



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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Dear Colleagues:

It's hard to believe the first day of spring is just a few weeks away! Here is the latest on things happening in Lansing:

1. 2020-21 Budget Process Continuing to Move Forward

Earlier this month (as reported in our Caucus Info Alert distributed February 6), Governor Whitmer released her budget proposal for next fiscal year. The plan includes a total increase in K-12 funding of more than \$745 million. As was the case last year, Governor Whitmer's budget also incorporates elements of a weighted funding formula, with additional funding provided for students with disabilities, at-risk students, and ELL students.

Since the release of the governor's budget, both the House and Senate K-12 Appropriations Subcommittees have begun work on their own respective budget plans. This work will continue over the next several weeks, with each subcommittee eventually releasing their own budget proposals. Then the differences between the three plans will need to be resolved prior to the final passage of a budget; this will most likely not occur before early June (at the earliest).

All of these budgets are based on projections of the amount of revenue that will be available next year at the state level. Governor Whitmer's plan was based on estimates that came out of the January Consensus Revenue Estimating Conference (CREC). You may recall that these estimates were fairly positive, resulting in a larger pot of money available to be spent.

However, it is also important to note that the January CREC was held (and Governor Whitmer's budget was released) before there were signs of potential economic distress as a result of the Coronavirus. The downturn in global markets seen over the last several days, and potential corresponding long-term impacts, were not incorporated in any significant way into the January CREC's numbers. It will be very important to watch developments over the next few weeks; if the economy suffers negative impacts to a significant degree, revenue numbers would almost certainly be similarly impacted.

The state budget will not be completed until after the next CREC held in early May. At that time another snapshot of the economy will be taken, incorporating revised predictions for the upcoming year. Those revised numbers will form the basis for the final budgets that are eventually agreed upon. Keep your fingers crossed that our health authorities

will be able to confine the disease and that it will run its course relatively quickly. This would be the best news in both a humanitarian and economic sense, particularly if markets and the economy rebound well.

As this process plays out, we are staying highly engaged in the process, advocating for the goals of the School Equity Caucus with both the House and the Senate K-12 Appropriations Committees. We will continue to provide updates as budget discussions move forward.

2. Retirement Bills Receive Attention

This week HB 5357 (sponsored by Rep. Johnson) received a hearing before the House Education Committee prompting quite a bit of discussion around teacher shortage. This bill extends the current setup for retirees in the MPSERS system who return to work in critical shortage areas. These provisions were originally set to expire at the end of the 2020-21 school year, but this bill stretches that sunset date all the way until July 1, 2031.

Additionally, the bill lets any teacher who retired after June 30, 2010 to work as a substitute teacher for an amount up to 1/3 of their Final Average Compensation without losing benefits; previously the law only permitted such teachers to do so if they had retired prior to September 2, 2017. Finally, the bill also removes the requirement that districts must pay a rate equivalent to 100% of the UAAL (unfunded accrued actuarial liability) for any teacher who returns to work as a substitute. The removal of this provision only applies to those retirees who return to work as substitutes; the provision remains in place for other positions they may be employed in (e.g., in critical shortage areas, as school renewal coaches, etc.).

Another bill (HB 5497 sponsored by Rep. Kennedy) was also introduced last week with 35 co-sponsors. This bill would permit retirees in the MPSERS system to return to a position other than administrative positions indefinitely, or could return as administrators for no longer than 18 months, without having their retirement benefits negatively impacted. In order for this to occur, the employing district would be required to pay MPSERS the full UAAL for the employee plus an additional mitigation rate.

Both of these bills seek to address issues that many districts are experiencing – the lack of quality individuals to fill a host of roles. It is good that the profile of this issue is being raised; districts need a broader pool of substitute teachers, and it only makes sense that recent retirees be able to fill that void without penalty. These discussions also continue to focus attention on the longer-term issue of the shortage of excellent teacher candidates currently being experienced in many disciplines.

Please continue to speak about this issue with your legislator, and if your representative was one of the co-sponsors of these bills, an extra word of thanks would go a long way! The first bill, HB 5357, is expected back in the House Education Committee on Tuesday for further discussion and a vote. You can see the complete list of sponsors for each bill by clicking these links: [HB 5357](#) and [HB 5497](#).

3. Alternate Certification Path for Special Education

Another bill addressing teacher shortages, SB 657 sponsored by Sen. Theis, took a step forward this week when it was passed out of the Senate Education and Career Readiness

Committee. Under current law interim teaching certificates are available as an alternate route to certification for teachers in all areas except in Special Education. This bill removes that provision, and would hopefully broaden the candidate pool for positions requiring this certification – an area seeing a significant shortage. The bill is now on the Senate floor.

4. Merit Curriculum Bill Moving Forward

This week the House Education Committee heard testimony on SB 171 (sponsored by Sen. Stamas). This bill would continue the current flexibility in the Michigan Merit Curriculum (MMC) that permits students to substitute for the MMC's foreign language requirement by completing a CTE program or additional course work in the visual or performing arts.

As things currently stand, flexibility was enacted only for those students graduating between 2016 and 2024. This bill would remove these dates, making this flexibility available indefinitely. This is an important step since students in the Class of 2025 are currently 7th graders and are beginning to make decisions that will impact how they structure the earning of credits through their remaining years in school.

The bill has already passed the Senate by a 36-1 vote.

5. Other Legislative Action

The following bills also received action in the last few weeks:

- **HB's 5187 & 5188** (sponsored by Reps. Warren and Huizenga, respectively) were signed into law earlier this month by Governor Whitmer. These laws require reimbursement of the School Aid Fund (SAF) for any loss of revenue as a result of exemptions provided to "enterprise data centers" from sales and use taxes. This action seems to clear the way for the potential passage of HB's 5127 & 5128 (currently in the House Ways and Means Committee) which would do just that – exempt enterprise data centers from sales and use taxes. Approximately 73% of sales and use taxes go to the SAF; therefore, without this legislation, the SAF would see a reduction in revenue from such tax exemptions.
- **HB 4689** (sponsored by Rep. VanSingel) unanimously passed both the House and Senate and has been sent to Governor Whitmer. This bill would officially permit (but not require) temporary door locking systems (barricades) to be installed in school classrooms – something that was not previously defined in the law. Under the terms of this bill, districts choosing to install these devices would be required to follow a permit and inspection process prior to installation, and would need to conduct training for staff members on the use of the devices.
- **SB 294** (sponsored by Sen. Zorn) was passed by the legislature in late January, but was unexpectedly vetoed by Governor Whitmer. The bill would exempt school districts from installing heaters in new construction of press boxes, ticket booths, concession stands, outdoor restrooms, and the like (existing structures are not impacted).

The legislation stemmed from one district's experience that saw their application to build a new press box without heaters initially denied by LARA. The dispute was eventually settled in favor of the district upon appeal to the Michigan Construction Code Commission (the space was not considered "occupied space" and therefore not subject to the rules), but the bill was intended to prevent future issues of the sort. Governor Whitmer's veto message stated that she wanted to avoid legislation that was came as workarounds for individual situations. The bill has been sent back to the Senate Committee on Government Operations, but it is uncertain whether there will be enough support to override the Governor's veto.

- **HB 5059** (sponsored by Rep. Slagh) would reimburse ISD's for taxes captured by a brownfield redevelopment authority. Under current law, local districts receive these reimbursements, but ISD's do not. This legislation would bring provide for consistency in how these revenues are treated. The bill has been passed by the House Tax Policy Committee and has been referred to the House Ways and Means Committee.
- **HB 4483** (sponsored by Rep. Carter) would require MDE to develop a model curriculum on the instruction of cursive handwriting which could be incorporated by school districts into their curriculum (but would not be required). This bill, introduced in April 2019, received a hearing in the House Education Committee this week.

A number of other bills that have been described in previous editions of this newsletter have not seen action in the last few weeks.

Among the most significant of these is **HB 4125** (sponsored by Rep. VanSingel). This bill would reverse the 2018 lame duck legislation that reduced the School Aid Fund (SAF) percentage of total income tax revenues from 23.81% to 22.45%. The bill passed the House in October 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.) This bill is crucial for returning additional revenue to the SAF as we head toward discussions on the 2020-21 budget.

We also continue to watch other legislation that has not moved in the last month. This includes bills related to evaluation by relatives, additional MMC flexibility, school bus safety, and more. Please refer to January's newsletter for more information on these bills.

That's all for this month's update! As always, we will send along additional updates as required. Please be sure to contact us with questions or concerns!



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