



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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November 30, 2023

Dear Colleagues:

As you know by now, the legislature has adjourned for the rest of the calendar year. In this edition of the newsletter, we'll take a look back at some of the legislation from the past year that will soon be coming into effect. There are also other important updates for you as we head into December.

1. Legislature Adjourns for the Year

As has been widely covered, the Michigan legislature adjourned its session for the year earlier this month, enabling the clock to begin ticking toward having the lengthy list of legislation passed during this session reach its effective date. (Laws become effective 90 days after the legislature adjourns unless they are given "immediate effect", something Republicans refused to do with most significant legislation passed this session.)

The following non-exhaustive list is a sample of the items that are among those passed this session, most of which will now be taking effect as of February 13, 2024:

- P.A. [4](#) – phase out of the “retirement tax” and other tax changes
- P.A. [7](#) – repeal of the third-grade retention legislation
- P.A. [9](#) – removes “Right to Work” provisions, enabling contracts to include mandatory union dues/service fees
- P.A. [10](#) – reinstitution of prevailing wage provisions
- P.A. [26](#) – allowing future sinking fund approvals to be used toward transportation
- P.A. [34](#) – elimination of the “letter grading” school accountability system
- P.A. [51](#) – modifies certain disciplinary procedures regarding a student who has reported being sexually assaulted
- P.A. [57](#) – requires schools to provide students with information on sexual assault
- P.A. [110](#) – requires CPR/first aid training for new teachers along with other changes to certification
- P.A. [111](#) – reciprocity for out-of-state school counselors
- P.A. [113](#) – eliminates wage/step and insurance benefit freeze at the expiration of a collective bargaining agreement
- P.A. [114](#) – allows the collection of union dues
- P.A. [115/116](#) – removal of a number of items from the list of prohibited subjects of bargaining including placement, evaluation, and other personnel decisions
- P.A. [143](#) – removes third party contracting from the list of prohibited subjects of bargaining

- P.A. [147](#) – changes MPSERS rules to allow retirees to return after one month and earn up to \$15,100, or return after six months and earn unlimited amounts
- P.A. [154](#) – “Filter First” drinking water planning and testing
- P.A. [224/225](#) – alterations to the educator evaluation system (effective date starting with the 2024-25 school year)

It was certainly a busy year! It is also important to note that some of these laws specify an implementation period, and therefore will not take effect immediately.

Also before leaving town, the legislature sent a few other pieces of legislation to Governor Whitmer including:

- **SB 169** (now P.A. 236) that requires districts to provide the applicable union bargaining unit with personal information of any new employee including their personal email, address, phone, wages and other information
- **HB 5021** (now P.A. 250) that changes the default retirement selection for new participants in MPSERS to the pension plan rather than the defined contribution 401(k)/457 plan.
- Two supplemental budget bills, **SB 174** and **HB 4292**. The former is a cleanup of various items in the original School Aid budget act from the summer, while the latter provides \$114 million in debt relief for six school districts.

Things may now calm down for a time as discussed in the next item below...

2. Special Election Dates Set – Legislative Stalemate Looms in the Meantime

Election results from earlier this month saw two Democratic members of the House of Representatives elected to mayoral positions in their home districts (Rep. Lori Stone from the 13th and Rep. Kevin Coleman from the 25th House District). Therefore, their seats have now been vacated until such time as they can be filled through a special election. This situation has left the House tied between Democrats and Republicans at 54-54. It is expected that until these seats (in safe Democratic districts) are filled, there will not be much legislative progress – at least in the House.

Last week, in an effort to fill the seats as quickly as possible, Governor Whitmer called for a special primary election to be held on January 30, 2024, followed by a special general election on April 16, 2024. Therefore, it is anticipated that the expected legislative stalemate will be resolved by the end of April – just in time for budget discussions to hit high gear.

It may be a quiet winter in the legislature – we will soon see if a new era of bipartisanship breaks out, or if the expected quiet period comes to pass.

3. Transportation Money Begins to be Released

In the 2023-24 School Aid Act, the legislature provided \$125 million through Section 22L of the School Aid Act to help address transportation costs. The legislation originally called for districts to be grouped into quartiles based on the number of riders per mile, and for a calculation to be done of the median cost per rider for districts in that quartile. The actual

allocation would then be distributed based on the lesser of either the quartile median cost per rider or the district's actual cost per rider. In the supplemental appropriation bill passed earlier this month, the quartile determinant was changed to the number of **riders per square mile** (rather than riders per mile).

Funding began flowing to districts with their November state aid payment (which included a double payment since no 22L funding was included in the October state aid payment). However, some districts were determined to have had errors, omissions, or other issues with the reports from which the cost data was drawn. Those districts did not receive any payment and are being provided with an opportunity to resubmit this information. Once the resubmissions are vetted, funding will be able to be provided.

It is also very important to emphasize that the initial November payments were based on 2021-22 data. Within the next couple of months, payments will be converted to the 2022-23 data now coming available and the amounts for the year will be updated. Therefore, the monthly district transportation payments will almost certainly be different from their current levels moving forward. The decision to make initial "estimated" payments and adjust them through the rest of the year was made with the input of the MDE Transportation Advisory Committee (on which the School Equity Caucus is represented) so that districts could begin receiving payments as soon as possible instead of waiting for the final precise number at some point in the future. Again though, districts must be aware that the amount received this month will almost certainly change – either up or down – in future payments.

It has been very interesting to see the implementation of the 22L legislation in action, and there are many more factors to be considered in fairly distributing these funds than there may at first seem to be. It has also reinforced the importance for districts to understand and properly report their transportation costs on their mandatory reporting. Fall ridership numbers are also vitally important. And the Advisory Committee works through the process this first time, we are learning things that may be able to be included as part of recommendations to the legislature so that the process and outcome can be improved if this funding continues in future years.

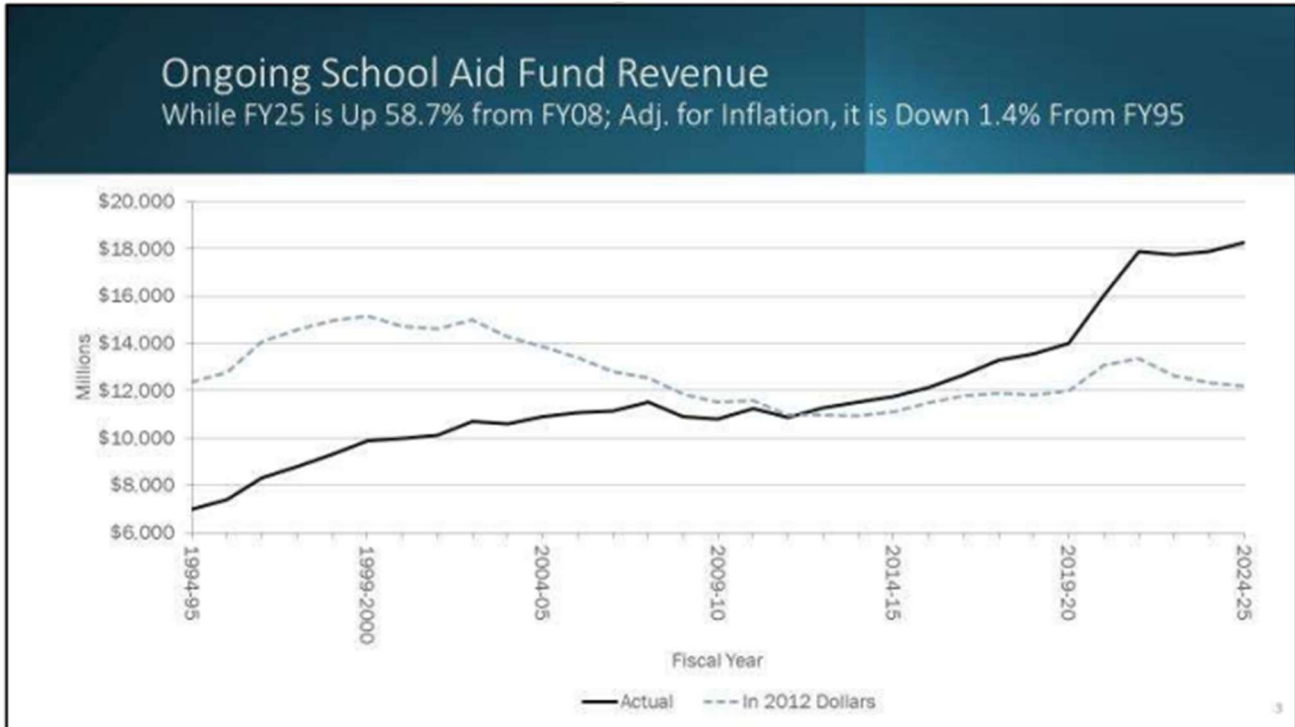
One final note of interest can be seen in the quartile breakdowns as they currently stand:

	Minimum Riders/Sq. Mile	Maximum Riders/Sq. Mile
Quartile 1	0	2.4
Quartile 2	2.4	6.9
Quartile 3	6.9	25.5
Quartile 4	25.5	+

This data shows that fully **half** of school districts in Michigan have ridership numbers less than 6.9 riders per square mile. While it is obviously well known that our state has large rural areas, the scope of these actual numbers came as a revelation to many members of the committee. The data points to the inequities of a system that does not include an acknowledgement of these differences, and therefore underscores the vital importance of this categorical. We will continue to be strongly advocates for its inclusion in future budgets, and will look at ways to continue improving this reimbursement system.

4. SFA Report Highlights Challenges to Ongoing SFA Revenue

A Senate Fiscal Agency report was recently released that provides a detailed overview of the long-term prospects of growth in the School Aid Fund (SAF). A key takeaway is that the SAF, even with the tremendous revenue increases seen in recent years, continues to struggle to keep pace with inflation. And looking forward, without adjustments, is expected to fall further behind inflationary levels. The chart below is taken from the report and provides a snapshot of the issues seen:



The dashed line shows the inflation-adjusted trend in SAF revenue since the institution of Proposal A. COVID-related changes in spending patterns caused a blip in the last couple of years, but the downward trend is projected to resume as we continue moving toward 2024-25. This is despite additional new revenue from casinos and marijuana sales over the last decade that have also helped offset what would otherwise be a worse picture.

The report also notes that a decline in total student numbers in the state has helped offset the impact of the relative loss of income when considered on a per pupil basis, but it also cites the impact of transfers of SAF funding to community colleges and universities, which are identified as removing \$580 per pupil from the SAF in 2021-22. Even incorporating lower student numbers looking forward, SAF revenue on a per pupil basis is currently expected to decline 7.4% between 2021-22 and 2024-25 when adjusted for inflation.

In total, the student finds that inflation-adjusted SAF revenue declined 22% between 1999-2000 and 2018-19, and even when lower student numbers are incorporated, per pupil revenue decreased 9.9% over the same period. And by 2024-25, SAF revenue is expected to be 1.5% below the levels in 1994-95 (adjusted for inflation).

It is essential for school leaders to understand the dynamics of this situation as they enter into a time period of changing labor relations coupled with the high inflation and tight labor market we have recently experienced. And despite the relatively comfortable period we have enjoyed recently, there is an ongoing structural issue that absolutely must be addressed if education in Michigan is to be able to have the resources it needs.

The report is attached as a PDF to the email containing this newsletter, or you can access it online by [clicking on this link](#) with the SAF report starting on page 42.

5. Midwinter Conference Gathering on the Horizon

We will discuss many of these issues and more at the next School Equity Caucus General Membership Luncheon coming up at the MASA Midwinter Conference in Detroit. The Caucus luncheon (sponsored by our ongoing business partners Northland Public Finance, American Fidelity, and The Christman Company) will take place just prior to the opening of the conference on Wednesday, January 24 at 11:30 a.m. We hope you can join us!

Watch for more information including sign-up details coming to your inbox in the weeks ahead!

December is always a busy time as we head toward the holiday break! Here's hoping you find time to rest and recharge amidst all of the hustle and bustle! And as always, please be in touch with questions or concerns.



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