



# 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

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Dear Colleagues:

It was a very long day in the state legislature as members of the House and Senate worked late into the night to complete a lengthy agenda before heading home for several weeks. Here's the latest...

## 1. **2022-23 Budget Sent to Governor**

In the early hours of Friday morning, the state legislature gave final approval to the School Aid budget bill (SB 845) following weeks of negotiations between key legislative leaders and representatives of the executive branch. The bill now heads to Governor Whitmer for her review and signature. The budget uses some of the large surplus in the School Aid Fund (SAF) to increase the overall K-12 budget to more than \$19.6 billion, an increase of 15.5%. Even with this enormous expenditure, some \$2 billion remains unspent in the SAF, with a large portion of those funds being considered for use as part of a potential tax relief plan still being negotiated.

Along with the increase, more than \$514 million in one-time expenditures from last year's budget were not funded including staffing for wrap-around services (\$240 million), year-round schools (\$135 million), and more.

Many of the goals of the School Equity Caucus received attention in this budget. Progress continues toward full implementation of a weighted student funding formula (as called for in the 2018 School Finance Research Collaborative report). At Risk funding is now directly tied as a percentage of the foundation allowance, and Special Education funding received a significant increase. For the first time, facility funding also received significant attention as noted below. More work remains though, including finishing the equalization of all district foundation allowances and removing higher education from the SAF budget.

Here are some of the main aspects of the budget as passed:

- **Foundation Allowance** – The target foundation allowance (amount supported by the state) will move to \$9150 for all districts – an increase of \$450 per pupil (just under 5.2%). Districts above the target foundation allowance (“hold harmless” and out-of-formula) will also receive a foundation allowance increase of \$450. Cyber schools will continue to receive the full foundation allowance. The total allocated to bring about this funding increase amounts to an additional \$610 million.

- Special Education Funding – The total funding allocated for special education received an increase of \$312.6 million to a total of nearly \$1.9 billion. Included in this funding is a major change to the special education formula, bringing in a revised calculation (to be phased in over two years). This change acknowledges the need to address special education costs on both a per-pupil and cost-reimbursement basis, and combined with the additional allocation will result in nearly all districts seeing significant special education funding increases.
- At Risk (31a) Funding – The at-risk allocation also received a significant increase of \$223 million (to a total of \$747.5 million), and is now tied to the target foundation allowance, being set at 11.5% of the foundation allowance. This will result in an amount per qualified pupil of \$1052 (an increase of about \$300). All districts are eligible to receive this funding regardless of foundation allowance amount.
- MPSERS Costs – Total MPSERS payments in the SAF budget would rise to a total of \$3.0 billion (an increase of \$1.2 billion). This additional money would be used in part to reduce the payroll growth assumption to 1.75% and buy down MPSERS UAAL (Unfunded Actuarial Accrued Liability) by \$1 billion.
- Great Start Readiness Preschool (GSRP) – Full-time slots would now be funded at \$9150, the same as the K-12 per pupil amount. The total allocation for GSRP now stands at \$452.5 million (an increase of \$34 million).
- A number of initiatives were funded aiming to increase the number of teachers available to be hired by districts:
  - Future Educator Fellowship Grants – This program will help offset tuition costs for students on a track to pursue their initial teacher certification. Awards will be capped at the lesser of \$10,000 per student per academic year or the cost of in-district tuition. Students will be required to work for 3-5 years at a Michigan school (including non-public schools), with the length of time varying based on how many years the awards were received and whether the student worked in a “critical needs” district. The total allocation for this program was for \$305 million (\$25 million in the current fiscal year, with the remainder in a reserve fund for future awards).
  - Student Teacher Stipends – Student teachers will be eligible to receive a stipend of up to \$9,600 per semester toward tuition and expenses incurred while student teaching. This allocation totaled \$50 million.
  - “Grow-Your-Own” Programs – The bill provided \$175 million to enable districts/ISD’s to provide support staff with a no-cost pathway toward teacher certification. The staff member would be required to work as a teacher in the district for the same number of years that they received these funds. Additionally, up to 10% of the funds allocated to districts/ISD’s may be used to create a program encouraging students in grades 6-12 to pursue a career in education.
  - “Troops to Teachers” – \$15 million was allocated to provide for a mentorship training program for veterans wishing to become teachers.
  - Teach for America – Received an allocation of \$20 million, with the stipulation that Teach for America must recruit or invest in the retention of 100 teachers to receive the first \$10 million of funding and 450

- teachers to receive the remainder. Fellowship programs must occur in at least three regions of the state.
- CTE Teacher Recruitment and Retention – Was allocated at \$10 million.
  - Several school safety initiatives were included in the budget:
    - School Safety Grants – Are funded at \$168 million (up from the previous \$10 million) and will now be distributed on a per-pupil basis rather than through competitive grants. These funds are provided for both public and nonpublic schools.
    - School Resource Officers - \$25 million in funding is provided with districts required to provide 50% matching funds.
    - Cross-System Intervention Pilot - \$15 million is included for this program designed to identify and support middle and high school students determined to be at risk for violence.
  - There were also a number of allocations made toward addressing student mental health, including:
    - Mental Health Per-Pupil Grants – The bill provides \$150 million for districts on a per pupil basis for a variety of activities designed to improve mental health, including the hiring of support staff, use of screening tools, behavioral health consultations, and more.
    - TRAILS Program – \$50 million is provided for statewide implementation of the TRAILS program, intended to improve access for students to mental health services by training school personnel in effective practices.
    - ISD Mental Health Support Services – Increases each ISD's funding for mental health support services in local districts to \$955,300 (up from \$575,000) and provides an additional \$9.3 million to be distributed on a per-pupil basis. Total allocation is increased by \$25 million to \$62.8 million.
  - School Consolidation and Infrastructure Fund – This new fund was created with a \$475 million allocation that will last until spent (even after the end of the budget year). Funds may not be expended without a specific legislative allocation, and at least 50% of the funds must be reserved for consolidation-related infrastructure projects. In 2022-23 up to \$5 million may be spent for grants of up to \$250,000 for districts or ISD's to study the feasibility of consolidation with one or more other districts/ISD's.
  - School Infrastructure Study – In a welcome development, \$20 million was allocated for a statewide study of Michigan's school facilities. Each building in the state is to be reviewed with a determination made of its condition, along with an estimate of the funds needed to bring the facility to standard and including an assessment of whether renovations or replacing the facility would be the most cost effective.
  - Bilingual Education – Funding will be increased by \$1.3 million to a total of \$26.5 million (an increase of 5.2%).
  - Isolated District Funding – The total allocation for small, isolated districts is increased by \$438,000 to \$8.9 million (a 5.2% increase).

- ISD Funding (Sect. 81) – General operation funding increases by 5.2% to a total of \$75.6 million.
- Early On Funding – Funding is increased by \$7.1 million, nearly doubling the total to \$21.3 million. This increase means that this line item has essentially been tripled over the last two years.
- School-Based Health Centers – A total of \$33 million (up from \$8 million) is allocated to provide for adolescent health centers. Priority is to be given to unserved counties as new centers are established.
- Before and After School Programs – \$25 million is allocated for before and after school programs (including summer school).
- Learning Pods – This new program provides a total of \$5 million for ISD's offer up to two summer programs for interested students.
- Benchmark Assessments – Funding was maintained at \$11.5 million.
- Brownfield Redevelopment Reimbursements – Increases reimbursement to ISD's that had revenue impacted by brownfield redevelopment to a total of \$14.4 million (up from \$7.5 million).
- CTE Equipment Upgrades – Funding is maintained at \$7.5 million, but is now SAF funding rather than from the state's General Fund.
- Promise Zone Funding – Increased by \$1 million to a total of \$14.8 million for approved districts.
- Reimbursements to Nonpublic Schools – Was maintained in the amount of \$1 million to reimburse nonpublic schools for the costs of complying with various state requirements.

Also included in the legislature's budget were adjustments to the current year budget which runs through September 30. Among these were a reappropriation of ESSER and GEER funds addressing learning loss providing districts with an additional approximately \$37 per pupil.

## 2. **SAF Funding for Community Colleges & Universities**

Unfortunately, yesterday's budget also continues to include large amounts of funding from the SAF to support community colleges and universities.

Total ongoing support for community colleges (wholly from the SAF) now amounts to \$449 million, a 4.1% increase (\$17.6 million). But in a small piece of good news, this amount was actually more than \$20 million lower than had been originally proposed by all three of the parties – the governor, House, and Senate. Community colleges also received \$81.2 million in one-time COVID-related federal funds.

In a major step, \$300 million in one-time funding from the SAF budget was allocated in the 2021-22 supplemental appropriation to pay off most of the remaining UAAL debt for those universities still included in the MPSERS system (Central Michigan, Eastern Michigan, Northern Michigan, Western Michigan, Ferris State, Lake Superior State, and Michigan Tech). This is funding over and above the \$361.4 million already included in this year's budget. "Regular" SAF funding for universities in 2022-23 would total about \$347.9 million – a reduction of \$13.5 million due in large part to MPSERS savings.

### **3. MPSERS Changes Approved**

**HB 4375** (sponsored by Rep. Johnson) is also being sent to Governor Whitmer with nearly unanimous bipartisan support. This bill essentially eliminates "critical shortage" positions by allowing retirees to work for a school district in any capacity (administrative, instructional, or support positions) and for any level of compensation (i.e., without the earnings "cap" of one-third of their Final Average Compensation) as long as they have had a bona fide separation of employment upon entering retirement, or if they are retired as of the effective date of the bill.

Under the bill a bona fide separation of employment mandates that retirees be retired for at least nine months before resuming work at a school district without any sort of arrangement for post-retirement employment (rather than the current 30-day waiting period). Additionally, districts would no longer be required to pay UAAL costs (20.96%) on retiree wages as is currently the case. In return, retirees who return to work would not be able to increase service credit or "reset" their final average compensation. These changes will simplify the employment of retirees and could potentially provide much-needed experienced staffing for public schools during this tight labor market.

### **4. Other Legislative News**

In other legislative activity this month:

- **HB 5190** (sponsored by Rep. Farrington) has been signed into law by Governor Whitmer. This bill requires that students complete a half-credit course in financial literacy prior to graduation. This requirement is distinct from the economics requirement already in place, and could be substituted for a half-credit course in math, visual or performing arts, or world language (and districts could determine which credit it would replace). This requirement could also potentially be met as part of a CTE program.
- **HB 5686** (sponsored by Rep. Hornberger) has been passed by both the House and Senate, and has been sent to Governor Whitmer. This bill would require that any changes to the Pupil Accounting Manual be sent first to the Chairs of the House and Senate Education Committees prior to adoption. It is unclear whether the governor will sign the bill.
- In an interesting development, **HB 5859** (sponsored by Rep. Alexander) was brought up for a vote on the House floor earlier this month where it failed by a 56-51 margin. The bill was attempting to create a "Learning Loss Recovery Grant Program," designed to provide up parents with up to \$1,500 per student toward supplies and learning experiences that aid the student in recovering from learning

loss or disrupted learning due to COVID-19. A nearly identical bill, **SB 925** (sponsored by Sen. Bizon), remains stalled on the Senate floor.

- **SB 600-603** (sponsored by Sens. Theis, Barrett, and LaSata) have been sent to the House floor by the House Education Committee. These COVID-related bills have already passed in the Senate, and would prevent schools from requiring vaccines authorized under “emergency use authorizations” as a condition of attendance or participation in activities. They further mandate a waiver process for vaccines that are fully approved. Additionally, the bills would prohibit schools from requiring face masks be worn by unvaccinated students or separating them from vaccinated students.
- **HB 5097** (sponsored by Rep. Beeler) has been sent back to the full Senate by the Senate Committee on Education and Career Readiness. This bill previously passed in the House. It would ban any form of (or anything that could be understood to be) race or gender stereotyping (i.e., the bill seeks to prevent the teaching of what has been referred to as Critical Race Theory). If passed, the bill almost certainly faces a gubernatorial veto.
- **HB 5921-5925** (various sponsors) were reported out of the House Committee on Oversight to the full House this month. This series of bills contains numerous significant changes to rules associated with the Freedom of Information Act (FOIA) including (among others):
  - Requiring the public entity receiving a FOIA request to acknowledge receipt of the request within two days (rather than the current five days).
  - Mandating that in the event of the denial of a request and a subsequent challenge of that denial in court, only the reasons given in the initial written denial response would be able to be used in defense of the action.
  - Requiring the reduction or waiving of fees to fill a request if the request can be determined to primarily benefit the general public.
  - Providing that a public record in the possession of a public entity’s outside legal counsel be considered as remaining in the public body’s custody and be subject to disclosure unless an exemption is asserted.

The scope and nature of these changes raises a number of potential problems for school districts.

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As noted earlier, and barring unforeseen events, the legislature is now expected to be “on vacation” until sometime after the August primaries. As a result, this newsletter will also take a hiatus for the month of July.

Hope you are finding ways to relax and enjoy some of our beautiful Michigan weather! As always, please be in touch with questions or concerns.



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