



# SCHOOL EQUITY CAUCUS

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

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## CAUCUS INFORMATION ALERT

June 8, 2017

### ***Re: Conference Committee Agrees on School Aid Budget***

Colleagues:

Earlier today the Conference Committee composed of House and Senate leadership and the Governor agreed on funding and conditions for the 2017-18 School Aid budget. While there are items that are less than positive, the conference report does provide Foundation Allowance increases, improves at-risk funding and makes it available to every eligible student, and very important to Caucus districts, retains 2X.

Perhaps most disappointing, the Conference Committee would close the MPSERS Hybrid system to new employees and move them to a 401k-like plan. However, in a compromise, new employees could opt-out and retain some form of a yet-to-be-determined plan that would retain a pension element.

Some of the details of the Conference Committee Report include:

- **Foundation** - Increase of \$60 per pupil (pp) for Base Foundation districts up to \$160 pp (2X) for Minimum Foundation districts - \$7,631 pp Minimum and \$8,289 pp Base.
- **At-Risk** - Increase the number of students eligible for At-Risk from 595,000 to 678,000 by making services and funding available to every eligible pupil, regardless of school or district. However, those not currently receiving at-risk funding would be capped at 30 percent of what currently eligible students would receive. Currently eligible pupils would receive about \$777 pp and newly eligible would receive about \$233 pp. There are numerous additional compliance and reporting requirements.
- **ISDs** – Section 81 would remain the same
- **MPSERS Offset (Sec. 147c)** – Continues at the current rate.
- **MPSERS Reserve Fund** – Sets aside \$275 million from the SAF and \$200 million from the General Fund to pay for the cost of closing the Hybrid plan.
- **Legal Action** – If state funding is used to sue the state, imposes a financial penalty on a district equal to the cost of suing.
- **Labor Day** – Requires a local public hearing if a district seeks a waiver for a pre-Labor Day start.

- **Private Schools** – Provides \$2.5 million to reimburse private schools for state mandates.

In recent years a Conference Committee Report would be approved by the House and Senate and signed into law by the Governor with little or no changes. However, given the untypical process this year - in which the Governor was excluded from the Conference Committee until the last minute - the possibility of changes may be slightly greater.

It is probable that this Conference Committee School Aid Budget will become law in the near future, perhaps even before the end of June. Members of the School Equity Caucus, and others, should be particularly proud that you responded to the threat of losing 2X by contacting your legislator. You helped retain the very important equity gap-closing formula.

*Jerry*