

SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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Dear Colleagues,

Greetings from the School Equity desk, I hope the opening month of 2025 has been a good one for you and that you are finding warmth in the midst of the cold!

It's been an eventful month as our state and federal governments have seated new legislatures and continue to position their leaders for the new term. These are interesting and often contentious times, but it's good to know our members are bound together by a common commitment to Michigan's students. On that note, let's dive into some issues that are impacting our schools.

LEGISLATIVE UPDATES:

- ***HB 6058 Employee Healthcare*** – We led with this bill last month as well, and that is not by coincidence, as its impact is only beginning to be felt. We continue to advocate for a corrective or supplemental bill to address the midyear increase in costs, but are hearing that action is unlikely to take place anytime soon. It is believed that a broader fix is needed (we agree) and that adjustments will be made in the upcoming budget rather than working backward on this bill.

As an example of the impact on schools, one of our eastern Michigan member districts with approximately 1,000 students shared that they will see an increase of approximately \$40,000 for the current fiscal year and around \$80,000 for the next. This is unacceptable without an increase in funding.

- ***Minimum Wage / Sick Time*** – The House passed its version of these bills on January 23, as detailed below. The Senate introduced its version this month as well, but has not yet advanced the bills to committee hearings.

Under HB 4001, the general minimum wage would be as follows:

- \$12 – effective February 21, 2025
- \$12.50 – effective January 1, 2026
- \$13 – effective January 1, 2027
- \$14 – effective January 1, 2028
- \$15 – effective January 1, 2029
- Beginning January 1, 2030, the annual minimum wage adjustment would be based on inflation, with a reduction in the inflation threshold for triggering a halt to the wage increase from the current 8.5% to 7.5%.

HB 4001 also:

- Reduces the wage rate for employees under the age of 18 from 85% of the general minimum wage to 75% of the minimum wage.
- Sets the training wage for employees under the age of 20 in the first 90 days of employment at 75% of the general minimum wage.

HB 4002 calls for exempting employers with fewer than 50 employees from having to provide one hour of paid sick time for every 30 hours worked up to a maximum of 72 hours per year. It also authorizes employers to make available a minimum of 72 hours in paid sick time at the beginning of the year, rather than requiring accrual.

CONSENSUS REVENUE ESTIMATING CONFERENCE (CREC):

The annual CREC event took place on Friday, January 10, to set the stage for the next couple years of state and school budgeting. Here are some of the highlights:

- For Fiscal Year 2024-2025, the combined revenues for the General Fund and School Aid Fund were revised upward by \$770.4 million, which represents a 1.8% increase from the previous estimate made in May 2024. Of this increase, \$457.7 million is expected to go toward the General Fund, while \$312.7 million will be directed to the School Aid Fund.

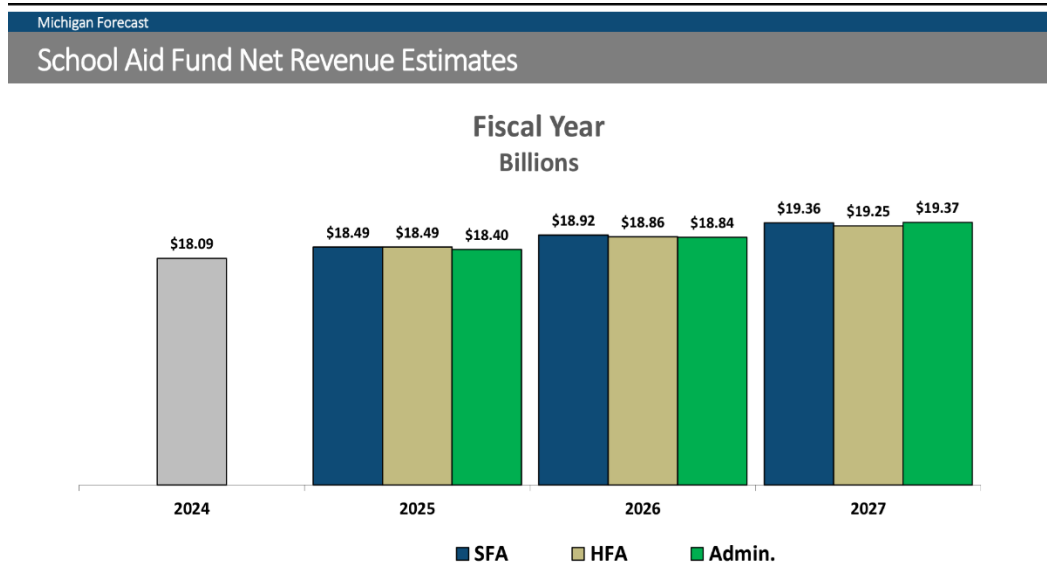
REVENUE SINCE MAY CREC— MAJOR TAXES ON TARGET

- Preliminary FY 2024 collections are slightly above May 2024 CREC estimates

	CREC Forecast Growth Rate	Preliminary Growth Rate	Preliminary Difference from May CREC (In Millions)
Income Tax Withholding	2.9%	4.8%	+\$236.1
Sales and Use	-0.6%	-0.3%	+\$39.9
Corporate Income Tax	1.0%	-1.6%	-\$51.0
State Education Tax (SET)	6.1%	8.1%	+\$51.7
Total of 5 Tax Components			+\$276.7

- Looking to Fiscal Year 2025-2026 and beyond, the combined revenues for both funds have been revised upward by approximately \$910.2 million, reflecting a 3.6% growth from the previous year. The General Fund is expected to see an increase of \$591.2 million, while the School Aid Fund will grow by \$319 million.

Michigan Forecast									
Revenue Forecast Comparison									
Total Revenue (Values in Millions)									
	FY 2025			FY 2026			FY 2027		
	SFA	HFA	Admin.	SFA	HFA	Admin.	SFA	HFA	Admin.
GF-GP	\$15,128.1	\$14,695.4	\$14,479.4	\$16,003.2	\$15,527.5	\$15,184.2	\$16,295.8	\$15,767.8	\$15,444.7
School Aid Fund	\$18,491.8	\$18,492.5	\$18,404.7	\$18,917.9	\$18,857.6	\$18,838.0	\$19,357.5	\$19,249.4	\$19,368.3
Difference from May 2024 Consensus Estimates									
	FY 2025			FY 2026			FY 2027		
	SFA	HFA	Admin.	SFA	HFA	Admin.	SFA	HFA	Admin.
GF-GP	\$870.3	\$437.6	\$221.6	\$1,116.7	\$641.0	\$297.7			
School Aid Fund	\$344.9	\$345.6	\$257.8	\$345.4	\$285.1	\$265.5			
Combined	\$1,215.2	\$783.2	\$479.4	\$1,462.1	\$926.1	\$563.2			



- In general, the economic outlook at both the state and federal levels is promising, though questions about the impact of new policies (tariffs, immigration enforcement, and other partisan priorities) leave some room for change in projections.

GOVERNOR’S BUDGET PROPOSAL:

Earlier this week, the Governor’s office shared what appears to be promising news for public schools. A report in Michigan Advance highlighted the following details about what we might expect in the upcoming budget proposal:

- “Record high” per pupil funding.
- “SMART Plan” including new performance metrics and transparency
- Double the amount of literacy grants, with at least two coaches per ISD
- Student mental health and school safety will receive “largest amount of ongoing funding in Michigan history”
- “Largest CTE investment in Michigan history”

The Governor’s budget proposal will be presented to the House and Senate Appropriation committees on February 5, with the annual State of the State address following on February 26.

SCHOOL FINANCE STATEWIDE FACILITIES STUDY:

The long-awaited study conducted on 93% of Michigan’s public school districts is complete and the findings are profound. The study, sponsored by the School Finance Research Foundation, is a “high-level, non-invasive assessment of building conditions focused on health, safety, and wellness based on physical building observation and professional judgment.” In other words, it looked at structures that are essential to a quality student experience, meaning the school buildings where teaching and learning take place. Athletic facilities, administrative buildings, bus garages, and other ancillary structures were not included in the study, nor were parking lots, lighting, tech equipment, buses, and other capital improvement components.

As a result of the study, participating districts have received a detailed report on the condition of their essential facilities and the cost of repairs and replacement and a recommendation on the most cost-effective option.

For example, one of our member districts in western Michigan with approximately 1,000 students received the following information:

- Repair Costs
 - Critical (1-3 years) - \$334,813
 - Near Term (4-6 years) - \$1,573,608
 - Long Term (7-9 years) - \$1,796,637
 - Total Repairs - \$3,705,058
- Replacement Costs
 - \$153,592,118
- Most Cost-Effective Option
 - Repairs @ \$3,705,058

The #1 priority in School Equity's 2025 Strategic Plan is to advocate for equitable infrastructure funding, so will be digging much deeper into this important study to shape our messaging and work with the legislature.

PRESIDENTIAL EXECUTIVE ORDERS:

There has been no shortage of news coverage on President Trump's activities during his early weeks in office. Several topics have risen to the top for schools, including safeguards against antisemitism, funding blocks for districts who push gender or discriminatory ideologies, school of choice expansion, and ICE deportation efforts on school campuses. It's currently unclear what impact these initiatives will have on Michigan districts, but we'll be sure to keep you updated as things take shape.

HOUSEKEEPING:

- ***School Equity Region Tour*** – The tour continues this month with Regions
- ***“Small-but-Mighty” Drive-In Event*** – We are working with MASA to bring our members a high-impact one-day event that will inform, encourage, and inspire the leaders from small and rural districts across the state. We believe such districts are equipped for unique impact and we look forward to working with you for the benefit of your students! Stay tuned for more information.
- ***School Equity Luncheon at MASA Midwinter*** – Thank you to all who attended our recent meeting and meal in Grand Rapids. We had a nice turnout and a time of quality networking! Special thanks again to our event sponsors at Christman, American Fidelity, and Northland Securities for their support.

That's all for this month's Newsletter. If there is a specific topic related to school equity that you would like to see addressed as a special feature in a future Newsletter, stand-alone mailing, podcast, or Town Hall Zoom, please let me know. We are here to serve!

Best regards,



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