

LegislativeUpdate

Michigan Association of Superintendents & Administrators | March 15, 2019



In this update:

- Summary
- [House Advances Snow Day Fix to Ways & Means](#)
- [What about the Lottery?](#)
- [Federal Budget Update from AASA](#)

Summary

This week in Lansing lawmakers began hearings on various departmental budgets, including the School Aid Budget. Officials from the Whitmer administration testified before the House and Senate K12 Subcommittees on the contents of the budget proposal. As more details emerge, we will update www.gomasa.org/budget. Please check back as the budget progresses.

One last reminder, the Michigan law regarding cyberbullying comes into effect on March 27. Check out our webinar ([LINK](#)) on the law.

This year, rather than regional advocacy dates, MASA will be hosting a membership wide advocacy day. MASA Under the Dome will take place on Tuesday, April 23, in Lansing. Visit the [MASA website](#) to learn more and register. Space is limited.

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

House Advances Snow Day Fix to Ways & Means

The House Education Reform Committee voted favorably to report out HB 4206 sponsored by Rep. Ben Frederick (R-Owosso). This legislation allows the state superintendent to waive days of instruction that were canceled due to a state of emergency that was declared by the governor. This is in addition to the six days permitted under current law and the three additional days that MDE can waive.

The bill was reported out of committee on a party line vote, with all Democrats opposed to the bill. Two amendments were proposed by Rep. Lori Stone (D-Center Line) and Rep. Brenda Carter (D-Pontiac) that would include requirements for districts to pay hourly workers on days when school is unexpectedly canceled during a state of emergency. Chairwoman Pamela Hornberger (R-Chesterfield) stated that she believed that this was a local control issue and should be left to districts. The amendments were not adopted.

As shared in previous updates, MASA is supportive of the legislation and continues to urge its passage. There is discussion about a possible amendment to the bill that would allow a district to make up lost days of instruction through the addition of hours to the remaining days, but so far that has not been in any version of the bill considered by lawmakers.

We urge you to reach out to your House and Senate members to encourage support of HB 4206.

What about the Lottery?

Michigan Attorney General Dana Nessel announced this week she is leading an effort to file an amicus brief opposing the U.S. Department of Justice's (DOJ) opinion that would impact all types of bets and wagers under the federal Wire Act. The Justice Department's new legal opinion reversed its previous position in 2011 that the Wire Act applies only to interstate wire communications in sports betting. The DOJ issued a revised opinion on January 14 of this year.

The brief asks the federal court to declare that the Wire Act "does not apply to the non-sports activities of government-conducted lotteries," and seeks a permanent injunction against the Justice Department from acting to enforce its new opinion. Nessel argued that the DOJ ruling threatens the Michigan Lottery which now sells tickets online. As you're aware, the lottery contributes a significant amount to the School Aid Fund in our state.

Michigan was joined in the amicus brief by 11 other states and the District of Columbia. You can read the full amicus brief [here](#).

Additionally, the House Regulatory Reform committee held its first hearing on a package of online and fantasy gaming bills this week. The proposed bills seek to legalize and regulate online gaming in Michigan. HB 4311, sponsored by Rep. Brandt Iden (R-Kalamazoo) creates the Lawful Internet Gaming Act which promulgates rules as well as imposes a tax on online gaming. HB 4311 would subject internet gaming licensees to an 8 percent tax. Currently brick and mortar casinos are subject to a 15 percent tax.

Discussion on this legislation included comments on how the legalization of online gaming will affect sales at traditional casinos. Any reduction in revenues for brick-and-mortar casinos would cause reductions in the School Aid Fund. There would need be significant new revenue generated from internet wagering in order to offset this cost. Currently a wagering tax of 19 percent is levied on casino adjusted gross receipts (AGR). Of that amount, 42.6 percent (\$0.081) is distributed to the

SAF. Under HB 4311, internet gaming AGR would be taxed a rate of 8 percent and 5 percent of that total amount or \$.004 of the tax revenue would be deposited in the SAF.

The House Fiscal Agency stated that for every dollar of AGR lost at a brick-and-mortar casino due to internet gaming would result in a \$.077 loss to the School Aid Fund. For example, a reduction of 1 percent wagering loss at Detroit Casinos would translate to a \$1,169,721 loss to the School Aid Fund. In order to hold the SAF harmless, profit generated by internet wagering would need to be \$2,436,918,384. Another area of concern is that internet gaming may reduce lottery sales, specifically instant ticket or iLottery sales, because many individuals may find them to be similar.

Additionally, because under the proposed bill there is a lower tax rate for online gaming, this likely would result in the Detroit casinos promoting online gaming at the expense of brick-and-mortar gaming, further reducing SAF revenues. The bill sponsor testified that this legislation would expand the pool of individuals gambling rather than deter people who currently gambling at casinos to online options.

There will be continued weeks of testimony on this legislation. The bills are currently in the House Regulatory Reform committee and it is likely they will be reported to the House Ways and Means committee, of which the sponsor of the bills is the chair.

MASA does not have a position on these bills, but always urges caution when policy changes have a potentially adverse impact on School Aid Fund revenues.

Federal Budget Update from AASA

AASA maintains that a budget, whether that of our organization or the schools that AASA members lead, reflects our mission and priorities: we fund what we support, and we support what we fund. To that end, President Trump's proposed FY20

budget continues his trend of introducing federal budget proposals that fall short of the simple willingness and ability to prioritize support for strengthening and supporting our nation's public schools and the students they serve.

The president's FY20 budget proposal continues his administration's prioritization of privatization, at the direct expense of the nation's public schools and the 50 million students they serve every day. The FY20 US Education Department (USED) budget proposal is organized around six major initiatives:

- Increase access to school choice
- Support high-need students through essential formula grant programs
- Protect students by promoting safe and secure schools
- Elevate the teaching profession through innovation
- Promote workforce development for the 21st century
- Streamline and improve post-secondary aid programs

Overall, the proposal seeks one of the largest-ever cuts to domestic discretionary spending. The proposal cuts non-defense discretionary (NDD) funding from its current level of \$597 billion to the FY2020 funding cap of \$543 billion (a cut of \$54 billion, or 9 percent). The proposal preserves funding for defense discretionary funding. More specific to education, the FY20 budget proposal for USED provides \$64 billion for the federal fiscal year starting October. This is a cut of \$7.1 billion (or 10 percent) compared to USED's final FY19 allocation. The proposal eliminates 29 programs, totaling \$6.7 billion, with a significant portion of those cuts targeting programs that support educators, school leaders, literacy and college affordability. The budget proposal uses these cuts to pay for a new federal tuition tax credit (voucher), funded at \$5 billion in FY20 and at \$50 billion total over ten years, as well as increases for the DC Opportunity Scholarship voucher. At the 30,000-foot level, the AASA response to the proposed FY20 budget is a reiteration of our commitment to equity in education, to the idea that all students deserve a robust high-quality education, and to the belief that our nation's public schools are best positioned to achieve this unparalleled national priority. We subscribe to the idea that 'when our students succeed, our nation succeeds' and as such, believe that federal investment is critical to helping to level the playing field for our nation's neediest students. The limited federal dollars, though a small share of overall

education funding, yield a mighty impact when purposefully invested.

AASA outright opposes the president's FY20 budget proposal, for myriad reasons: for its flawed premise; for its failure to resolve the funding pressures of sequester; for its continued prioritization of privatization; for missing the opportunity to introduce a budget document that is not dead on arrival with Congress; for its blunt cuts to non-defense discretionary funding; and for its disregard for parity between defense and non-defense discretionary funding, among others. AASA welcomes the opportunity to work with Congress to complete a timely, bipartisan, bicameral FY20 budget that raises the federal funding caps, uses FY19 as the base funding level, and supports and strengthens public education.

FY20 Budget Proposal Resources

- The President's FY20 budget proposal can be accessed [here](#).
- The USED budget materials are online [here](#). ([Press Release](#), FY20 [Education Summary](#))