

SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

423 W. Ionia Street • Lansing, Michigan 48933
517.482.5110 • fax 517.482.5023
www.schoolequitycaucus.org • caucus@att.net

CAUCUS INFORMATION ALERT

July 1, 2010

The Senate and House today passed the School Aid budget (SB 1163) for 2009-10 and 2010-11. As I reported in the earlier Caucus Information Alert, once the Governor signs the legislation the Foundation will be improved by \$11 per pupil for both years.

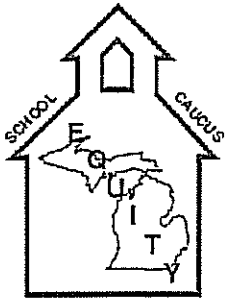
After the earlier Information Alert was sent, several superintendents called to inquire about the status of the 2X Equity Formula. The 2X language that was included in the Senate version of the School Aid bill has survived in part in the legislation that was just passed.

The Senate version says that if the Tax Amnesty legislation (SB 884) passes by no later than September 30, 2010, the per pupil Foundation for qualifying 2X districts would be increased by \$10-20 for 2009-10 and 2010-11. The Conference Committee Report concurs with the Senate 2X language *but limits the increase to just the 2010-11 school year*. Further, if Tax Amnesty is enacted and generates less revenue than anticipated, the 2X formula would be prorated accordingly.

Therefore, since the Conference Report was passed today by the Senate and House, should the Governor sign the legislation, and should the Tax Amnesty bill be passed before the end of September and produce the necessary revenue, then qualifying 2X districts could see an additional \$10-20 per pupil.

Thanks to everyone who contacted their legislator (repeatedly) to help get this School Aid budget passed in a timely manner. We still have a lot of work to do to insure that SAF dollars stay in our budgets, but for now we should celebrate this good news.

Jerry



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

423 W. Ionia Street • Lansing, Michigan 48933
517.482.5110 • fax 517.482.5023
www.schoolequitycaucus.org • caucus@att.net

CAUCUS INFORMATION ALERT

July 1, 2010

Late yesterday evening the School Aid Fund Conference Committee agreed to an SAF budget proposal. If all goes according to plan, both the Senate and House will pass the Conference Report today and send it onto the Governor for her signature, probably later this week, or early next week.

While it is remotely possible that the proposal could change on the floor of the House or Senate, it is very unlikely. Most feel the terms of the proposal were agreed to by both chambers—and the Governor—before the Report was approved in Conference.

A preliminary review of the Conference Report shows that the 2009-10 *and* 2010-11 Foundation Allowance will be improved by \$11 per pupil, which really means the \$165 per pupil Foundation cut would be rolled back to \$154 for both years. If the Senate and House vote in favor of the Report today—and the Governor signs the bill—in a few weeks you could see an \$11 per pupil check for the 2009-10 school year.

With the Foundation improvement, the SAF still retains about \$236 million in unallocated funds. The Senate, House, and Governor have agreed to deal with the allocation of those dollars later this summer. Therefore, the battle to keep SAF revenues in the budgets of public schools will continue.

Other aspects of the Conference Report are still being analyzed. I will provide that analysis as soon as possible. I am pleased that it looks like schools will experience no additional cuts to the Foundation this coming year.

Jerry

LEGISLATIVE UPDATE

JULY 2, 2010

SB1163(School Aid) passed both chambers today and was sent to the Governor for signature. This is the Conference Report.

MAJOR FEATURES:

- *\$11/pupil of the \$165/pupil was restored for 2010; another \$11/pupil was restored for 2011.
- *Declining enrollment grants funding remains at \$20m.
- *\$2.4m of the \$16.3m reduction in Sec. 81(ISD) funding restored.
- *Districts and ISDs required to report on efforts to consolidate services by Feb. 1, 2011 and to explore coordinating regional purchasing of diesel fuel.
- *No requirement regarding 5 hours of online professional development, and maintains current law of minimum of 165 days instruction.
- *Regarding adequate supplies, requires MDE to develop a model policy for districts to develop and implement, and provides for a claims process for a teacher to follow regarding a claim that supplies are inadequate. This process would start at the local level.
- *Projects a fy2011 year end balance of \$236.3m

In a nutshell, no cuts for next year, minor restoration of \$11/pupil for each year(2010, 2011), substantial dollars placed in "lockbox" in anticipation of future revenue problems.

*Dollars placed in the lockbox are extremely vulnerable by "raids" from other budgets. Although in the box, these dollars are largely unprotected.

*For the moment, the retirement rate stays at 19.41. We have yet to see any change since the passage of the retirement reform legislation. Of great concern is the recent judicial ruling that requires that the increase cost to MPSERS members must be put in escrow until the legality of the legislation has been determined.

MATT