



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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Dear Colleagues:

As 2019 draws to a close, we would like to pass along our sincere thanks for all of your support for the School Equity Caucus as we work to provide adequacy and equity for each and every one of Michigan's schoolchildren. We are looking forward to the new year with hopes that we will continue to see advances as we work together in bringing about our agenda!

December saw the breakup of the budget logjam, which also swept some other legislation along in its wake. January should prove to be interesting! Here is this month's update:

1. **Budget Supplemental Signed**

On December 20, Governor Whitmer signed legislation passed by the legislature the week before that includes more than \$570 million in additional spending for this year's budget. This supplemental budget package came as a result of more than two months of negotiations between the governor and legislature following the dramatic events as the state budget year began on October 1.

The legislature's original budget proposal sent to Governor Whitmer did not contain many of her budget priorities. As a result, the proposal received more than \$950 million in line-item vetoes, and the governor followed up these vetoes with another \$625 million in funding transfers within the budget through the use of administrative powers under the State Administrative Board. The compromise worked out earlier this month restores some of the vetoed funding, reverses some of the administrative funding shifts made by Governor Whitmer, and adds additional monies to address some of the governor's previously unfunded priorities.

Among the items included in the deal that impact schools were \$7 million for isolated districts, \$10 million in school safety grants, \$31.5 million for early literacy coaches, and \$35 million for charter school foundation allowance increases (the governor had vetoed the charter school portion of the foundation allowance increase received by traditional districts in October).

Also included in the supplemental budget package was language permitting the legislature to reverse any additional administrative budget transfers made during the remainder of this fiscal year, and language requiring the governor to provide 30 days notice of any planned transfers through the use of the State Administrative Board.

Additionally, a law was included that requires the legislature to send a budget proposal for the 2020-21 budget year to the governor by July 1.

Legislative leaders and Governor Whitmer both applauded the compromise. However, a few significant issues remain on the table, and were not included in the supplemental spending package. These include funding for the Pure Michigan campaign, and a long-term road funding solution. It remains to be seen if there will be any further spending bills this year, especially with the calendar moving ever closer to the start of next year's budget process.

2. January CREC on the Horizon

As noted above, we are already nearing the start of the 2020-21 budget cycle! The first step in that process will be the January Consensus Revenue Estimating Conference (CREC) that will take place early in the new year. This meeting sees representatives of the House Fiscal Agency, Senate Fiscal Agency, and the State Treasurer's Office come together to determine how tax revenues are progressing in the current budget year, as well as giving the first look at how much revenue may be available for the next year. With all of the changes that have been made to this year's budget in recent weeks, this CREC will help to clarify where the state's funds stand at this time.

Shortly after the CREC, Governor Whitmer's budget proposal is expected to be out (typically in early February), and things will be off and running! With the legislature's new deadline of July 1 for a budget, along with the talk of "new relationships" built between the legislative and executive branches during the recent budget compromise, we can only hope that the coming budget process will be smoother than what we experienced this year!

3. Legislation Roundup

With the budget battle more or less in the rearview mirror, the legislature moved forward on several bills just before adjourning for the holiday break. Here's an overview of some of the bills we have been tracking:

Gaming. HB 4311, which creates the guidelines for internet gaming, has been signed by Governor Whitmer and is now P.A. 152 of 2019. The percentages of tax revenue on this gaming are greatly reduced compared to what the School Aid Fund (SAF) receives from the "brick and mortar" casinos in Detroit (tribal casinos do not pay taxes to the School Aid Fund). However, it is unknown how much gaming will switch to these online options, so it is impossible to predict at this time whether there will be a net increase or decrease to the SAF.

Similarly, HB 4916, providing for the introduction of sports betting in Michigan, has been signed into law as P.A. 149 of 2019. This type of wagering would also be taxed at the lower rates described above. Both of these bills were passed with immediate effect.

Evaluations by Relatives. HB 4208 (sponsored by Rep. Johnson) passed the House and has been sent on to the Senate. This bill would prevent a teacher's final year-end evaluation from being conducted by a family member, and would also allow other

teachers to request that their own evaluation be conducted by someone other than the administrator related to a fellow teacher. The bill now includes an option permitting a school board to petition MDE for a waiver from the requirements of the legislation if “compliance is impractical due to demographic characteristics or a limitation in staff.”

Michigan Merit Curriculum (MMC). All of the following bills seeking to make changes to the MMC passed the House Ways and Means Committee just before the holiday recess and are currently on the House floor for consideration:

- HB 4269 (Griffin) – Modifies the current Visual/Performing/Applied Arts and foreign language requirements by requiring students to earn a total of three credits from any of the following “21st Century Skills” categories including:
 - Languages other than English (including sign language)
 - Visual/Performing/Applied Arts
 - Computer science or computer coding
 - A department-approved CTE program
- HB 4271 (Howell) – Would allow a credit in Statistics or Personal Finance as a replacement for Algebra II as long as the replacement course aligned with the math content expectations developed by MDE.
- HB 4282 (Hauck) – Allows the state-required Health Education course to be fulfilled by a thirty-hour OSHA training course for students in a CTE program.

At the same time, two other MMC bills (SB 600 & 601, introduced by Sen. Bumstead) have passed the Senate Education Committee and have been sent to the Senate floor for consideration. These bills represent a much more extensive overhaul of the MMC by providing districts with much greater autonomy and flexibility over graduation requirements.

Other Items in the Hopper. The following bills are all still making their way through the committee process:

- HB 4125 (sponsored by Rep. VanSingel) – Would reverse the 2018 lame duck legislation that reduced the School Aid Fund percentage of total income tax revenues from 23.81% to 22.45%. The bill has passed the House and has been referred to the Senate Committee on Appropriations where it remains. (If passed, the bill would return an estimated \$172 million to the School Aid Fund in the current year and \$177 million next year.)
- HB’s 5038-5042 (Multiple sponsors) – This school bus safety package would (among other things) make unauthorized entry on to school buses a misdemeanor, make it a felony to enter a school bus with the intent to do bodily harm, and would increase penalties for illegal pass-by’s at bus stops. This legislation has passed the House Military, Veterans, and Homeland Security Committee, and has now been referred to the House Judiciary Committee for its second committee stop.
- HB’s 5127 (Kahle) and 5128 (Warren) - Would exempt “enterprise data centers” from sales and use taxes. The bills have received a hearing before the House Committee on Commerce and Tourism, but have not yet moved.

4. Launch Michigan Report Released

On December 18, the broad-based group known as “Launch Michigan” released its initial report containing a series of recommendations for moving Michigan’s educational system forward. Launch Michigan is made up of representatives from education, business, labor, advocacy groups, and other civic and philanthropic organizations with the stated intent of developing a coherent educational system that restores Michigan’s leading role in education.

With the diverse viewpoints represented, one can imagine the push and pull within the group’s discussions, and the initial set of recommendations would probably not be characterized as earth-shattering. However, it is a positive step for our state’s children that there is a realization that the current path has not yielded the results we want, and that we need to cooperatively develop a new direction for Michigan.

In short, the group has adopted the following three priorities to guide their work:

- Preparing Graduates
- Ensuring Rapid Improvement, and
- Closing Equity Gaps

Their initial report calls for a student-centered approach to addressing equity issues through funding based on poverty and, to a lesser degree, based on geographic isolation. In so doing the report specifically cites the work of the School Finance Research Collaborative’s report that recommended this type of weighted funding model. These expenditures would also be focused first on elementary education, seeking to build early literacy as quickly as possible. Additionally, the report identifies the need to continue working toward a more adequate and equitable long-range funding model.

While the report describes only the first steps toward what the School Equity Caucus holds as our goals, we are gratified to see the growing consensus recognizing what we have long described: that Michigan’s current school funding system does not provide the adequacy and equity that our students deserve, and the future of our state and its people are being impacted.

You can read the Executive Summary of the Launch Michigan initial report here: [Executive Summary](#)

You can access their full list of recommendations here: [Full Recommendations](#)

5. Sign-Up Coming for January General Membership Meeting!

Make plans now to join us for the January General Membership luncheon and meeting immediately preceding the MASA Midwinter Conference in Detroit. The meeting will begin at 11:30 a.m. on Wednesday, January 22 in the Mackinac Ballroom of the Renaissance Center (on Level 5). Doors will open at 11:15, and the meeting will conclude no later than 12:45 p.m.

An email regarding registration for the luncheon will be sent out to all members in the near future. Look for that soon in your inbox! We hope to see you there!

As always, please be in touch with questions or concerns! Have a safe and very happy New Year!



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