




Michigan Association of Superintendents & Administrators

MASA Legislative Update

Brought to you by: 

January 15, 2021

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Summary

This week in Lansing was the opening day of the 101st Legislature. On Wednesday and Thursday, the House and Senate returned to Capitol to begin their work. MASA's legislative team is eager to get to work on the upcoming budget, as well as pressing policy issues. In the coming weeks, we will be

meeting the new members to share MASA's policy priorities and check in with returning legislators. House Committee assignments have yet to be announced, but we expect those to be made shortly.

The House and Senate were scheduled to meet next week, but in light of the Capitol building closure announcement session has been canceled.

We hope to "see" you next week for MASA's Midwinter Conference. Our Government Relations Team will provide an update on Thursday and brief attendees on priorities for the 101st Session.

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

Consensus Revenue Estimating Conference

The January Consensus Revenue Estimating Conference (CREC) was held this morning. Recall that CREC is when state officials come together to determine how much money the state has to spend in the fiscal year. As usual, representatives from the administration joined the House and Senate Fiscal Agencies to prepare the estimates on which Gov. Whitmer and lawmakers will base their initial budget proposals.

This morning we heard experts confirm much of what has been floating around about COVID's impact on our economy. State economists said that state and national economy is unlikely to be fully recovered until beyond their projection timeline of 2023. However, unlike in the Great Recession, personal income and home sales are up, despite job losses during the pandemic. This is largely attributable to stimulus payments and UIA expansions.

According to the House and Senate fiscal agencies, we can expect **an additional \$700 million in General Fund (GF) revenue and \$530 million more in School Aid Fund (SAF) support for Fiscal Year (FY) 20-21 over the August prediction.** Recall that state officials held a rare third revenue conference to respond to the uncertainty related to COVID-19

Average Agency Forecasts

State revenue collections in FY 20 continue to be stronger than preliminary forecasts. In total, FY 2020 GF and SAF combined revenue was approximately \$762 million above what was forecasted in August. This translates to **\$474 million more general fund dollars and \$288 million school aid dollars.** State officials attribute the general fund increase to income tax withholdings. Sales and use tax collections continue to be higher than expected because consumer spending has completely shifted from untaxed services due to state restrictions on the service industry. In plain language, Michiganders spent their money online shopping rather than on a trip to the movies or waterpark. For reference in FY19 sales and use tax collections from online shopping was \$175 million, compared to \$493 million in FY20. For a per capita example, assume the average Michigan household of four people prior to the pandemic was spending about \$110 a month on online purchases of taxable goods. During this pandemic that average has increased to \$440 per month.

These dollar amounts represent the baseline that the governor and the state legislature have to start working on their budget proposals for FY 2022.

School Aid Fund

For FY20-21, the **School Aid Fund should see an increase of \$528.3 million, over August 2020 CREC estimations.** Projections beyond this fiscal

year should be healthier, with the House Fiscal Agency projecting an increase of **\$370.2 million** in FY 2021-22.

However, long term growth may be limited by a statutory income tax rollback. In 2015, a road funding law signed by then Gov. Rick Snyder included a provision that requires the state income tax rate to automatically be lowered if revenue flowing into the state general fund is more than the rate of inflation in any given year. **This provision takes effect in 2023.** At the time, this was included in the bill to achieve bipartisan support by reducing government growth to compromise concerns with gas tax and registration fees. **This provision needs to be revised or Michigan revenue recovery from the COVID-19 recession may be delayed. Gov. Whitmer and her administration have identified this issue as a priority and legislative leaders have mostly agreed.** Absent a change, we could see a significant reduction in tax collection, putting huge pressures on the general fund with trickle down impacts on the school aid fund.

The Michigan House Fiscal Agency is projecting an overall decline in local school district enrollment for the next few fiscal years. It was stated that there are approximately 50,000 fewer pupils in fall 2020 than in the fall 2019 count. However, the membership “super blend” has softened the impact of this decline, which is why MASA is working with our allies in the school community to think proactively about how to change the membership formula to account for the realities of large fluctuations in FTE.

One other very important note when reviewing the news from CREC today, state economists only account for current state and federal laws. If Congress approves additional stimulus legislation, those dollars will change our economic outlook, most assuredly to the positive. While some of the numbers may not be as rosy looking further into the future, this may be one area of an upside risk to expect some improvements at the next CREC.

On the whole, this is good news for the short-term budgeting perspective. these numbers aren't final but will be the base on which the opening volleys in the budgeting process will be made. The budget will be finalized on the numbers developed at the next CREC in May. Gov. Whitmer is expected to present her budget proposal sometime in early February.

Biden Announces COVID-19 Relief Plan

Last night, President-Elect Biden unveiled his proposed American Rescue Plan and detailed both economic and public health priorities his administration plans to address. The headlines from this announcement are that President-Elect Biden's \$1.9 trillion COVID Relief Plan intends to provide \$1,400 direct payments to households, increase federal unemployment benefits to \$400/week, and provide additional support to small businesses.

The plan includes \$160 billion for a robust national vaccination program, including \$20 billion for distribution and an additional \$50 billion to **double the supply of COVID tests. The American Rescue Plan identifies including expanded support to schools to implement regular testing.**

Mr. Biden called for all K-8 schools to be re-open for in-person instruction within the first 100 days of his term. The American Rescue Plan includes for **\$170 billion** for K-12 and higher education. Initial reporting on this initiative includes **\$130 billion for elementary and secondary education** that can be used to address the costs for in-person education including, technology to close

the homework gap, offer counseling and address social and emotional needs in addition to academic needs, create smaller classes, provide personal protective equipment, cover extra transportation and cleaning costs, and other new costs. There will be some requirements that states use the funds in low-income and areas hit hardest by COVID-19. **We know the question on everyone's minds: Would this funding be allocated using a Title-I formula? There will be some requirements that states use the funds in low-income and areas hit hardest by COVID-19. We will continue to follow this proposal and engage with MASA members and our Congressional delegation as needed.**

Other Important funding priorities include:

- \$5 billion for governors to support education that has been hardest hit by COVID-19.
 - \$40 billion for childcare funding, plus extending the Child Tax Credit and Earned income Tax Credit.
 - \$350 billion in state and local fiscal relief
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This Week's Introduced Bills

New this session, Legislative updates will capture the most recently introduced bills to put on your radar.

[SB 20 \(Sen. Zorn\)](#): Expands the allowable uses of sinking fund dollars to include the purchase of buses.

[SB 22 \(Sen. Runestad\)](#): Requires that any new or renewed mileage proposal be put before votes on the November ballot.

From Our Friends at AASA: New Guidance: USDA Meal Waivers & FRPL

Due to the impact of the U.S. Department of Agriculture's nationwide waivers – which support students' access to nutritious meals while minimizing potential exposure to COVID-19 through June 30, 2021 – this week, the U.S. Dept. of Education (USED) released a document that provides Local Education Agencies (LEA) and State Education Agencies (SEA) with [guidance](#) on how to carry out the data collection activities for the education programs associated with the federal school meals programs. Specifically, this guidance pertains to the National School Lunch Program data collection activities associated with Title I, Part A – Improving Basic Programs; Title II, Part A – Supporting Effective Instruction; and Title V, Part B – Rural and Low-Income School Program (RLIS) for the 2021-2022 school year.

For many LEAs that have chosen to participate in USDA's federal meals program waivers, complete NSLP data collected through household applications may not be available from school year 2020-2021. As such, USED's fact sheet outlines options for SEAs and LEAs to implement their ESEA programs without complete NSLP data. The good news here is that according to the guidance, using data from the 2019-2020 school year is allowable for all circumstances, which means that ED has essentially created a hold harmless provision for school districts and states that have seen a decline in free and reduced-price Lunch forms. You can check out the full document by clicking [here](#).

Reminder: Extended COVID-19 Learning Plan Deadlines

According to a recent MDE communication, all districts should be reminded of the following:

As required in MCL 388.1698a(4), districts providing instruction under an extended COVID-19 learning plan shall create a report no later than January 15, 2021 that includes the following:

- The amount and type of training provided during the current school year as of the date of the report to teachers of the district through professional development that focuses on how to deliver virtual content.
- The amount and type of training provided during the current school year as of the date of the report to the parents and legal guardians of pupils and to pupils on how to access and use virtual content provided by the district.

In addition, **MCL 388.1698a(4)(b) requires districts to create a middle of the school year report no later than February 1, 2021.** This report is related to district progress made in meeting educational goals that were established before September 15, 2020.

Both reports are to be accessible to the public through the transparency reporting link located on district websites. MCL 388.1698 can be found here: <http://legislature.mi.gov/doc.aspx?mcl-388-1698a>

Template Documents Available

The MAISA GELN Continuity of Learning Task Force has created a **suite of**

technical assistance documents for districts regarding ECOL Plans, including the two items with upcoming deadlines. They can all be [found here](#) or you can click the individual links below:

- The [template in the last row of the table](#) is for **reporting on training, delivery, access, and use of virtual content - due January 15th.**
 - The [template in the third row of the table](#) is for **reporting on educational goals no later than February 1st** (and again no later than the last day of school).
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ICYMI: MDE Updates

MEMO #004-21

Building Mirrors and Windows Virtual Conferences

The Michigan Department of Education (MDE) is excited to announce and host a free virtual conference for educators and administrators, **Building Mirrors and Windows: Children Seeing Themselves and Others in the Literature that We Teach**, on February 25, 2021. [Read the full memo.](#)

MEMO #003-21

Future Proud Michigan Educator Development Grant

Good news! As a continuation of Michigan's efforts to grow and diversify the educator workforce and reduce educator shortages, the Michigan Department of Education (MDE) is launching the Future Proud Michigan Educator (Future PME) initiative with a competitive grant for school districts to develop programs for students interested in the teaching profession. [Read the full memo.](#)