

LegislativeUpdate

Michigan Association of Superintendents & Administrators | April 26, 2019



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Summary

This week in Lansing there were several committee hearings on bills affecting education – eight to be specific. To get the update on what you really need to know, see below.

Big news this week out of the Senate. Yesterday, the Senate K12 Appropriations Subcommittee released its recommendation for the School Aid Budget. Among other significant changes, the proposal includes the 2x formula for funding foundation allowances and did not recommend the governor's weighted funding formula model. MASA sent out a summary yesterday, and you can find more details on the Senate's budget recommendation below.

The State Board of Education announced their three finalists for the State superintendent position. The three finalists are Michael Rice, superintendent of Kalamazoo Public Schools, Jeanice Swift, superintendent of Ann Arbor Public Schools, and Brenda Cassellius, former commissioner of education for the Minnesota Department of Education. MASA congratulates the three finalists.

Finally, a special thank you to our members that traveled to Lansing for our Under the Dome event on Tuesday.

As always, please contact [MASA](#) with any questions or concerns.

Evaluation Bills

Yesterday, the House voted in favor of SB 122 and 202, the bills that will keep the percentage of teacher and administrator evaluations that have to be based on student growth at 25 percent for the 2018-19 school year. The House passed the bills on a 109-1 vote. The bills are now on their way to Gov. Whitmer's desk for signature. MASA extends our thanks to both the bill sponsor, Sen. Ken Horn (R-Frankenmuth), as well as the legislature for acting on this legislation. We will continue to monitor the discussion on evaluations in the legislature as these bills address the current school year only and a deeper discussion on Michigan's evaluation system will occur later this year.

Senate Budget

Yesterday, the Senate released their version of the K12 budget. Overall their recommendation is \$131 million below the governor's and continues the practice of using school aid dollars for university funding. Additionally, the Senate increased General Fund support of the budget by \$180.1 million. Gov. Whitmer's proposal reduced GF/GP support of the budget from \$87.9 million to \$45.0 million.

The Senate's proposed increase to the foundation allowance is \$342 million, using the 2x formula. This will equate to an increase between \$135 and \$270 per pupil. The "target" foundation allowance is \$8,544 and the minimum is \$8,141. This is a significant, but expected, difference from what Gov. Whitmer proposed. As a reminder, her proposal included an increase using a 1.5x formula, costing \$235 million, provides an increase between \$120 and \$180 per pupil. The Senate also made a significant boilerplate change in their version and uses target foundation allowance rather than basic foundation allowance.

We anticipate that a common point that will be made in favor of the 2x formula is that in terms of the per-pupil foundation allowance, it appears as though districts will be receiving more money because their foundation allowance may be higher. However, when you compare what in total districts would receive under the governor's proposed budget vs. the Senate's, the governor's recommendation would amount to a higher dollar amount in total because of the weighted formula and the collapsing of categoricals into the weighted foundation.

Special Education

The governor recommended an increase in reimbursement by 4 percent for special education costs. The Senate did not make that recommendation and instead included a one-time boost of \$30 million for special education capital expenditures.

At-Risk

Under the governor's proposal, at risk funding would see a \$102 million increase to provide for a weighted foundation allowance for at-risk pupils. The Senate instead increased funding by \$3 million and included \$35 million for capital expenditures related to at-risk students.

Both the Governor and Senate added boilerplate to require districts to use at-risk funds to show progress toward meeting the goals of providing tutors, pupil support,

summer school teachers, expanding professional development, and providing additional supports to complete the FAFSFA.

Additionally, both the Governor and Senate increased the amount of at-risk funds that can be used for professional development from 5 percent to 10 percent. The governor and Senate removed the ability for a district to demonstrate proficiency by achieving at least one year's growth as measured by a local benchmark assessment (but retained the state benchmark to demonstrate proficiency).

CTE

The Governor proposed an increased CTE funding under a weighted formula to pay an estimated 6 percent of the minimum foundation allowance for each high school student in a CTE program. Total CTE funding would be \$55.0 million.

Senate retained current law related to per-pupil payments but increased CTE reimbursement under Sec. 61a by \$1.5 million. Current law provides up to \$50 per pupil enrolled in a high-demand CTE program.

Literacy Coaches

The governor proposed tripling the number of literacy coaches funded by the state and eliminating a local match requirement. The Senate has also proposed a tripling of the number of coaches but has retained the local match requirement. The total cost under the Senate plan is \$21.0 million, or \$14.0 million more than it is currently.

Great Start Readiness Program

The governor recommended increasing funding by \$84.0 million for GSRP preschool for at-risk four-year-olds. The increase in funding is attributed to a proposed increase in eligibility thresholds, from 250 percent to 300 percent of the Federal Poverty Level. The additional dollars would also pay for an increase payment for a full day of programming from \$7,250 to \$8,500.

The Senate's version increases GSRP to \$5.0 million but did not change eligibility or per-child payments to providers.

Programs

The governor had eliminated funding for a number of specific programs.

The Senate retained the following items in their budget recommendation:

- Imagine Learning (\$3.0 million) (this should actually be 1.5) Comparison and analysis have two different numbers
 - CTE equipment upgrades (\$2.5 million)
 - Strict discipline academies (\$1.6 million)
 - Algebra nation-Online algebra tool (\$1.5 million)
 - Financial data tools (\$1.5 million)
 - Culinary instruction grant (\$1.1 million) ? (100,000)
 - Year-round schools (\$750,000)
 - Summer reading project (\$500,000)
 - Detroit Precollege Engineering Program (\$400,000)
 - Teach for America (\$300,000)
 - Reimbursement for nonpublic mandates (\$250,000)
 - Conductive learning center study (\$250,000)
 - Pipeline-2-Promise (\$200,000)
 - Dana Center (\$25,000)
- Total=\$12,695,000

Other Noteworthy Items

- The Senate repeals Sec. 22n, the \$25 per pupil payment for districts that educate pupils in one or more of grades 9 to 12. This item was first proposed by Gov. Snyder and maintained in Gov. Whitmer's recommendation, in order to reflect the higher instructional costs of educating high school pupils.
- Intermediate School District funding in Sec. 81 was increased by 1 percent in the Senate budget, compared to the governor's proposal of 3.5 percent
- Cyber school foundations would not be reduced under the Senate's version of the bill. The governor included a 20 percent reduction in her budget proposal to reflect the various costs that brick and mortar schools have that cybers do not.

- The Senate included one-time funding of \$5 million for the panic button app
- The Senate did not include funding for hydration stations.
- The Senate did not include the \$40.0 million SAF/MPERS Reforms Reserve Fund Shift that the governor proposed.
- The language Gov. Whitmer restored in the budget related to professional development as hours of pupil instruction was maintained in the Senate's recommendation.
- Under the Senate's version, the prohibition on counting a pupil in membership if the district also charges tuition for that student, and they resided out of state in the prior year is removed.

Next Steps?

Now we wait for the House's recommendation. In the meantime, please visit www.gomasa.org/budget for more details and district-by-district comparisons.

Five Bills that will Reduce the School Aid Fund

On Wednesday, the legislature held hearings on five different bills, in three committees, over the period of two hours that would negatively impact the School Aid Fund (SAF).

The House Tax Policy Committee and the Senate Finance Committee both held hearings on identical bills to exempt small-scale solar panels from being assessed for property tax purposes.

On the House side, the bills are HB 4465, sponsored by Rep. Yousef Rahbi (D-Ann Arbor), and HB 4069, sponsored by Rep. Bronna Kahle (R-Clinton). The Senate versions are SB 47 and SB 48, both sponsored by Sen. Tom Barrett (R-Pottersville). The legislation is a reintroduction after the same bills overwhelmingly passed the Legislature last term only to be vetoed by former Gov. Rick Snyder.

Under the legislation, the tax exemption would apply to the installation, replacement or repair of an "alternative energy personal property" that has a generating capacity of not more than 150 kilowatts. The bills create an

exemption from both the property and personal property tax. Additionally, the change would treat alternative energy systems as normal maintenance, and the bills state that these systems cannot be considered to be an increase in true cash value until a property is sold.

At this time, there is no real way to determine the impact on the School Aid Fund because not all municipalities are assessing the value of these installations.

The third hearing was in the House Local Government and Municipal Finance Committee on HB 4050 sponsored by Rep. Larry Inman (R-Traverse City)

HB 4050 would allow the transfer of ownership from a general or limited partnership to certain individuals to be exempt from uncapping taxes after a transfer. The bill would exempt the transfer of residential real property from a limited or general partnership whose partners are all closely related for the entire duration of the partnership. Immediately before the transfer, the transferee must be closely related to at least one of the individuals in said partnership. The real property cannot be used for any commercial purpose after the transfer.

Currently, the taxable value of a property cannot increase from one year to the next by more than the rate of inflation or 5 percent, whichever is less. But when there is a transfer of ownership, the taxable value resets to 50 percent of the state equalized value.

HB 4050 would reduce both state and local tax revenues. The tax base for the State Education tax would grow at a slower rate and ultimately the School Aid Fund would grow at a slower rate.

The bill would increase SAF expenditures to the extent it was necessary to replace foregone local school operating millage revenue in order to fund the foundation allowance. But most alarming, the House Fiscal Agency stated in the bill analysis that a cost estimate cannot be provided for the impact of this bill. This is because the cost depends on the number of properties affected, their current taxable value, and the local millage rate, and this information is not available in advance.

Most of these bills have small or indeterminate impacts on SAF revenues, but the broader point continues to be an erosion of school revenue a little bit at a time. Growth in the SAF is important to schools and the state and every tax exemption be it sales tax, property tax, personal property tax, or income tax stymies that growth. We continue to advocate against tax exemptions that negatively impact the SAF and urge members to talk with lawmakers about this increasingly common philosophy on taxes.

Honorable Mentions

House Judiciary

The House revisited legislation introduced last session as a result of the sexual assault cases at Michigan State University. You may remember that there was a large reform package in the House that reached several areas of the law. The majority of the bills were enacted into law, but some pieces did not see a full vote in the Senate last term. These items were re-introduced this spring and had a first hearing in the House Judiciary Committee this week.

Of these bills, the one to pay attention to is HB 4379. The bill was introduced by the same sponsor as the last session, Rep. Yousef Rabhi (D-Ann Arbor), and would prohibit school boards from taking action against a student for their actions during an incident which the student reported, or a school official or staff member witnessed or received credible evidence that the student experienced, a sexual assault. A school board would be prohibited from expelling the student or suspend for more than 10 school days for actions that resulted from a sexual assault incident involving the student.

This would not apply if that student is convicted of, pleads guilty to, pleads responsible for, or is adjudicated responsible for aggravated assault, felonious assault, assault with intent to commit murder, assault with intent to do great bodily harm, assault with intent to maim, attempted murder, homicide, or manslaughter. This would also not apply if the student possessed a weapon in a weapon-free zone, committed arson in a school building or on school grounds, or CSC in a school building or on school grounds, or if a Title IX investigation determined by

clear and convincing evidence that the report of sexual assault is conclusively false.

In its current form, HB 4379 would limit a school district's ability to intervene in incidents described in the bill and would effectively create a list of offenses that we would not expel for. We would like the bill amended to remove the specific list of offenses that a district may not expel a student for.

E-Cigarettes

Legislation that prohibits minors from buying or owning e-cigarettes passed the Senate on Tuesday. As a reminder, those bills are SB 106 and SB 155, and are sponsored by Sen. Rick Outman (R-Six Lakes) and Sen. Marshall Bullock (D-Detroit), respectively. MASA took a position of support on SB 106, the portion of the bill package that addresses the sentencing guidelines for minors found in possession of the vapor products. The bills both passed the Senate 38-0 and were referred to the House Judiciary Committee.

ICYMI: MDE Updates

MEMO #061-19

2018-19 School Year Shared Time Reporting Requirement

Public Act 265 of 2018 introduced language for the 2018-19 school year which requires districts report all course offerings, as well as the course teacher or mentor, for the entire student population enrolled with the district if at least one nonpublic or homeschooled pupil was claimed in membership. This requirement must be satisfied if a district is to receive state aid for pupils enrolled under Section 166b of the State School Aid Act [MCL 388.1766b].

http://www.michigan.gov/documents/mde/Shared_Time_Reporting_653389_7.pdf

MEMO #057-19

School Counselor Professional Development and Renewal Requirements

Reminder

The purpose of this memo is to remind districts, school counselors, and stakeholders of the upcoming changes to school counselor professional development and license renewals that will take place February 6, 2020 per state law.

http://www.michigan.gov/documents/mde/School_Counselor_653385_7.pdf