



# SCHOOL EQUITY CAUCUS

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

121 W Allegan • Lansing, Michigan 48933  
www.schoolequitycaucus.org  
schoolequitycaucus@gmail.com  
269-806-6159

October 31, 2019

Dear Colleagues:

Greetings! I hope this newsletter finds you well, and enjoying a wonderful Michigan fall! Here is the latest on things happening in the state capital:

## 1. Budget Supplementals?

It seems hard to believe, but it's been only a month since the flurry of budget activity at the end of September that resulted in a stack of line-item vetoes from Governor Whitmer. All told, the vetoes totaled nearly \$950 million, with more than \$128 million coming from the School Aid budget. (For a more detailed breakdown, please see the October 1 Caucus Information Alert.) Additionally, the governor used another tool, the shifting of funds within state departments through the State Administrative Board, to move another \$625 million of allocated funds to other areas within the budget.

As soon as the ink was dry, speculation began about the prospects for some of the things stricken from the budget being restored through follow-up supplemental bills. Indeed, Governor Whitmer extended an offer to Republican legislative leaders to renegotiate budget priorities and "clean up" the budget. Meanwhile, Republicans have introduced more than 20 new spending bills that would restore more than \$250 million worth of vetoed spending, and Senator Hertel (a Democrat) introduced a bill containing many of the priorities (totaling \$475 million) said to be desired by Governor Whitmer.

To date, there has been no real movement toward a compromise announced publicly. In the most recent round of meetings, Republican legislative leaders expressed reluctance to provide any additional funds unless there were guarantees this additional money would not also be moved via the State Administrative Board mechanism described above. Indeed, some other legislative Republicans have also expressed satisfaction in the reduced amount of state spending overall, and seem to be prepared to leave the budget as is. Therefore, as of this writing, districts should not plan on seeing anything different coming down the road than what has already been signed into law. We will continue to monitor the situation, and will pass along information as events warrant.

## 2. Income Tax Earmark Bill Moves Forward

You may recall that during last year's lame duck session legislation was pushed through to reduce the School Aid Fund percentage of total income tax revenues from 23.81% to 22.45%. The excuse made for this move was that new online sales tax revenues would

make up the difference, thereby freeing up more money for needs on the General Fund side of the state budget (specifically for roads).

In February HB 4125 was introduced in the House that proposed reversing this action from lame duck. Following a lengthy committee process, that legislation was sent to the House floor a couple of weeks ago, and on Tuesday of this week the bill was overwhelmingly approved 104-5. This is very good news, and provides a great opportunity to connect with and thank your Representative for supporting revenue for education (unless, that is, your district is represented by one of the five who voted against the measure – Reps. Steve Johnson, Jim Lower, John Reilly, Matt Maddock, and Matt Hall).

Now the bill moves over to the Senate for consideration. Hopefully, the process will move more quickly than it did in the House, but one never knows—especially with all of the budget struggles over the last few months, and given the amount of money involved. (If passed, the bill would return an estimated \$172 million to the School Aid Fund in the current year and \$177 million next year.)

### **3. Other Revenue Issues – Internet Gaming, Sports Betting, & Data Centers**

On Wednesday of this week, a series of bills addressing internet & sports gaming were passed by the House.

HB 4311 (Iden) creates the guidelines for internet gaming, but greatly reduces the percentages of tax revenue as compared to that currently collected at the “brick and mortar” casinos in Detroit (tribal casinos do not pay taxes to the School Aid Fund). The rate on this new category of revenue would drop from the current \$.081 on every dollar of revenue to less than half a penny (\$.004) per dollar. It is obviously unknown at this time what exact impact internet gaming would have on existing casinos in the state and on lottery receipts, but almost certainly there would be a reduction in SAF revenue under this proposal.

HB 4916 (also sponsored by Rep. Iden) is the lead bill providing for the introduction of sports betting in Michigan. While this is a new category of gambling revenue, it utilizes the same lower tax structure included in HB 4311. However, based on recent experiences in other states that have just opened the door to sports betting and given that this would again only apply to the Detroit casinos, there would most likely not be a significant SAF revenue stream resulting from this expansion of betting.

On a different note, HB 5127 (Kahle) and HB 5128 (Warren) would exempt “enterprise data centers” from sales and use taxes. As currently written, the definitions for what constitutes such data centers are not sufficiently clear to determine what operations might qualify for the exemption, and therefore it is difficult to determine the full extent of the fiscal impact of the bills. The bills were just introduced and have been assigned to the House Committee on Commerce and Tourism.

#### 4. Michigan Merit Curriculum Changes?

There have been a variety of proposals introduced already this legislation session that are seeking to make changes to the Michigan Merit Curriculum (MMC). For some time we have been watching a set of bills that passed the House Education Committee back in May, but are still sitting in the House Ways and Means Committee. These include:

- HB 4269 (Griffin) – Modifies the current Visual/Performing/Applied Arts and foreign language requirements by requiring students to earn a total of three credits from any of the following “21<sup>st</sup> Century Skills” categories including:
  - Languages other than English (including sign language)
  - Visual/Performing/Applied Arts
  - Computer science or computer coding
  - A department-approved CTE program
- HB 4271 (Howell) – Would allow a credit in Statistics or Personal Finance as a replacement for Algebra II as long as the replacement course aligned with the math content expectations developed by MDE.
- HB 4282 (Hauck) – Allows the required Health Education course to be fulfilled by a thirty-hour OSHA training course for students in a CTE program.

Another MMC bill, HB 4974, received a hearing in the House Education Committee this week, and was voted out to the Ways and Means Committee. This latest bill takes just a piece of HB 4269 (described above) and would simply allow computer coding to qualify as a language other than English for purposes of fulfilling MMC requirements.

Another pair of bills regarding MMC were introduced by Senator Jon Bumstead last week. These bills (SB 600 & 601) represent a much more extensive overhaul of the MMC, rather than the piecemeal approach seen in the House bills described above. The main points highlighted by the sponsor include:

- Eighteen (18) credits would be designated as “Merit Curriculum”, including:
  - 4 credits in English Language Arts
  - 4 credits in math, with only Algebra I and Geometry required (the Algebra II requirement is eliminated)
  - 3 credits in science
  - 3 credits in social studies
  - 4 additional credits as determined by the school district
- Current EDP language and requirements are maintained
- Personal Curriculum language is eliminated. Instead, students with an IEP would have their requirements modified as stipulated in their IEP and EDP.

We are still in the process of analyzing the specifics of the bill’s language and the impact of these proposals. According to the sponsor, the bills strive to give districts greater autonomy and flexibility with regard to their graduation requirements. Districts could choose to maintain other current requirements (Health/PE, Algebra II, etc.) if they wanted to. One of the areas receiving the most attention from education groups is the elimination of the Personal Curriculum. The bill sponsor has stated that the flexibility incorporated in the bills would provide the necessary protection for students with IEP’s. Having just been introduced, at this time it is unclear how much support these bills will have.

## 5. Evaluation Bill Moves Out of Ways and Means

Last week the House Ways and Means Committee moved HB 4208 (Johnson) to the House floor. This bill would prevent a teacher's final year-end evaluation from being conducted by a family member, and would also allow other teachers to request that their own evaluation be conducted by someone other than the administrator related to a fellow teacher.

Prior to the bill being passed by the committee, an option was included that would permit a school board to petition MDE for a waiver from the requirements of the legislation if "compliance is impractical due to demographic characteristics or a limitation in staff." With that inclusion, the bill appears poised to be passed out of the House and sent to the Senate.

## 6. School Bus Safety Package

Last week the House Military, Veterans, and Homeland Security Committee reviewed a multi-bill package (HB 5038 – HB 5042) designed to address school bus safety. In short, the bills would do the following:

- Prohibit unauthorized entry onto a school bus without the permission of the bus driver (with exceptions for school personnel and other individuals such as law enforcement or first responders). A violation would be charged as a misdemeanor.
- Prohibit individuals from entering a school bus with the intent to do bodily harm. Violators would face a felony charge.
- Allow a sticker to be placed on the side of a school bus indicating that an unauthorized person attempting to board the bus is subject to arrest and prosecution.
- Allow school buses to utilize stop-arm cameras to record vehicles that illegally pass a bus when the stop-arm is extended.
- Increase the penalty for an illegal pass-by from a civil infraction to a misdemeanor.

These bills have just begun their journey through the legislature.

-----

As you can tell, things are starting to move a bit more now that the budget battle is somewhat in the rear-view mirror! Please be in touch with questions or concerns!



Dirk Weeldreyer  
Executive Director  
(269) 806-6159  
[schoolequitycaucus@gmail.com](mailto:schoolequitycaucus@gmail.com)