

MSBO Finance Committee

January 14, 2016

Meeting Minutes

### **January 2016 Consensus Revenue Estimating Conference**

- Several MSBO members and staff attended the revenue estimating conference at the Michigan State Capitol Building. See the MSBO website for presentation handouts and notes regarding the consensus revenue adjustments.

**Committee Meeting called to order by Janet Swanson, Chairperson; 11:58 a.m.**

### **Consensus Revenue Estimating conference discussion: Bethany Wicksall, House Fiscal Agency and Kathryn Summers, Senate Fiscal Agency**

- Projected School Aid Fund Balance Sheet was reviewed. Biggest concern is the reduction in revenue from the May CREC; a decrease of \$111 million FY16 and \$112 million is FY17
- As taxable values grow, local income is up creating a savings for the SAF
- DPS could still potentially have an impact; a projected ending fund balance of \$33 million in FY 16 does not account for any money for DPS.
- The SAF has been receiving income from the HMO use tax. The Federal government has disallowed this as a funding mechanism and will be reduced by 75% in FY 17 and completely eliminated in FY 18.
- Special costs continue to increase as well as MPSERS costs.
- Projected ending fund balance for SAF for FY 17 is \$58 million

### **Legislative Update – Aaron Keel, MASB**

- Senate Bill 571 signed the beginning of the year by the Governor puts a “gag order” on public resources for bond elections. For March 8<sup>th</sup> elections, as of January 8<sup>th</sup>, the public body is prohibited from using public funds or resources for communication. A “fix” was introduced today, but a draft of the “fix” may not be of much help, and may actually make the bill worse.
- Switch Data Center Bill – costs the GF \$20-30 million per year. A hold harmless amendment has been made for school districts, as well as for job creation
- Hoping that the changes to sinking fund allowable uses will see quick legislation
- State Superintendent is anticipated to finish the list for Critical Shortage by April
- Detroit Public Schools – If there is no help, they will close by April. Bills were introduced today. There has been acknowledgment from all areas of legislation that something needs to be done
- The Speaker of the House indicated that school’s advocacy has delayed conversations on this on bill 4298 regarding priority in electric choice and protecting the cap.
- 3<sup>rd</sup> grade reading – good things have come out of the House including better IEP and 504 teams and date of implementation. Date of implementation is at the Senate to apply to next year kindergarteners, so when they reach 3<sup>rd</sup> grade levels will be enforced. MASB is still opposed and would like there to be some parental involvement. Smart promotion is currently if the student is proficient if other scores they can take 4<sup>th</sup> grade classes but still remain in 3<sup>rd</sup> grade, but then could not take 4<sup>th</sup> grade assessment tests. Hoping to flip this to allow them to move to 4<sup>th</sup> grade but stay at 3<sup>rd</sup> grade reading.
- Box stores/dark stores – a workgroup is convening and hoping to have legislation soon.

**MSBO Update**

- Financial Strategies Conference next week. Still time to sign up.
- Leadership Institute begins January 27<sup>th</sup>. May still be time to sign up, contact Scott Little if interested.
- Agenda for the annual conference is pretty much set, just looking for speakers. Watch for early bird in February. Hotel rooms are available, book as soon as possible
- Group Solutions will be in Grand Rapids on February 10<sup>th</sup>.
- Reminder to attend your local SBO meetings

**Adjourned 12:52 p.m.**

Next meeting Friday, February 19, 2016