

**School Board Meeting/Workshop Date:**

April 9, 2012

**Subject:**

Financial Legislative Update

**Presenter:**

Gary Kawlewski  
Director of Finance and Operations

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**SUGGESTED SCHOOL BOARD ACTION:**

None – Report Only

**DESCRIPTION:**

Since this is an off year for funding for schools, the pace of education bill introductions has been less frantic. However, it has not been any less controversial. Of greatest impact to us currently on the cashflow front, is a bill that has passed through both the House and Senate that would further buyback the aid shift. The bill originally contained a number of teacher reforms provisions, all of which have been stripped from this bill. It is suggested, however, that the governor will veto the bill fearing that further buybacks of the shift will hurt the State's cashflow position. We are hopeful that either through legislation or further economic improvement, that our cashflow position will improve from our current projections.

A teacher reform bill was introduced, labeled as Last in First Out (LIFO). This provision would allow districts to use additional other means to determine which teachers would be laid off first in the event of an unrequested leave of absence situation. Currently, the seniority listing is the primary determining factor in the ULA process. The governor has very publicly stated that they he would not support such a measure and that such a system would be premature until the provisions of the teacher evaluation bill passed last legislative session were fully implemented. The LIFO provision was stripped out of the shift buyback bill. It is undetermined at this point whether it will end up in another bill yet this session. The other provision passed into law this session now requires teacher candidates to pass a basic skills exam prior to being granted a license to teach. However, there are some bills that have since been introduced that would loosen up this requirement a bit. None have been approved at this time.

Other funding provisions that have been proposed this session include sunseting all existing contracts that have inflation, steps, lanes, longevity, or bonus payments at the end of the contract term, removal of the fund balance penalty in Community Education, ECFE, and ABE, removal of the mandate that requires MDE approval to use food service funds to purchase equipment (this provision has since been passed into law effective 7/1/12), and a change in the interest earning assumptions for TRA and PERA. This change in the assumption would likely increase employer and employee contribution rates for each fund will have an effect on our budget and on employees.

The legislature is set to recess for the holiday break on April 6. There is speculation that they will try to get their work done before the break. It is anyone's guess at this

point whether that will happen or not. We are hopeful that whatever provisions come out of the session, they will have a positive effect on our budget for next year.

**ATTACHMENT(S):**

None