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TO: Michigan School Business Officials
FROM: Jerry Johnson, Assistant Superintendent for Legislation and Education Policy
RE: Legislative Update
DATE: September 14, 2018

SCHOOL AID BUDGET

The 2018-2019 budget was signed into law as Public Act 265 of 2018. Important highlights of the budget include:

- Foundation Allowance – Increased by \$120-240 per pupil to be distributed through the 2x formula. The minimum foundation allowance is \$7,871, and the base amount is \$8,409.
- Isolated Districts/Transportation Funding – Increases funding to \$6 million and changes the requirement to qualify for funds from less than 7.3 students per square mile to 7.7 or fewer pupils per square mile.
- Payments for CTE Pupils - Creates new section with \$5 million to provide districts an additional \$25 per pupil for each pupil in CTE programs and an additional \$25 for pupils in high-demand career fields.
- "At-Risk" Pupil Support – Maintains current funding level of \$499 million but includes several revisions to boilerplate language for program requirements:
- State Early On Programs – Establishes \$5 million for ISDs to provide Early On programs for children from birth to 3 years of age with development delays or disabilities.
- ISD Special Education Millage Equalization – Increases appropriation by \$2.25 million.
- ISD General Operations Funding – Increases each ISD's allocation by 2%.
- MPSERS Offset – Maintains \$100 million appropriation and current law.

Some challenges also emerged in the budget language that may affect districts in specific ways. Examples include:

- Special education and career technical education millage equalization and the impact of the personal property tax replacement.
- International students participating in exchange student or F-1 Visa tuition programs because districts are now prohibited from collecting "tuition" and receiving state per-pupil funding for out-of-state/international students. Senate Bill 1098 was introduced to give a one-year delay.
- Partnership Districts are impacted by several new boilerplate requirements regarding goal statements, administrative rules, reporting to the legislature, and consequences of not meeting accountability measures – including reconstitution.
- Modifications to GSRP impacting transportation, classroom instruction, and fingerprint / background check requirements.

FEDERAL EDUCATION BUDGET

Negotiations for the final education appropriations bill continue as senior Appropriations Committee members are building support for the Fiscal Year 2019 funding bill (H.R. 6470 /S. 3158) that the Senate recently passed.

- The appropriations bill for the U.S. Departments of Labor, Health and Human Services, Education and Defense includes \$2 billion in higher budget allocations.
- The bill provides more than a \$375 million increase for Title I programs, special education, and Title IV programs for student support and academic enrichment.
- The appropriations bill reported by the House Appropriations Committee would also increase funding for Perkins Career and Technical Education grants by \$115 million.

As members of congress negotiate a final bill, they have also responded to questions about federal funds being used to procure firearms for school safety.

- Senate leaders agreed to not include authorizing language in their respective FY2019 funding bills.
- House members have discussed a number of authorizing provisions (also known as "policy riders"), such as language clarifying that no federal funds can be used to purchase firearms. Representative Tom Cole (R-OK), who chairs the Appropriations Subcommittee for Labor, Health and Human Services, and Education, has stated that, "We think federal law already prohibits the use of federal funds for that [use of ESSA funds to purchase firearms for school safety operations]. If states and localities want to do it, they can do it with their own money."

STATE TAX AND BUDGET POLICY

Death by 1,000 Cuts

During the 2017-2018 legislative session, approximately 50 bills passed both the Senate and House Committee that could affect the School Aid Fund or local school property tax revenue.

Gross vs. Net

The Snyder Administration continues to espouse a change in how income tax revenue is received by the School Aid Fund. If income tax revenue was received on a "Net" versus "Gross" basis, the impact would be a loss of approximately \$400 to \$500 million in School Aid.

Internet Sales Tax

The Snyder administration and legislative leaders are arguing that the potential increase in sales tax revenue that the state will receive should be dedicated to road funding. The debate is the result of a United States Supreme Court ruling that requires online purchases to include the capture of sales tax. Education and local government leaders believe that additional tax revenue should be distributed through the existing calculations stated in law.

School Aid Transfers to General Fund

In the current fiscal year, just over \$1 billion is being transferred from School Aid to pay for General Fund expenses. The largest portion is community colleges (\$407 million) and universities (\$386 million). Since 2011, over \$5 billion in School Aid has been used to pay for expenses that had been paid out of General Fund.

SCHOOL FINANCE RESEARCH COLLABORATIVE

As work continues to expand the awareness and use of the findings from the School Finance Research Collaborative (SFRC), the group recently released some poll results. The poll, conducted by Greenberg Quinlan Rosner Research, identified support for the idea of increasing the state foundation grant from \$8,000 per student by \$1,500 to \$9,590. Only 27 percent opposed such as idea.

- Support for the idea improved when respondents were told additional funding would go to special education, English language learners, and students living in poverty.
- When additional funding for career and technical training was added, support rose to 78 percent.
- Sixty-seven percent favored a system that “meets all students' needs” and 63 percent believe Michigan's current school funding system is unfair.

THE MARSHALL PLAN & CAREER TECHNICAL EDUCATION

The plan championed by Governor Rick aimed at creating educational and hands on programs to help fill high paying job vacancies is now law. **SB941 and SB942** have been signed into law as Public Acts 227 and 228, respectively, to establish the Marshall Plan.

The plan sets aside \$100 million to prepare students for the 21st century economy, including \$10.5 million for career navigators, who are dedicated to help guide students toward their career and associated academic goals. These navigators will be supported by additional tools such as a web-based career exploration platform that connects students to internships, job shadowing opportunities, and other such options in their local area.

The Marshall Plan platform for applications is being developed by MDE. It will be a two-step process in order to apply. On August 15 the partnership information will be available and the first round of applications will be due August 31.

Additionally, the plan is intended to:

- Let schools change the way they educate students, using a competency-based approach that results in high-demand skills and credentials.
- Allow funding to be used for equipment, additional staff, new curriculum, professional development, industry mentors, testing fees, and other tools schools need to deliver these experiences to students.
- Create Marshall Plan Talent Consortiums - groups of educators and employers that partner to change the way students are prepared for careers. This will truly connect educators and employers to ensure that students experience a seamless transition from school to employment to lifelong learning.
- Fund \$20 million in scholarships and stipends for high school students and low-income residents to get high-demand credentials.
- Establish the Innovative Educator Corps, a group of highly-skilled, proven, innovative educators that are nominated by their local schools to be honored for their excellence. These educators will receive stipends from the state and travel around Michigan to share their innovations with others.
- Create an awareness campaign for attracting businesses and talent to Michigan.

Several bills addressing Career Technical Education and Career Pathways were signed into law as complements to the Marshall Plan.

- **HB5139**, signed into law as Public Act 229 of 2018, requires the Michigan Department of Education, in consultation with the Department of Talent and Economic Development, to develop and make available a model program of instruction in career development. The bill also requires that, beginning in the 2019-2020 school year, schools incorporate grade-appropriate instruction on career development in each grade level from K–12. The act is left intentionally broad to allow for flexibility and promote innovation. This section of the act is now known as “The Superintendent Brian Whiston Career Pathways Law.”
- **HB 5145**, signed into law as Public Act 234 of 2018, requires the Michigan Department of Education to develop rules that allow an individual to use time spent engaging with local employers or technical centers to count toward the renewal of a teaching certificate in the same manner as state continuing education or professional development.
- **HB 5141**, signed into law as Public Act 235 of 2018, allows non-certificated individuals with professional experience to teach in an industrial technology or career and technical education program in grades 9-12, so long as the teacher meets certain requirements. The individual can be employed by the district for up to 10 years, but the State Superintendent can allow the teacher to be employed for longer than 10 years. Individuals engaged as noncertified, nonendorsed teachers under this provision would be excluded from a requirement that the state aid be reduced for the employment of teachers who are not legally certificated or licensed.
- **SB684 and SB685**, signed into law as Public Acts 230 and 231 of 2018, respectively, require schools to provide more meaningful and frequent use of Educational Development Plans for students, along with developing a talent portfolio. Schools must include information in their school improvement plans and how the school will provide career information, experiences, work-based learning opportunities, and programs of instruction.
- **SB 175**, signed into law as Public Act 232 of 2018, amend the Revised School Code to extend to high school pupils graduating in 2022, 2023, or 2024 the option to fulfill one foreign language requirement for a diploma by completing a formal career and technical education (CTE) program or curriculum or by completing visual or performing arts instruction. It also adds a new reporting requirement that mandates districts to report how many students utilize this flexibility. MDE has provided guidance for this reporting requirement in an August 9 memo that explains how districts can enter data into a Survey Monkey questionnaire. The memo can be accessed at:
<https://www.michigan.gov/documents/mde/1278a MMC CTE Report 629727 7.pdf>

NEWLY ENACTED LAW

- **SB343 – Graduation Requirements** – The bill requires that school boards provide pupils with the most recent available information on in-demand jobs or "hot jobs" in the region as part of the process of developing an educational development plan. The bills has been signed into law as Public Act 242.
- **SB889 – Teacher Certification** – The bill amends the Revised School Code to remove the general requirement that teachers pass the basic skills examination (BSE) before being issued a teaching certificate. It would also remove the provision that, in addition to other requirements, a noncertificated, nonendorsed teacher must pass a BSE if the teacher desires to teach for more than one year. The bill has been signed into law as Public Act 233 of 2018.

- **SB915 – School Bus Width** – The bill amends the Michigan Vehicle Code to address current school bus issues. Under current law, buses can't be wider than 96 inches, but as cameras and certain signs are added on the outside, many buses exceed this limit. The bill changes the maximum width to 102 inches. It would also exempt school buses from seasonal weight restrictions, so districts would not have to avoid weight-restricted roads or risk getting fined. The bill has been signed into law as Public Act 273 of 2018.
- **HB4069 – Substitute Teachers** – The bill revises the college credit requirement for individuals to serve as substitute teachers from 90 to 60. The bill has been signed into law as Public Act 236 of 2018.
- **HB4106 – Internship Credit** – The bill would require that students in grades 9 through 12 be awarded high school credit for completing a qualifying internship or work experience. The bill has been signed into law as Public Act 184 of 2018. An additional bill, **HB5676**, works in tandem to amend the State School Aid Act to specify that a pupil could not be considered less than a full-time equated pupil solely because of the effect of his or her engagement in an internship or work experience on the number of class hours provided by the district to the pupil. HB5676 was signed into law as Public Act 185 of 2018.
- **HB4614 – Teaching Certificate** – The bill repeals the option to renew a lapsed provisional education certificate. The bill has been signed into law as Public Act 202 of 2018.
- **HB4679 – Fiscal Notes** – The bill requires the legislative fiscal agencies to prepare fiscal notes for each bill voted on by a committee, describing how it would affect costs and revenues of the state or local governments. The bill is pending signature into law.
- **HB5086 – Personal Property Tax** – The makes numerous technical changes to the legislation enacted a few years ago. A provision has been added to allow a school millage enacted as of 2015 (originally 2013) to be reimbursed. The bill has been signed into law as Public Act 247 of 2018.
- **HB5355 – MPSERS Level Funding** – The bill would implement use of a level dollar method for paying off unfunded actuarial accrued liability in the MPSERS system. Lower assumptions for payroll growth would be phased in until it reaches 0%. The bill would result in the annual contribution total for a district is a fixed sum rather than a percentage of payroll. Using this method, the contributions to pay down the UAL would be defined equally over the remaining years of the authorization period. The intent of the bill is to meet the long-term obligations of the MSPERS system and paying off the states' liabilities. The bill has been signed into law as Public Act 1 of 2018.
- **HB5379 – Sunscreen** – The bill allows a student to carry sunscreen or any U.S. Food and Drug Administration-approved topical substance at school. Currently, sunscreen is considered an over-the-counter medication by the FDA, so schools require a doctor's note and that usage be overseen by a school nurse. This would add sunscreen and topical substances to the section of law that allows a student to carry epinephrine or an inhaler. The student will still need written approval from his/her parent or guardian. The bill has been signed into law as Public Act 243 of 2018.

LEGISLATION ON THE RADAR

- **SB1031 – Personal Property Tax** – The bill provides a property tax exemption for utility personal property.
- **SB1054 – Municipal Bonds** – The bill revises the process by which a municipality (including schools) borrows money by selling bonds. Bond sales greater than \$500k would have to be made in a public bond offering, not privately, with some exceptions.

- **HB4120 & 4124 – Water Quality** – The bills require testing for levels of lead and other contaminants in water supplied to public schools. The bills also establish a program for testing and removing lead in drinking water used by schools and child care centers.
- **HB5707 – Teacher Evaluation Data** – The bill would modify the existing law that says in 2018-2019 40% of the annual year-end evaluation shall be based on student growth and assessment data. The bill strikes that language and locks it in at 25% of the annual year-end evaluation be based on student growth and assessment data. The bill is in the House Education Committee.
- **HB6189 – Home School Dual Enrollment** – The bill allows home-schooled students to participate in dual enrollment programs with the state covering tuition and fees.
- **HB6291 – CTE Seat Allocation** – The bill clarifies that participation in other services or programs through an intermediate school district is not required for seat allocation in area career and technical education programs.
- **HB6314 & 6315 – Public Innovative District** – The bills create a new classification of schools that would allow districts to apply to the Michigan Department of Education (MDE) to become a public innovative district (PID), which would allow them to waive state restrictions.
 - PIDs would be exempt from general rules for determining the hours of pupil instruction or calculating the full-time equivalency of students under the State School Aid Act.
 - PIDs would be required to develop or adopt, and implement, an instructional program that includes procedures for diagnosing pupil learning needs, methods and strategies for teaching that incorporate those needs, resource-based learning opportunities, techniques for evaluating student outcomes, and provisions for remedial instruction.
 - The bill would create a 13-member Education Accountability Policy Commission. If a district's application was denied, the commission would hold a hearing on the application within 30 days, giving representatives of the school district an opportunity to refute the basis of the denial.

NOVEMBER ELECTION PREPARATION

Statewide Candidates

Governor/Lt. Governor – Schuette-Lyons vs. Whitmer-Gilchrist

Attorney General – Leonard vs. Nessel

Secretary of State – Lang vs. Bensen

US Senator – James vs. Stabenow

Michigan Legislature

State Senate – Currently 27R / 11D Split; 9 seats needed to flip majority

State House – Currently 63R / 47D Split; 9 seats needed to flip majority

NO Straight Ticket Voting

A request to the US Supreme Court was denied to hear the case involving straight ticket voting in Michigan. A federal district judge ruled against the ban and then a federal appellate court vacated that decision; essentially reinstating the ban. With the Supreme Court declining to hear the case, the ban on straight ticket voting is in place for the November election.

Ballot Proposals

18-1 Legalizing Recreational Marijuana – A Strategic National poll shows the marijuana legalization ballot proposal in trouble, with the "yes" being 46 percent and "no" being 42 percent.

The language approved by the Board of State Canvassers for the marijuana proposal is as follows:

"A proposed initiated law to authorize and legalize possession, use and cultivation of marijuana products by individuals who are at least 21 years of age and older, and commercial sales of marijuana through state-licensed retailers

This proposal would:

- *Allow individuals 21 and older to purchase, possess, and use marijuana and marijuana-infused edibles, and grow up to 12 marijuana plants for personal consumption.*
- *Impose a 10-ounce limit for marijuana kept at residences and require amounts over 2.5 ounces be secured in locked containers.*
- *Create a state licensing system for marijuana businesses and allow municipalities to ban or restrict them.*
- *Permit retail sales of marijuana and edibles subject to a 10% tax, dedicated to implementation costs, clinical trials, schools, roads, and municipalities where marijuana businesses are located.*
- *Change several current violations from crimes to civil infractions."*

18-2 Voters Not Politicians – The proposal changes the process of determining legislative district boundaries. It is believed the proposal will likely pass.

The language approved by the Board of State Canvassers for the marijuana proposal is as follows:

"A proposed constitutional amendment to establish a commission with exclusive authority to adopt district boundaries for the Michigan Senate, Michigan House of Representatives and U.S. Congress every 10 years.

This proposed constitutional amendment would:

- *Create a commission of 13 registered voters randomly selected by the Secretary of State:*
 - *4 each who self-identify as affiliated with the 2 major political parties; and*
 - *5 who self-identify as unaffiliated with major political parties.*
- *Prohibit partisan officeholders and candidates, their employees, certain relatives, and lobbyists from serving as commissioners.*
- *Establish new redistricting criteria including geographically compact and contiguous districts of equal population, reflecting Michigan's diverse population and communities of interest. Districts shall not provide disproportionate advantage to political parties or candidates.*
- *Require an appropriation of funds for commission operations and commissioner compensation."*

18-3 Protect the Vote – The proposal backed by Promote the Vote would make a number of voting access changes, including ensuring straight-ticket voting in Michigan, institute no-reason absentee voting, and allow more time for voters to register, including up to and on Election Day, in person.

The language approved by the Board of State Canvassers for the marijuana proposal is as follows:

“A proposal to authorize automatic and Election Day voter registration, no-reason absentee voting, and straight ticket voting; and add current legal requirements for military and overseas voting and postelection audits to the Michigan Constitution.

This proposed constitutional amendment would allow a United States citizen who is qualified to vote in Michigan to:

- *Become automatically registered to vote when applying for, updating or renewing a driver's license or state-issued personal identification card, unless the person declines.*
- *Simultaneously register to vote with proof of residency and obtain a ballot during the 2-week period prior to an election, up to and including Election Day.*
- *Obtain an absent voter ballot without providing a reason.*
- *Cast a straight-ticket vote for all candidates of a particular political party when voting in a partisan general election.”*

Other Initiatives Enacted by the Legislature

Paid Sick Leave

The paid sick time proposal would give employees working for businesses with 10 or more employees a minimum of one hour of "earned sick time" for every 30 hours worked. Employees could use 72 hours in a year. Workers in small businesses would accrue one hour of paid sick leave for every 30 hours worked and could use 40 hours in a year.

Minimum Wage

The proposal would raise the minimum wage to \$12 an hour by 2022 and by 2024 for tipped workers.

Events

MASA/MASB Candidate Forum – The statewide education associations are hosting a candidate forum for the individuals running for Michigan's State Board of Education. The event is on October 17 from 6:00 p.m. to 7:30 p.m. and will be hosted at the Kellogg Hotel and Conference Center, located at 219 S Harrison Road, East Lansing, MI 48824. Registration is available at:

https://masaonline.gomasa.org/Masaonline/Events/Event_Display.aspx?EventKey=18_SBEF

LAME DUCK WATCH LIST

- **SB103-SB106 – Attendance Requirements** – The bills amend the Revised School Code and Juvenile Code to address the challenge of students being chronically absent and truant from school. Specifically, the bills modify compulsory attendance requirements; reporting requirements for suspension, expulsion, truancy, and absenteeism; intervention policies for truant or chronically absent students; and the jurisdiction of a court regarding truancy and chronic absenteeism. The bills have passed out of the Senate and are in the House Judiciary Committee. Currently, the bills include numerous points of concern for the education community. In the absence of modifications to improve the bills we remain in opposition. Recommended changes to the bills include suggestions to revise the definition of in attendance, remove medical note requirement, eliminate defined list of absences and revise reporting requirements.
- **SB584-586 – Exemption for Conceal Carry Gun** – The bills create a new endorsement for concealed carry gun licenses to allow an individual to carry a concealed weapon in schools, day care centers, places of worship, bars, arenas, and libraries. Schools could not establish any policy regarding firearms that is stricter than state law or set any local limitations, except as it relates to students. The bills are now in the House Judiciary Committee.
- **HB6194 – School Aid** – The bill prohibits using School Aid Fund for colleges or universities.
- **HB6195 – School Aid** – The bill revises School Aid Fund calculations of income tax revenue from gross-net.
- **Teacher Certification Flexibility**
- **Teacher Preparation**
- **Curriculum Flexibility**
- **School Safety**
 - Impact of gang violence
 - Pre-emptive efforts to address drug addicted children
 - Safe and nurturing environments
 - Social work/mental health support and capacity
 - School Liaison officers
 - Cyber support/monitoring (social media, etc.)
 - At-Risk Flexibility
 - Safety drills/threat assessment
 - PD/Training
 - Relationship with law enforcement/sharing information