



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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Dear Colleagues:

As we turn the page to 2022, here's hoping you have a very Happy New Year! Here's the latest update from Lansing:

1. Historic Advancement Highlights the Old Year

It has been six months since the legislature and governor worked together to bring about a milestone moment in the history of school funding in Michigan. With the implementation of this year's School Aid Fund budget, state support of all Michigan school district foundation allowances has finally been equalized, meaning that 92% of school districts in the state of Michigan are now permitted to have the same per pupil foundation allowance. This was a significant step three decades in the making, and came as a result of the tireless efforts of countless dedicated individuals dating back to the days before the passage of Proposal A in March 1994. Certainly 2021 will go down in the history of education in our state for this notable achievement.

As we now head into 2022, we know our work is not finished. State funding is still far below the levels identified four years ago through the work of the School Finance Research Collaborative. We also know that we must continue to push for the elimination of the vast disparities that still remain in Michigan's school funding structure including significant differences in CTE access, special education funding, support for facility construction, pupil transportation costs, equitable access to affordable broadband internet access, access to community college, and much more.

In the new year the School Equity Caucus will continue to vigorously pursue our goal to provide true equity in educational opportunity for all of Michigan's children.

2. Budget Supplementals Enacted

Prior to heading home for the holiday recess, the legislature sent supplemental budget bills to Governor Whitmer that have now been signed and enacted into law. These include:

- **PA 132** (formerly SB 85) provides \$1.484 billion in economic development funding and passed both chambers of the legislature with broad bipartisan support. Of the total, \$1 billion in state General Fund/General Purpose (GF/GP) funding will be placed in the Strategic Outreach and Attraction Reserve Fund with the purpose of

providing incentives for major corporate economic development in Michigan. An additional \$409 million of the total is earmarked federal funding to provide assistance to businesses impacted by COVID-19.

- **PA 133** (formerly HB 4398) allocates a total of \$724.8 million to a variety of state departments for the current fiscal year (along with another \$116.8 million booked back to close out the 2020-21 fiscal year that ended on September 30). Among the allocations impacting schools are the following:
 - \$150 million in ARP funds to provide COVID-19 tests for schools. (HB 5523, discussed below, provides an additional \$150 million.)
 - \$10 million in GEER funds to assist with the teacher talent pipeline through Teach for America.
 - \$6 million for the SME (Society of Mechanical Engineers) Education Foundation's initiative to provide high schools with engineering and manufacturing programs.
 - \$100,000 to assist with mental health crisis services needed in the wake of the heart-breaking Oxford Schools tragedy.

In addition to the bills have that already been signed into law, the legislature is also working on additional supplemental bills including:

- **HB 5522** (sponsored by Rep. Mueller) appropriates approximately \$368.5 million toward law enforcement and public safety (nearly \$156 million of which comes from federal ARP funds). Included in the bill is \$50 million in funding for School Resource Officers. The bill passed the House early in the month and is currently in the Senate Appropriations Committee.
- **HB 5523** (sponsored by Rep. Calley) appropriates more than \$1 billion toward a variety of healthcare and COVID-19 needs, \$395.3 million of which comes from federal ARP funding. Within this bill is \$150.8 million for COVID-19 tests for school districts – money that is over and above the \$150 million for COVID tests contained in PA 133 (described above). These tests are to be purchased and distributed by MDHHS (with the distribution assistance from MDE). School districts would also have the option to purchase test materials directly and secure reimbursement from MDHHS. This bill passed the House earlier this month with a strong 98-4 majority and has now been sent to the Senate for consideration.
- **SB 565** (sponsored by Sen. Bumstead) allocates \$3.34 billion focused on water infrastructure across the state including water quality, dam safety, wastewater, and wetlands. The bill also includes \$85 million for schools to install filtered drinking water stations (a 30% match would be required on the part of the local district; this allocation is also connected to SB's 184/185 that mandates a number of water quality requirements for schools). SB 565 has passed the Senate and is now in the House Appropriations Committee (while SB's 184/185 remain on the Senate floor).

3. Lottery Ticket Commission Changes Remain on the House Floor

HB 4981 (sponsored by Rep. Hauck) would bring lottery sales commissions into state law, rather than having them be set by the State Lottery Commission as is now the case. The bill would also provide significantly increased commissions to lottery retailers. According to the Bureau of State Lottery, the changes outlined in the bill could siphon an estimated \$125 million from the School Aid Fund (SAF) in the current year. For instance, among the changes being proposed would be a sales commission increase from 6% to 7% on tickets sold, and codification of the commissions on redemption of winning tickets (including the

bonuses paid to the retailer for winning tickets sold in their establishment for games with prize values over \$1 million).

The loss of this revenue would obviously be significant for schools – for context, during last spring’s budget negotiations the same \$125 million amount was the cost estimated for a \$100/\$50 per pupil increase using the former 2x formula.

Because of the work of school advocacy groups, this legislation has not yet been able to be brought to a vote in the House. Please continue to contact your representative to express your concerns with this additional diversion of much-needed SAF dollars away from children.

4. Substitute Teacher Flexibility Signed into Law

HB 4294 (sponsored by Rep. Paquette) completed its journey through the legislature and has been signed into law by Governor Whitmer as PA 149. This law provides important flexibility for districts as they deal with the ongoing shortage of substitute teachers and is effective immediately.

Under the legislation as approved, school districts may now utilize any currently-employed school personnel with a minimum of a high school diploma or GED in the role of a substitute teacher, even if they do not possess a substitute teaching permit. Among other provisions, the district is required to pay the employee at the higher of either their normal wage or the wage paid to substitute teachers.

The provisions in this bill expire at the end of the 2021-22 school year (on June 30, 2022), but will provide much-needed flexibility during this difficult year. Please be sure to thank your legislator (as applicable) for supporting this very helpful piece of legislation!

5. Revenue and the 2022-23 Budget Cycle

As we enter the new year, attention will now begin to shift toward the upcoming 2022-23 budget cycle. State revenue collection has continued to be strong throughout the last few months of 2021, running ahead of the amounts projected at the last Consensus Revenue Estimating Conference (CREC) held in May. Overall collections are higher than a year ago, meaning more funding should be available for budget priorities.

All eyes will soon be on the next CREC coming up in a couple of weeks. This meeting of the State Treasurer, Senate Fiscal Agency, and House Fiscal Agency will review the latest economic and revenue data and will seek to project future revenues for the state. The numbers determined here will form the basis of Governor Whitmer’s 2022-23 budget proposal, expected out a few weeks later.

We will provide you with all the latest information as it becomes available.

6. Other Legislative Activity

Only a couple of other pieces of notable school-related legislation moved in December. Those include:

- **HB 4970** (sponsored by Rep. O'Malley) has passed the House and been referred to the Senate. This bill requires all school personnel to complete seizure recognition and response training, and would mandate that all students being treated for a seizure disorder have a seizure action plan.
- **HB 5190** (sponsored by Rep. Farrington) would add a required personal finance course (0.5 credits) to the Michigan Merit Curriculum, and would reduce the foreign language requirement from two to 1.5 credits. This would be in addition to current law which allows a personal economics course to substitute for the 0.5 credit requirement in economics in the mandatory curriculum. This bill passed the House at the beginning of the month and has now moved the Senate for consideration.

7. General Membership Meeting Coming Soon!

It won't be long until the MASA Midwinter Conference and our next School Equity Caucus General Membership meeting. This luncheon meeting will be held prior to the start of the conference on Wednesday, January 19 will begin at 11:30 a.m. (doors open at 11:15). Watch for the sign-up email coming soon! Hope to see you there!

Best wishes for a healthy and happy New Year! As always, please be in touch with questions or concerns.



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