



From: Weekly Report from Don Olendorf, Of-Counsel

Saturday, March 28, 2015

Spring Break

The Legislature is now on recess and will not return to Lansing until April 14th.

This Week in Review- House and Senate School Aid Bills Very Different

The House and Senate responses to the Governor's School Aid Budget were presented and reported out of the respective Subcommittees without amendments. In the House the MDE Budget is handled separately. That House version of Budget saw reductions largely in the area of Child Care reimbursements and F.T.E.s, from the Executive suggestion.

The House K-12 Subcommittee Recommendation is essentially a document that first "rolls up" numerous categorical line items and proposes Per Pupil Foundation Grant increases from \$137 to \$234 in a 2X Formula and guarantees a \$25 per pupil net increase for Hold Harmless School Districts. The Bill also, as written, significantly diminishes regulatory requirements in particular for At-Risk Funding.

In order to accomplish these ends the Bill essentially rejects all of the Governor's Education priorities as recommended in the Executive Budget. Focuses of the Bill are:

- Elimination of Risk Increase
- Elimination of Best Practices
- Elimination of Technology Infrastructure Grants
- A 50% cut in Retirement Legacy Costs Off-Sets (Equates to \$33 in Foundation Grant increase that in turn will need to be paid back to State unless you are non-participating school)
- Elimination of Distressed School District Funding
- Shifts Funds from CTE Early College proposal to Voc-Ed Added Costs
- Eliminates and shifts Adult Ed Funding to Voc-Ed

The Senate K-12 Subcommittee Recommendation retains the key priorities of the Governor predominantly putting emphasis on Early Literacy. It also contains a 2X Formula with a range of \$50 to \$100 and maintains a Hold Harmless categorical with no increase for those types of School Districts. Other highlights of the Senate Bill include:

- 30% At Risk Funding increase with a requirement that half be used for Early Literacy
- CTE Increases of \$21 million beyond the Executive proposal
- Declining Enrollment Recommendation
- Increases in Adult Education
- Increases beyond Governor for specific Early Literacy funding
- Increases in Transportation

- Additional resources for Technology

Observations

These Budgets create room for substantial compromise moving forward. When the Legislature returns in April the Bills will have debate and consideration in Full Appropriations Committees. Additionally both Chambers will need to vote for passage before moving to a Conference Committee expected in June.

During that time frame there we will have a May 5th election and a Mid May Revenue Forecasting Conference that may substantially affect the variables leading to a final 2015-2016 School Aid Bill.

Meanwhile you are encouraged to be cautious and conservative in any and all local budgeting deliberations.

Other Legislative Activity

- Early Warning for Financially Stressed Districts – Stalled but moving
- Reading – Hearings and careful consideration
- Tax Cuts affecting School Aid – Incessant and Continuing
- Critical Shortage – Stalled
- Evaluations – Stalled
- STEM Endorsed Diplomas– Moving in Senate – Unclear in House
- Energy Choice – Major Debate
- A-F Grading – Discussion and Compromise
- Open Carry Loophole– Controversial and Not Moving

April 22 Retreat

If you have not done so please get in your RSVP to donolendorf@gmail.com. Would prefer if you send it in aggregate per organization or ISD. Thanks. There is a space limitation of 75 participants.

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