the House Labor Committee and remains on the House floor.

Earlier this month, you should have received a link to a brief survey on these topics. We received a tremendous response to that survey, and have been using the information gleaned from it. Thank you! If you haven’t yet provided your input, please do so by [clicking on this link](#).

Another PERA bill, **SB 169** (sponsored by Sen. Cherry), received a hearing earlier this month in the Senate Labor Committee. This bill would require public employers to provide certain employee contact information (including name, home and work addresses, personal telephone, and personal email address) to the unions representing these employees. The contact information would need to be provided for all such employees within 30 days after the start of employment and every 90 days thereafter.

### **3. Sinking Fund Bill Wins Final Approval**

**SB 63** (sponsored by Sen. Polehanki) has passed both the Senate and the House and is on its way to Governor Whitmer for her signature. This bill, many years in the waiting, expands the permissible uses of sinking funds to include the purchase of “student transportation vehicles”, school vans and trucks, and the parts necessary to maintain them. These new areas of permitted expenditure will only become valid following an election in which ballot language approved by the voters specifically authorizes such a use. In a departure from other recent legislative approvals, this bill was passed with immediate effect. Such an expansion in the use of sinking funds will be very useful in helping provide other alternatives for districts as they address the costs of pupil transportation and other vehicles and is much appreciated!

### **4. Other Legislative Action**

With the budget taking center stage, it is expected that the pace of policy bills may slow down for a time. Here is a status update on other bills of note:

- **HB 4166** (sponsored by Rep. Koleszar) would eliminate the “A-F school report card” system, as well as the requirement that MDE develop a ranked list of the state’s schools. This bill passed the House in March and is now on the Senate floor, having been approved by the Senate Education Committee this week. A companion bill, **HB 4288** (also sponsored by Rep. Koleszar), cleans up other outdated references pertaining to districts designated as “lowest performing” was also approved by the House in March, and remains in the Senate Education Committee.

- **SB 161** (sponsored by Sen. Geiss) and **SB 162** (sponsored by Sen. McCann) have both passed the Senate and are now in the House Education Committee. Among other provisions, SB 161 expands teacher certification reciprocity with other states and countries, making it easier for teachers to receive a Michigan certificate and endorsements similar to those they have previously held in other locales. SB 162 similarly expands reciprocity for school counselors. Both bills have the support of MDE.
- **SB 89** (sponsored by Sen. Cherry) has passed the Senate and been referred to the House Natural Resources Committee. This bill would require schools to develop a drinking water management plan, and have hydration stations and other filtered water sources available in schools by the end of the 2024-25 school year.
- **HB 4233** (sponsored by Rep. Churches) has received a hearing in the House Labor Committee. This bill would allow school districts to collect union dues, thereby eliminating the prohibition enacted in 2012.
- **HB 4064** (sponsored by Rep. Carter) would allow MDE to develop or adopt one or more model curriculums for cursive writing, and would “strongly encourage” districts to incorporate one of these programs into their curriculum. The bill has passed the House and has been referred to the Senate Education Committee.

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Congratulations for making it through the entire update! We'll have more information for you as developments occur, and will be providing an update on the highly important Consensus Revenue Estimating Conference coming up in just a couple of weeks.

Thanks for your ongoing support of the School Equity Caucus!



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