

LegislativeUpdate

Michigan Association of Superintendents & Administrators | July 24, 2020



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Summary

This week saw a lot of action related to the budget and some policy issues. On Wednesday, the House and Senate Appropriations committees met and presented the fix for our \$2.2 billion budget hole for Fiscal Year 2019-2020 (FY20). The compromise uses federal Coronavirus Relief Fund (CRF) dollars, as well as several large spending reductions balance the FY20 budget. You can find more details on this below.

Additionally, Congress returned to Washington this week after a two-week recess. Senate Majority Leader Mitch McConnell (R-Ky) indicated that a GOP version of the next coronavirus relief package would be introduced this week, and it will include additional funds for schools. The Senate has scheduled session through August 7, and it is likely that upon the bill's introduction there will be weeks of negotiations. The state's next fiscal year is just 69 days away.

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

House Passes Virtual Learning Bills

The House hastily passed a package of bills colloquially referred to as “Return to Learn,” but more accurately could be described as legislation designed to establish e-learning days while also making some other changes. This package has been sold as giving parents and teachers the tools to make the best choices for students amid the COVID-19 pandemic. However, practically speaking, these bills would require reporting of benchmark assessments, in-person instruction for kindergarten through fifth grade, limit the number of snow days to two, require an e-learning plan, greatly expand virtual courses, adjust the 75% attendance threshold, redefine attendance, alter the way hours are counted, and many other changes hastily thrown together.

This legislature held two hearings on the bills with limited testimony in the House Education Committee and very limited input from stakeholders in the education community before referring them to the House Ways and Means Committee. On Wednesday, Ways and Means met and sent the bills to the floor where the House passed them late that evening. During this swift action several amendments were added to the bills, including a requirement that K-5 classrooms have plastic and plexiglass barriers between pupils’ desks (without funding), and that teachers are provided with moveable plastic or plexiglass partitions.

Most importantly, the requirements in these bills impose do not complement the MI Safe Schools Roadmap from the Governor’s Advisory Council – a plan districts across the state have been working on diligently. To review the details of the plan, [click here](#). The MASA Government Relations & Policy Committee will review the legislation on Monday to establish a formal position ahead of anticipated Senate action in August.

Legislative Leaders, Governor Whitmer Reach Budget Deal

On Wednesday, the legislature and governor turned the page on the FY20 budget and announced a compromise to close the \$2.2 billion budget shortfall in the General Fund and School Aid Fund.

The big takeaway for schools: functionally there will not be cut in state aid payments.

This is not as straightforward in budget documents, however. Yes, there is a \$256 million reduction in the foundation allowance. But, the legislature will then appropriate \$512 million CRF dollars to balance out that reduction. Further, those sounding the reduction alarm are correct because these are one-time dollars, our fiscal year is over and the state’s is not, and next year, the budget deficit is even larger. So, while this news of a balanced FY20 budget is welcome and allows us to move on to starting school and planning for next year, the FY21 budget will be even more challenging. Complicating the situation is the mismatch between fiscal years for schools and the state. While districts have already started the new year, the state won’t start its new fiscal year until October 1.

Breaking Down the Budget Compromise

After revised budget numbers from the May Consensus Revenue Estimating Conference were released, the state projected a combined \$2.2 billion mid-year deficit in the FY 2019-20 GF/GP and SAF. When this occurs, the governor may choose to negotiate with the legislature on a budget compromise and then issue an executive order to make necessary reductions in state expenditures.

On Wednesday, Gov. Whitmer signed [Executive Order 2020-155](#), making \$620 million in General Fund reductions. This executive order recommended the lapse of several prior-year work projects. Many reports mischaracterized this action as a decision by Gov. Whitmer to defund areas of state budgets, but when in within the context of the budget deal it this was a tool used to balance the budget and allow the legislature to use federal CRF dollars.

Education-Related Work Project Lapses:

- School Aid: **\$13,617,800**
 - Marshall Plan for Talent: Remaining dollars for competency grants, cyber security programs, merit curriculum integration, innovative educator program, going pro campaign, and talent marketing campaign
 - Education Data Decision Support System: Michigan school data web design
- Department of Attorney General **\$723,500**
 - OK2SAY Student Safety Program: Funds were for a program redesign and, the governor has recommended that the program be moved to the Department of Michigan State Police.
- Department of Education: **\$1,588,900**
 - Michigan Health Curriculum Standards: Funding was for the purpose of implementing Michigan's primary health curriculum to align with the standards that were adopted by the State Board of Education. The lapse could delay implementation of the new curriculum standards.
 - E-Rate Enhancement Grants: Funding was to provide matching dollars to schools, ISDs, and libraries for broadband infrastructure projects. This action will not affect grants that have been approved
 - Education Evaluation: Funding was to upgrade the Michigan Online Educator Certification System to include year-end performance ratings for all educators and administrators.

Second, a negative general supplemental bill, House Bill (HB) 5265, as well as a SAF supplemental bill, Senate Bill (SB) 373 were acted on by the legislature. Also, the legislature will consider several statutory bills that would transfer Restricted fund balances to the GF/GP for FY 2019-20.

House Bill 5265 is sponsored by Rep. Shane Hernandez (R-Port Huron) and overall would reduce General Fund/General Purpose (GF/GP) spending by \$538.7 million, with a further \$6.9 million reduction in boilerplate while increasing Gross spending by \$1,008.7 million.

Education specific, in HB 5265, \$53 million was designated for teacher hazard pay. As we have updated you previously, **this will provide up to \$500 as a direct payment per full-time eligible K-12 classroom teacher in public and nonpublic schools.** The Department of Treasury may retain up to 0.5% of the funding for administrative costs. Additionally, Sen. Curtis Hertel (D-East Lansing) successfully added **an amendment during committee to include a \$100 placeholder for non-**

teaching school employee grants. This is recognition of the dedication from all school employees during this unprecedented time. While this amendment does not actually expand the program, it signals the intention of the legislature to provide future dollars for grants for more school employees.

SB 373 is sponsored by Sen. Jim Stamas (R-Midland) and is the school aid spending bill of the compromise.

The School Aid Fund budget for FY20 currently has a \$1.09 billion deficit. To close this hole, the deal would use \$712 million in CRF dollars, \$350 million from the Budget Stabilization Fund (BSF) or the rainy day fund, \$9.7 million transferred from the Talent Investment Fund, \$211 million in General Fund support, \$30 million from the MPSERS Reserve Fund, and \$3.9 million in lapsed work project funding.

In terms of School Aid Fund reductions, the proposal would reduce the following line items:

- \$256 million per pupil allocation
- \$163.7 million University operations
- \$36.3 million Community college operations
- \$14.2 million MPSERS expenditures
- \$6 million State assessments
- \$400,000 CEPI operations
- \$10 million School Safety Grants
- \$800,000 FIRST Robotics program

The operating expenditures for schools will be replaced 2 to 1 in CRF dollars (\$512 million) and 1 to 1 for universities (\$163.7 million) and community colleges (\$36.3 million).

When all is said and done, the Senate Fiscal Agency projected General Fund balance will be \$62.9 million at the end of the fiscal year and just \$700,000 in the School Aid Fund.

The projected hole for Fiscal Year (FY) 2021, Oct. 1, is \$3.1 billion.

Watch for future updates from the MASA team as we start working on FY 21 budgets as early as next week.

Sen. Peters Releases Return to School Proposal

U.S. Senator Gary Peters (D-MI), ranking member of the Senate Homeland Security and Governmental Affairs Committee, announced a proposal to support an eventual safe return to school by ensuring local communities have the resources to keep students connected to a quality education.

The plan identifies three key areas for the US Senate to act. First, provide schools with resources, supplies, and guidelines to combat COVID-19. This includes access to testing, provide masks and screening equipment, staffing support, and training. Second, Sen. Peters' plan calls for funding to "empower quality educational opportunities," regardless of location – recognizing the need for additional funding to improve broadband access while also protecting student data and provide sufficient devices. Third, the plan identifies additional support needed for staff during the reopening process. Specifically, the need to accommodate staff that face challenges

acquiring childcare and a call to provide premium pay for school staff. Finally, Sen. Peter's plan recognizes that we face an uphill battle with decreased tax revenues and increased costs, and asks Congress to provide relief funds to prevent substantial cuts to school funding.

You can find a one-page summary of Sen. Peter's proposal [here](#). It is unclear the chances that this bill becomes law, but it keeps the conversation going in Washington and recognizes some of the very real challenges facing our schools. Many of the items in the legislation have been specifically discussed with Sen. Peters by MASA and our members.

House Acts on Vetoed Property Tax Bills

On Wednesday, the House acted on legislation that would allow for the deferment of summer property taxes. Gov. Whitmer vetoed HB 5761 and HB 5810 earlier this month, citing constitutional concerns and local government budget concerns. The bills also had the potential to negatively impact the school aid fund.

This week the legislature revised SB 943 to include the proposed language in the vetoed bills, without the funding mechanism that would have ensured local and intermediate school district revenue was held harmless. The bill is sponsored by Sen. Peter MacGregor (R-Rockford) and would allow taxpayers, including business owners, to defer interest-free summer 2020 assessments until March 1, 2021.

On Wednesday, SB 943 was discharged from the House Appropriations Committee, a substitute was adopted on the floor, it was placed on the third reading, and then ultimately passed the house on a 57-47 vote. Rep. Angela Witwer (D-Delta Twp.) joined all Republicans in voting yes. Two Republican members were absent for the vote, while three Democrats were absent. It's expected that the Senate will also pass some version of the bill, but without significant changes, it's hard to imagine Gov. Whitmer would sign the bill.

ICYMI: MDE Reminders

1. [REMINDER: Interrupting Prolonged Sitting at Home \(InPACT@Home\)](#)
The Michigan Department of Education is excited to join the Michigan School Health Coordinators' Association, the Society of Health and Physical Educators Michigan, the Michigan Elementary and Middle School Principals Association, and the Michigan Public Health Institute to partner with the University of Michigan to disseminate Interrupting Prolonged Sitting at Home (InPACT@Home). InPACT@Home is an evidence-informed, home-based physical activity program that enables K-12 students to engage in health-enhancing physical activity. Children and youth will have access to 20-minute cardio workout videos that are developmentally appropriate and approved by pediatric exercise physiologists and physical education specialists. Videos will also include nutrition messaging and social emotional learning activities, and will be accessible on smartphones, tablets, and computers. For more information on InPACT and to access the activities go

to <https://essi.umich.edu/active-schools-communities/>

2. REMINDER: Personal Protective Equipment

As districts plan for school year 2020-21, the link below contains information on planning considerations and a source of personal protective equipment designed for schools:

https://www.michigan.gov/documents/mde/Worldtec_-_PPE_ON_THE_GO_-_Media_Deck_Midway_696085_7.pdf