



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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CAUCUS INFORMATION ALERT

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Re: House and Senate 2022-23 Budget Proposals

Colleagues and Friends:

Earlier today the House K-12 and MDE Appropriations Subcommittee released their 2022-23 School Aid Fund budget. This follows the release last week of the proposed budget from the Senate K-12 and Education Appropriations Subcommittee. As is typically the case, there are many points of difference between each of these proposals as well as with the recommendation put forth by Governor Whitmer in February.

Adding to the variance this year is the large amount of money available to be spent, which has resulted in even more widely variant proposals. We are still analyzing various parts of the House and Senate proposals, but there are things to like (and things to wish were different) in each of the plans.

In general terms, the Senate plan could probably be characterized as a more traditional, “back-to-normal” approach to the budget. In many cases, it simply moved forward current spending levels and serving as placeholders going into negotiations. The House version, in contrast, provided a host of new items along with large expenditures in some ongoing line items (including a massive payment toward MPSERS UAAL costs), but a smaller per pupil increase.

A disappointing development is that none of the proposals contain a reference to the 2X formula, meaning that all districts – even those districts remaining above the target foundation allowance level (i.e., “hold harmless” and out-of-formula districts) – would receive the same foundation allowance increase. As a result, all existing gaps in foundation allowance between districts would remain. As you will recall, last year’s historic increases brought 92% of districts to the same level, and resulted in state per pupil funding being level. However, this does not mean that all districts have the same amount of per pupil funding to work with – a fact that we all must make clear to legislators over the next few weeks. Even though it will not impact state levels of funding support, it is crucial to keep moving the 2X formula forward or remaining inequities (with 8% of districts able to generate more funding than the rest) will stay in place.

Now that all three budget proposals are in play, the work of negotiation will begin. Along with that, all eyes will also be on next month’s Consensus Revenue Estimating Conference (CREC). That meeting, to be held on Friday, May 20, will provide the final “official” revenue numbers on which next year’s state budget will be based.

So, there is much more discussion and wrangling that lies ahead, but here is a preliminary overview of some of the most notable elements of the proposals as they are currently understood:

- Foundation Allowance
 - *Governor* – Governor Whitmer’s proposal called for an 5% increase on the foundation allowance of \$435 (to \$9,135 per pupil at the target foundation level), for a total of \$219 million in additional expenditure after adjusting for lower overall pupil numbers.
 - *Senate* – The Senate is proposing a slightly higher \$450 increase (\$9,150 per pupil at the target foundation level) in the foundation allowance (\$269 million in additional expenditure after adjusting).
 - *House* – The House is proposing a \$300 increase in the foundation allowance (\$9,000 per pupil at the target foundation level, or just under 3.5%).

- Cyber School Foundation Allowance
 - *Governor* – Proposal called for a reduction in cyber school foundation allowances to 80% of standard amount.
 - *Senate* – Did not agree with governor, keeping cyber school foundation at the full amount.
 - *House* – Did not agree with governor, keeping cyber school foundation at the full amount.
 - Both the House and Senate also proposed wording that would prevent MDE from tracking cyber school student participation through attendance.

- MPSERS
 - *Governor* – Total support for MPSERS increased by \$20.3 million.
 - *Senate* – Total support for MPSERS increased by \$4.2 million.
 - *House* – Increases total support for MPSERS to \$3.5 billion, including an additional \$1.7 billion to address UAAL costs.

- Great Start Readiness Preschool (GSRP)
 - *Governor* – Called for an increase of \$33 million, equating to a per pupil amount of \$9,135 per pupil (the same as the governor’s K-12 proposal). Also proposed \$5 million for home pilot.
 - *Senate* – Maintained current funding.
 - *House* – Increased by \$26.5 million (and utilizes \$83 million in COVID recovery funds), equating to a per pupil amount of \$9,000 (the same as the House K-12 proposal). Did not include home pilot.

- Special Education Cost Reimbursement – In addition to mandated Special Education funding (actually reduced by \$23.5 million due to reduced cost estimates), additional reimbursement allocations in Sect. 51f vary as follows:
 - *Governor* – Increases reimbursement allocation by \$150 million to \$240.2 million (equating to an estimated 8% of costs).
 - *Senate* – Keeps reimbursement at current levels (approximately 3% of costs).
 - *House* – Increases reimbursement by \$210 million to \$300.2 million (equating to an estimated 10% of costs).

- At Risk (31a)
 - *Governor* – Increased basic allocation by \$222 million to a total of \$746.5 million (42% increase). Increased allocation for child and adolescent health centers from \$8 million to \$19 million.
 - *Senate* – Maintains current allocation for basic at-risk programming, but increases funding for child and adolescent health centers from \$8 million to \$23 million.
 - *House* – Maintains current allocation for basic at-risk programming, but increases funding for child and adolescent health centers from \$8 million to \$22.3 million.

- EL Funding
 - *Governor* – Increases allocation by \$1,275,000 (approximately 5%) to \$26,475,000 distributed on a formula according to EL score status on the WIDA test.
 - *Senate* – Maintains current allocation.
 - *House* – Maintains current allocation.

- ISD Operations
 - *Governor* – Called for a 5% increase (\$3.6 million) to \$75.5 million.
 - *Senate* – Maintains current funding.
 - *House* – Maintains current funding.

- School Infrastructure Grants
 - *Governor* – Proposed \$171 million.
 - *Senate* – Did not include.
 - *House* – Did not include.

- School Safety Grants
 - *Governor* – Proposed an increase of \$41 million to a total of \$51 million (all SAF) for competitive school safety grants, and includes school resource officers as an acceptable expenditure.
 - *Senate* – Maintains current funding (\$10 million).
 - *House* – Increases to a total of \$217.5 million total (\$7.5 of the total from the General Fund). Does not include school resource officers in this section (see related item in the House section below).

- Isolated District Funding
 - *Governor* – Proposed a 5% increase (\$421,000).
 - *Senate* – Concurred with the governor.
 - *House* – Concurred with the governor.

- Section 31n (Mental Health Supports)
 - *Governor* – Increases by \$50 million to a total of \$103.9 million.
 - *Senate* – Maintains current funding (\$53.9 million).
 - *House* – Reduces to \$39.6 million, by eliminating funding earmarked for health centers (\$14.3 million). ISD funding is maintained at current levels.

- Section 31o (School Nurses & Counselors)
 - *Governor* – Reduced by 50% to \$120 million.

- *Senate* – Maintains the program in law, but does not include any funding in the new budget year.
- *House* – Maintains the program in law, but does not include any funding in the new budget year.
- TRAILS (Mental Health Program through the University of Michigan)
 - *Governor* – Proposed \$150 million to roll out statewide.
 - *Senate* – Proposed \$10 million.
 - *House* – Does not include.
- Balanced Calendar Funding
 - *Governor* – Eliminated funding.
 - *Senate* – Maintained the current \$60 million allocation to provide an additional 3% per pupil for schools operating under a balanced calendar. Also maintains allocation for \$75 million in HVAC and other capital funding for these schools.
 - *House* – Concurred with the governor to eliminate.
- Before/After School Funding
 - *Governor* – Proposed \$25 million ongoing and \$25 million in one-time funding (total of \$50 million).
 - *Senate* – Does not include.
 - *House* – Proposed \$50 million using one-time COVID recovery funding.
- Early Childhood Block Grants
 - *Governor* – Proposed increase from \$13.4 million to \$22.9 million.
 - *Senate* – Maintained current funding.
 - *House* – Maintained current funding.
- Early Literacy Funding
 - *Governor* – Maintained current funding.
 - *Senate* – Proposed increase of \$7.5 million to \$72.4 million.
 - *House* – Maintained current funding.
- Future Educator Scholarships
 - *Governor* – Allocates \$100 million to offset tuition costs for students working toward their initial Michigan teacher certification. (**NOTE:** This allocation is in addition to a supplemental budget request of \$350 million for the current fiscal year to be drawn as part of supplemental spending from the current fiscal year for tuition offset payments for aspiring teachers, additional stipends for student teachers, and a program to offset graduate tuition costs. This funding would be spent down over time as a “work project”. The \$100 million proposal described here is an additional allocation from next year’s budget.)
 - *Senate* – Did not include.
 - *House* – Provided \$66 million for a future educator scholarship program (capped at \$4,125 per semester).
- “Grow Your Own” Future Educator Program
 - *Governor* – Allocates \$150 million in SAF dollars for support staff to become teachers. (**NOTE:** This allocation was proposed as part of a supplemental funding request from the current year to carry forward.)

- *Senate* – Did not include.
- *House* – Appropriates \$214 million, mainly from COVID recovery funds, for a variety of scholarships to enable current staff members and students to become teachers.
- Student Teaching Stipends
 - *Governor* – No allocation for next year, but as with the above proposals, allocated \$150 million in current year supplemental funding for payments of up to \$9,600 per semester to student teachers. Student would be able to access this money in addition to the Future Educator scholarship described above.
 - *Senate* – Allocated \$25 million to provide scholarships of \$3,750 per semester for tuition for students engaged in student teaching.
 - *House* – Allocated \$150 million in COVID recovery funds (not SAF funds) to provide payments of up to \$23,000 in certain cities (\$16,000 in other cities) for payments to student teachers for costs incurred while student teaching.
- Educator Onboarding Programs
 - *Governor* – Proposed \$50 million.
 - *Senate* – Did not include.
 - *House* – Did not include.

Other Supplemental Recommendations from Governor Whitmer – Staff Bonuses & Innovative Workforce Grants

It is also important to note that, while not part of Governor Whitmer's 2022-23 budget proposal, she did recommend \$1.5 billion in various teacher and staff retention bonus programs as part of her supplemental request for the current year's budget. Neither the House nor the Senate included funding along these lines, nor did they include any allocations like the \$75 million in Innovative Educator Workforce Grants also proposed by the governor in her supplemental request.

Senate Additions

The Senate proposal contained a few other proposals not seen in the House or governor's recommendations. Among those were:

- \$500 million for school consolidation
- \$15 million for the SMART school counselor program
- \$5 million for a private vendor (i.e., not school districts) to assist in recruiting and retaining bus drivers

House Additions

The House proposal included some significant other provisions not seen in the other two proposals including:

- Depositing \$674 million in the School Aid Stabilization Fund for future use.
- \$50 million for rural transportation costs using a per pupil/pupils per square mile formula.

- \$50 million for a “Troops to Teachers” program to assist veterans in becoming teachers.
- \$20 million for Teach for America to lead and support teacher training and recruitment in at-risk schools.
- \$14 million for ISDs to recruit and retain teachers for CTE programs.
- \$50 million for school resource officers.
- \$16 million for risk assessment grants (\$2,000 per school building).
- \$56.2 million for a new section (23f) to establish a “Learning Pods” summer learning pilot. This program would require ISDs to award up to two \$500 “tokens” (i.e., up to \$1,000 total) to parents of student wishing to have their student participate in summer learning provided by teachers willing to provide it. ISDs would need to have a list of participating teachers prepared by June 1, 2023. (In other words, this program would be in place for summer 2023.)
- \$83.6 million (COVID recovery and General Fund) to improve Michigan’s IT infrastructure.
- Did not include \$94.4 million to fund literacy initiatives in Detroit resulting from the *Gary B. vs. Whitmer* settlement.

This long list is by no means exhaustive – there are many, many more proposals that are not described here! Additionally, there are a number of language proposals impacting everything from pupil count and teacher certification to a House proposal that would prevent boys from participating in girls’ athletics.

So, that’s all for now! We will continue to work through these proposals, and will update you as the negotiations process moves forward.

Watch for the regular April newsletter, due out in just a few days. We will provide any additional context on these proposals as they are digested over the next few days, as well as our usual rundown on other happenings in Lansing.

Thanks for your ongoing support of the School Equity Caucus! Have a wonderful rest of your week!



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