



# Education Advocates of West Michigan

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**AP U.S. NEWS**

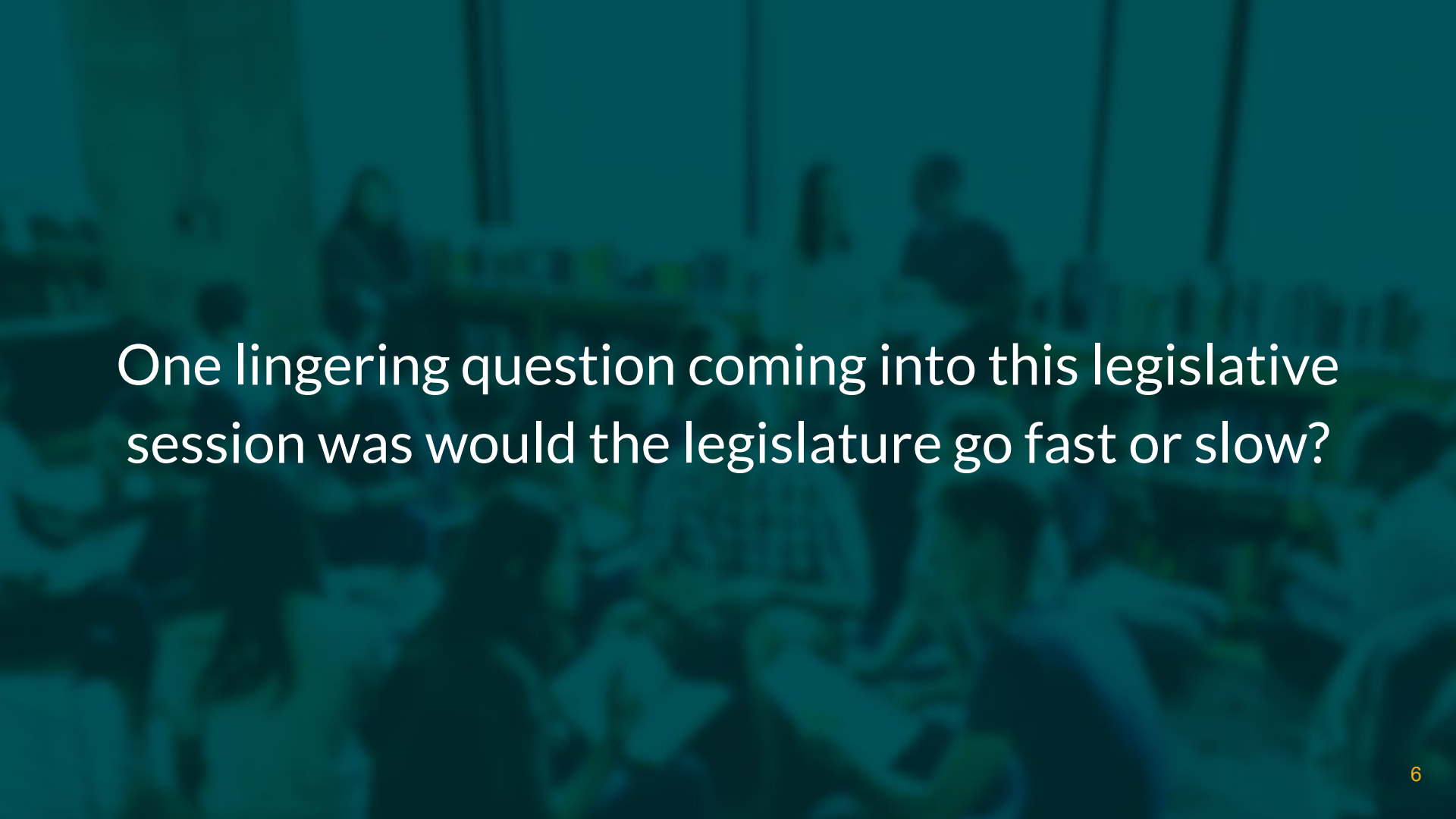
# **Biden announces 2024 reelection bid: 'Let's finish this job'**

**Trump uses Mar-a-Lago photo  
op with 10 Florida congressional  
members to flex on DeSantis**



For the first time in 40 years the Democrats control every branch of Michigan's government.





One lingering question coming into this legislative session was would the legislature go fast or slow?

- ✓ Restored Retirement Income Tax Exemption
  - ✓ Expanded Earned Income Tax Credit
    - ✓ Repealed Right to Work
      - ✓ Reinstated Prevailing Wage
- ✓ Added LGBTQ Protections to Elliot-Larsen
  - ✓ Passed Gun Laws





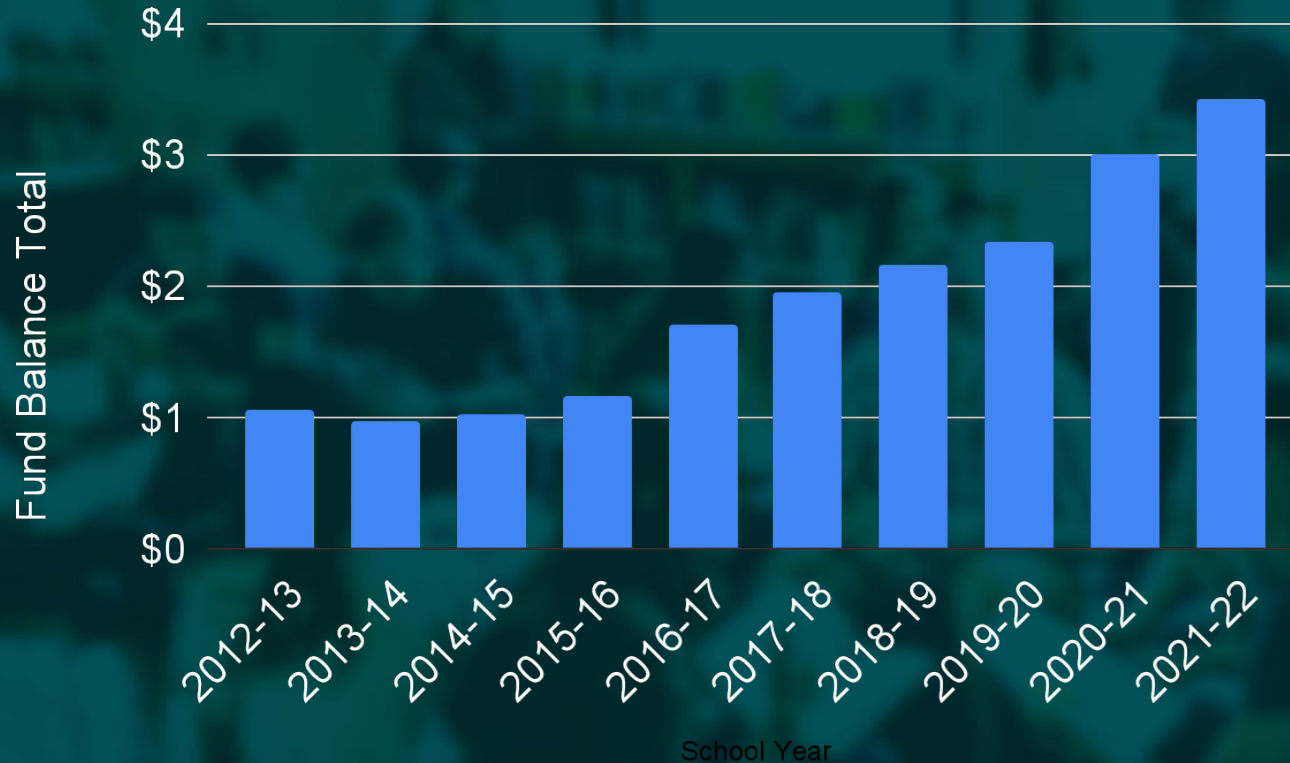
Don't forget about immediate effect! Most legislation impacting schools will not take effect until 90 days after the session ends - spring of 2024.



Now it's the MEA's turn and they're looking at:

- ✓ Favorable Majority
- ✓ Record Revenue
- ✓ Historic Fund Balances
- ✓ Labor Shortages

# Statewide Fund Balance Trends



General fund balances continue to increase and are nearing 20% across the state.

First up is a repealing PA 54 of 2011. This law prohibits increases in compensation during an expired bargaining agreement.

## What to know about PA 54 repeal:

- ✗ Removes prohibition against compensation increases during expired agreements
- ✗ Applies to wages and health benefits

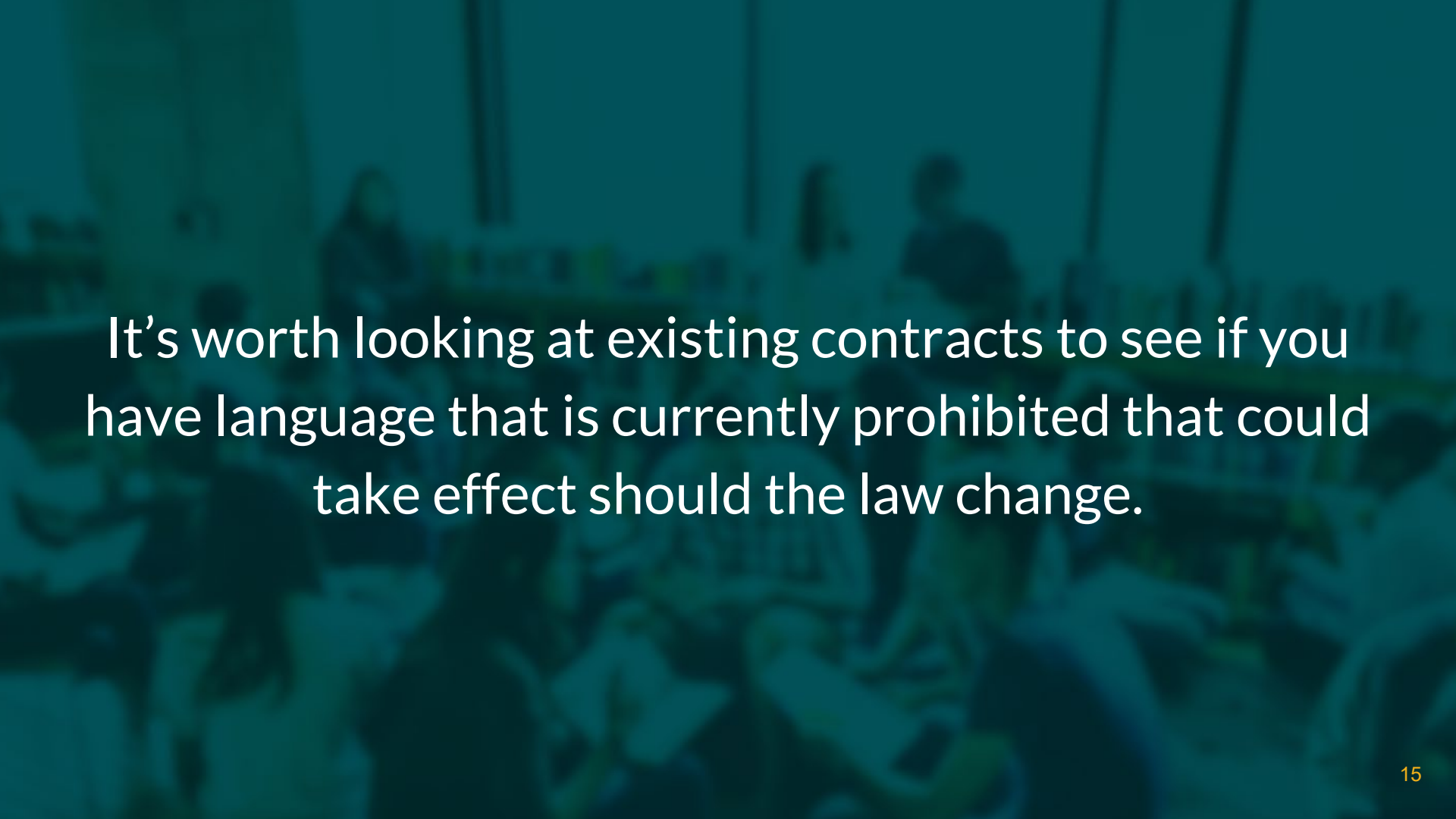
Now they're looking to remove the following prohibited subjects of bargaining:

- ~~X~~ Teacher Placement
- ~~X~~ Discipline & Discharge
- ~~X~~ Layoff & Recall
- ~~X~~ Evaluation
- ~~X~~ Observation
- ~~X~~ Merit Pay

Let's not forget one more .....

**X** Third-party contracting for non-instructional services



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It's worth looking at existing contracts to see if you have language that is currently prohibited that could take effect should the law change.



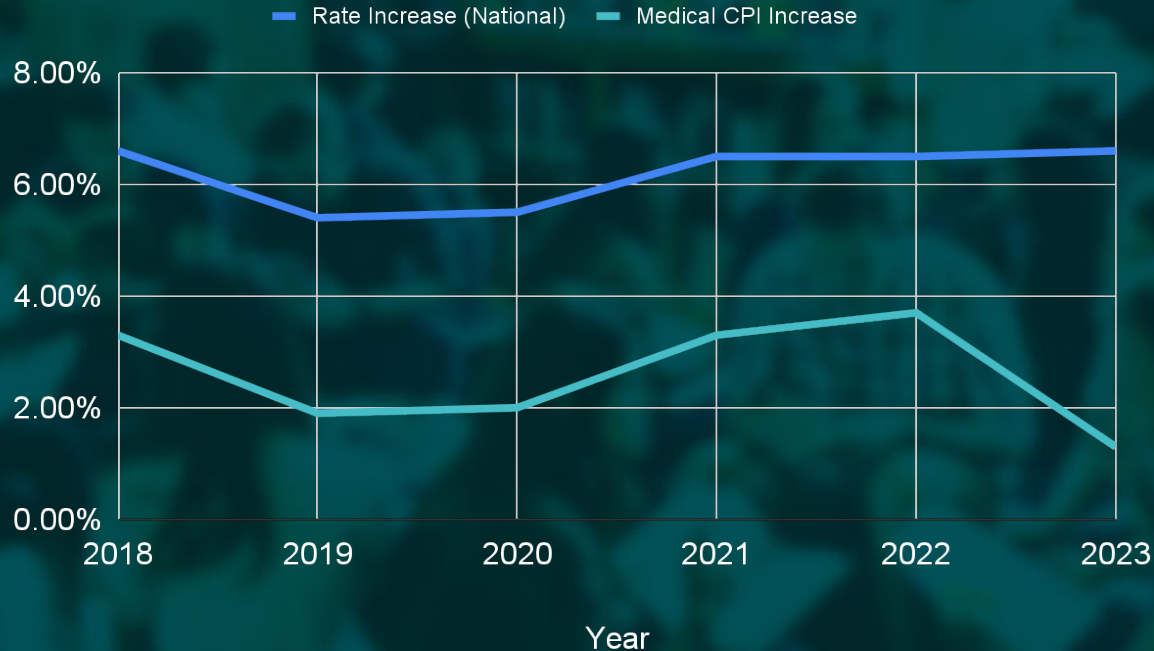


Let's dig in a little further....

## What to know about PA 152 - *Publicly Funded Health Insurance Contribution Act*:

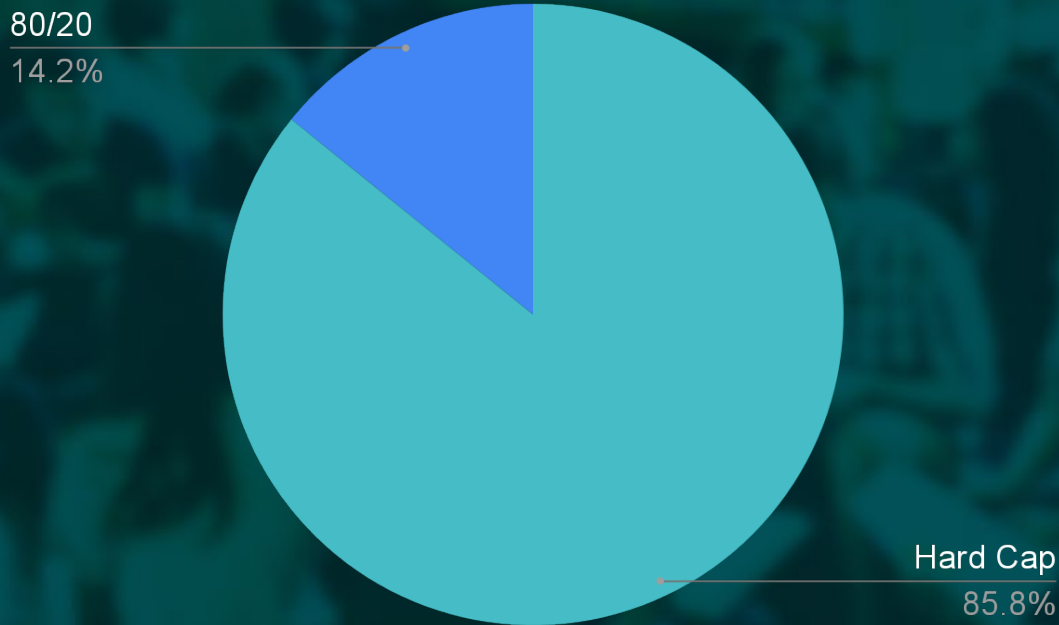
- ✓ Current law is 80/20 v. Hard Cap - Permissive subject of bargaining
- ✓ Prior bill introductions had a 90% minimum employer contribution and removal of hard cap

# National Rate Increase vs. Medical CPI



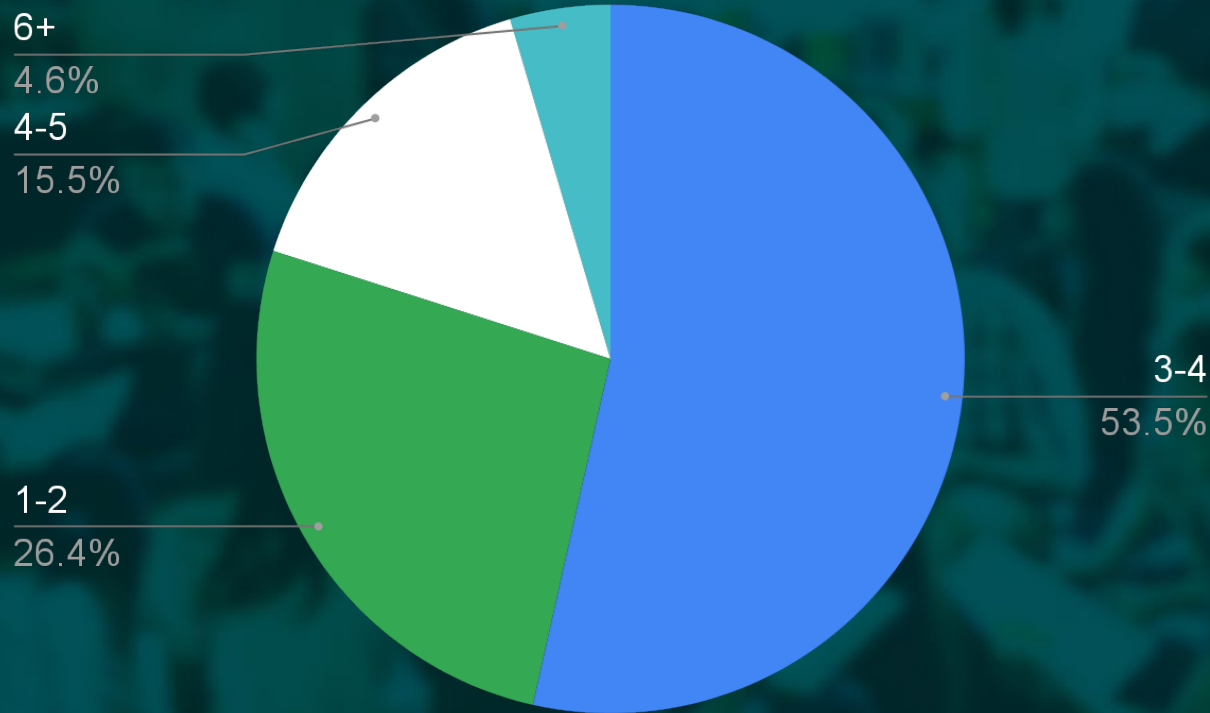
National insurance rate increases outpace medical CPI cap increases. Results in higher costs for employees.

# Hard Cap vs. 80/20 Option



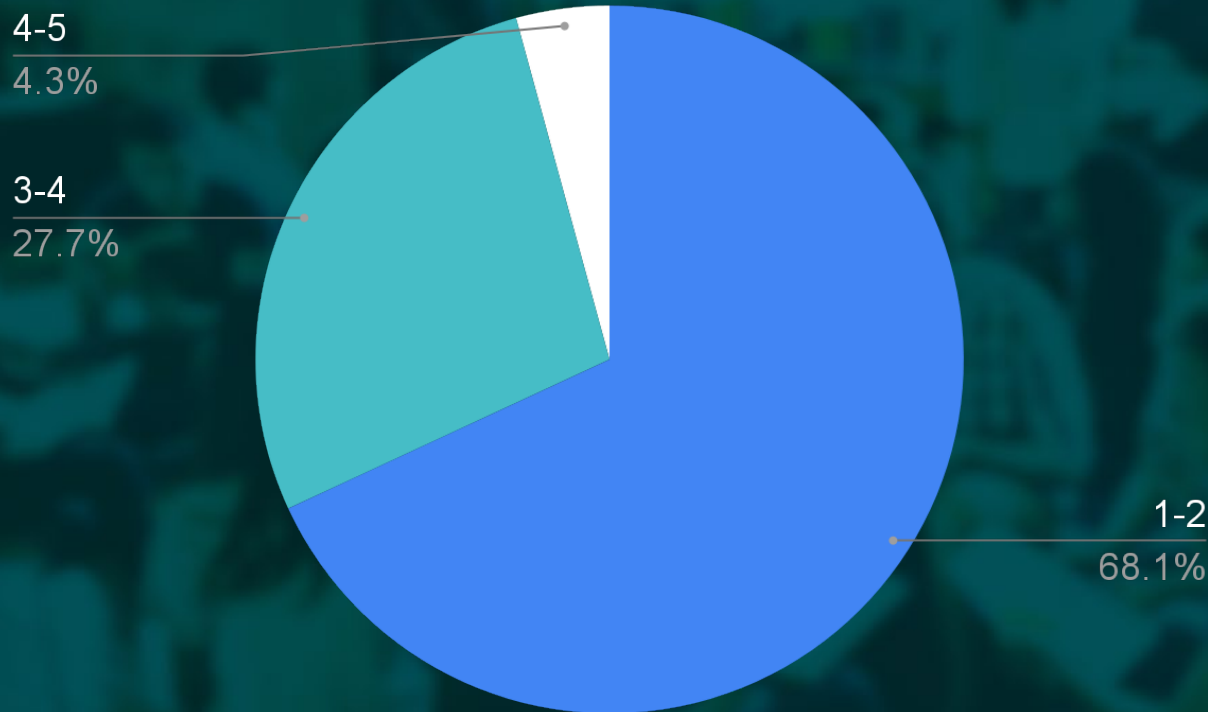
Over 330 districts were surveyed and 86% indicated they use the hard cap to comply with PA 152.

# Hard Cap Medical Benefit Plan Offerings



Over 73% of districts under the hard cap provide 3 or more plan options.

# 80/20 Medical Benefit Plan Offerings



Nearly 70% of districts under 80/20 only offer 1-2 plans to employees.



# Estimating Cost

Statewide District Healthcare Spend (2021-22 FID Data)	\$1,562,019,618
Cap Adjustment	4%
Total Cost	\$62,480,681.69
Total Cost Per Pupil	\$44

A 4% adjustment in the cap cost districts \$44 per pupil.



## Rumor has it.....

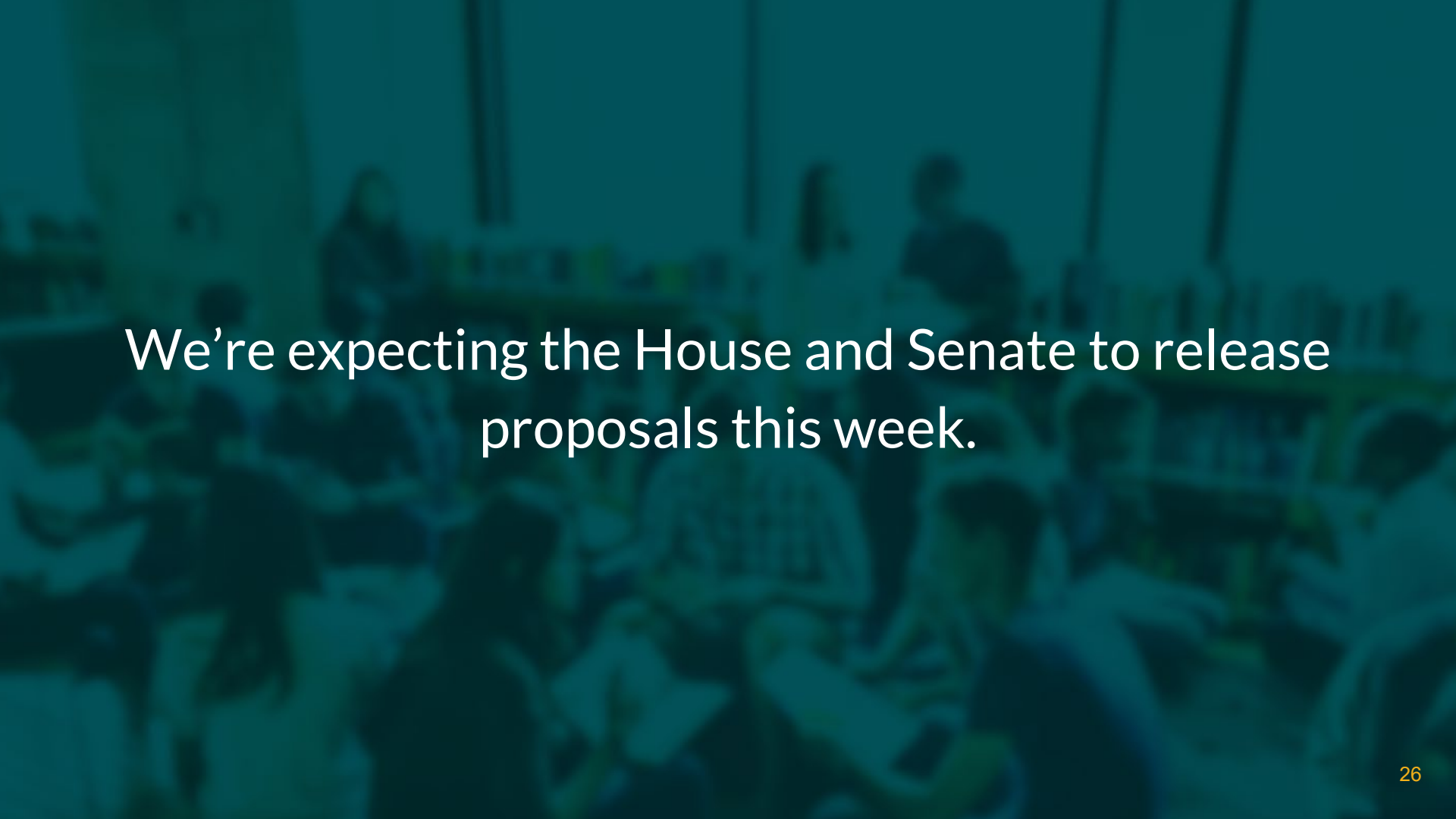
- ➔ Labor has differing opinions on this topic
- ➔ Some unions want a full repeal of PA 152
- ➔ The MEA recognizes the value of the Hard Cap
  - ➔ MEA would prefer a new index
- ➔ Expect legislation later this spring or fall



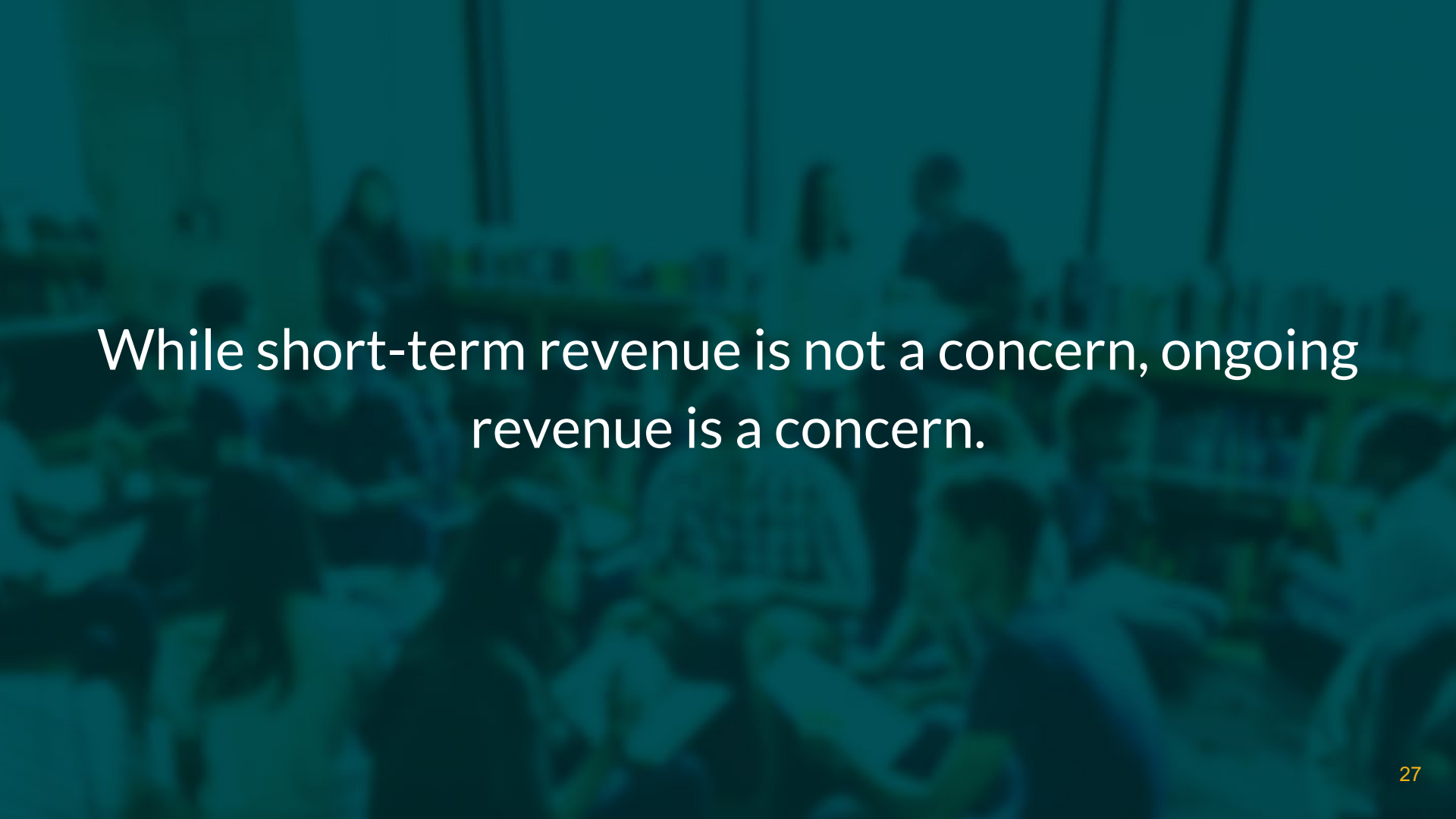
Let's transition to the budget.

2021/22	All LEAs
Wages	\$7,783,348,502
Insurance	\$1,418,011,890
Fall FTE 2021	1,252,869
Wages per pupil	\$6,212
Insurance per pupil	\$1,132
Step cost (at 2%)	\$211,520,279
Cost per pupil	\$169
1% on wages	\$105,760,139
Cost per pupil	\$84
Cost of 4.1% on benefits	\$58,138,487
Cost per pupil	\$46
Cost of cap increase, step and 3%	\$468

Contract talks are  
outpacing the  
Governor's foundation  
grant recommendation.



We're expecting the House and Senate to release proposals this week.



While short-term revenue is not a concern, ongoing revenue is a concern.

Tax changes have a \$1.5+ billion impact on state revenue.

- Earned Income Tax Credit - \$441 million
- Retirement Income Tax Exemption - \$492 million
- Temporary Income Tax Reduction - \$600 million



Expect additional investments in SFRC related categoricals.

- ✓ Foundation
- ✓ At-Risk
- ✓ Special Education
- ✓ English learners

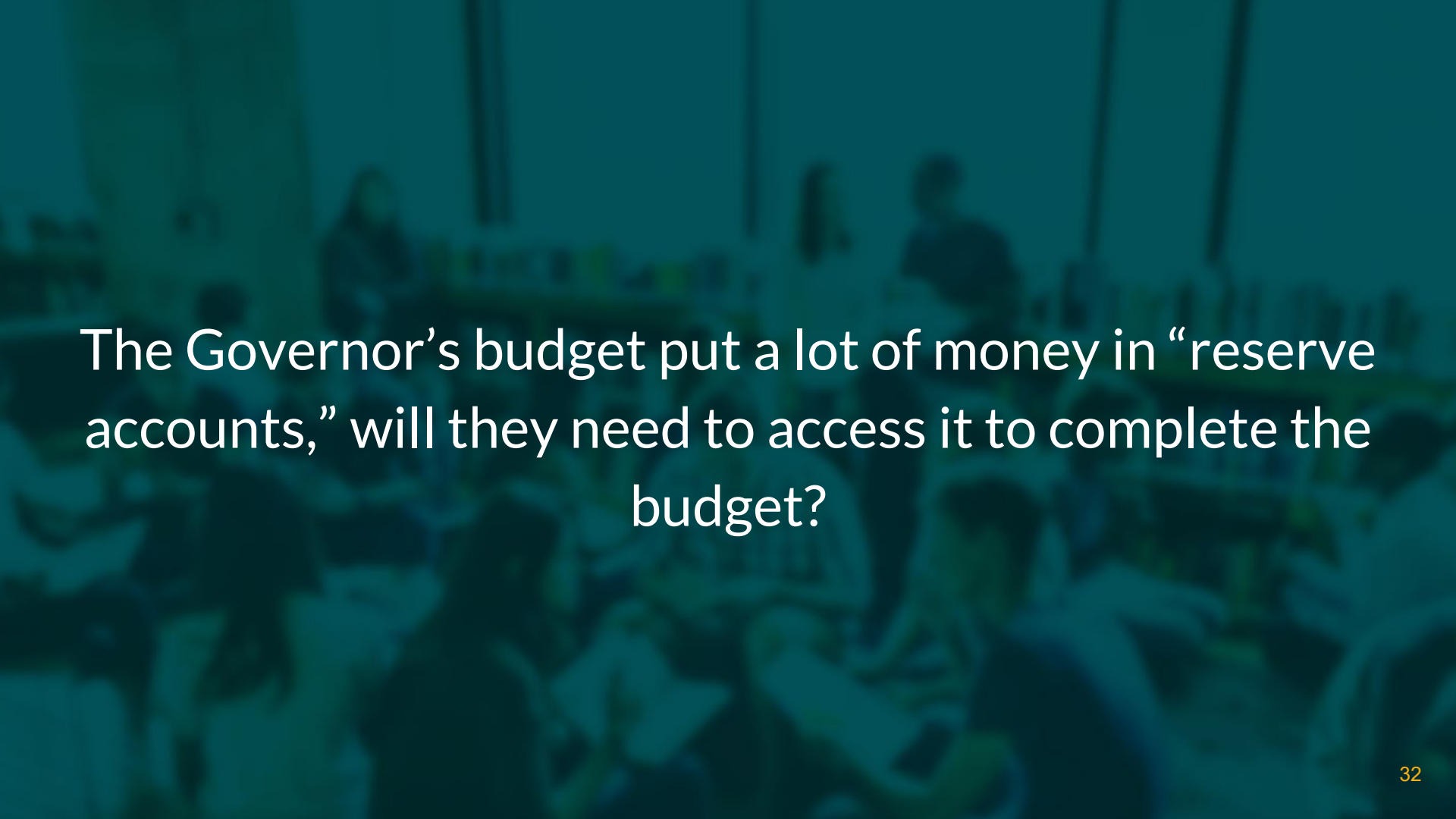


What else could be included?

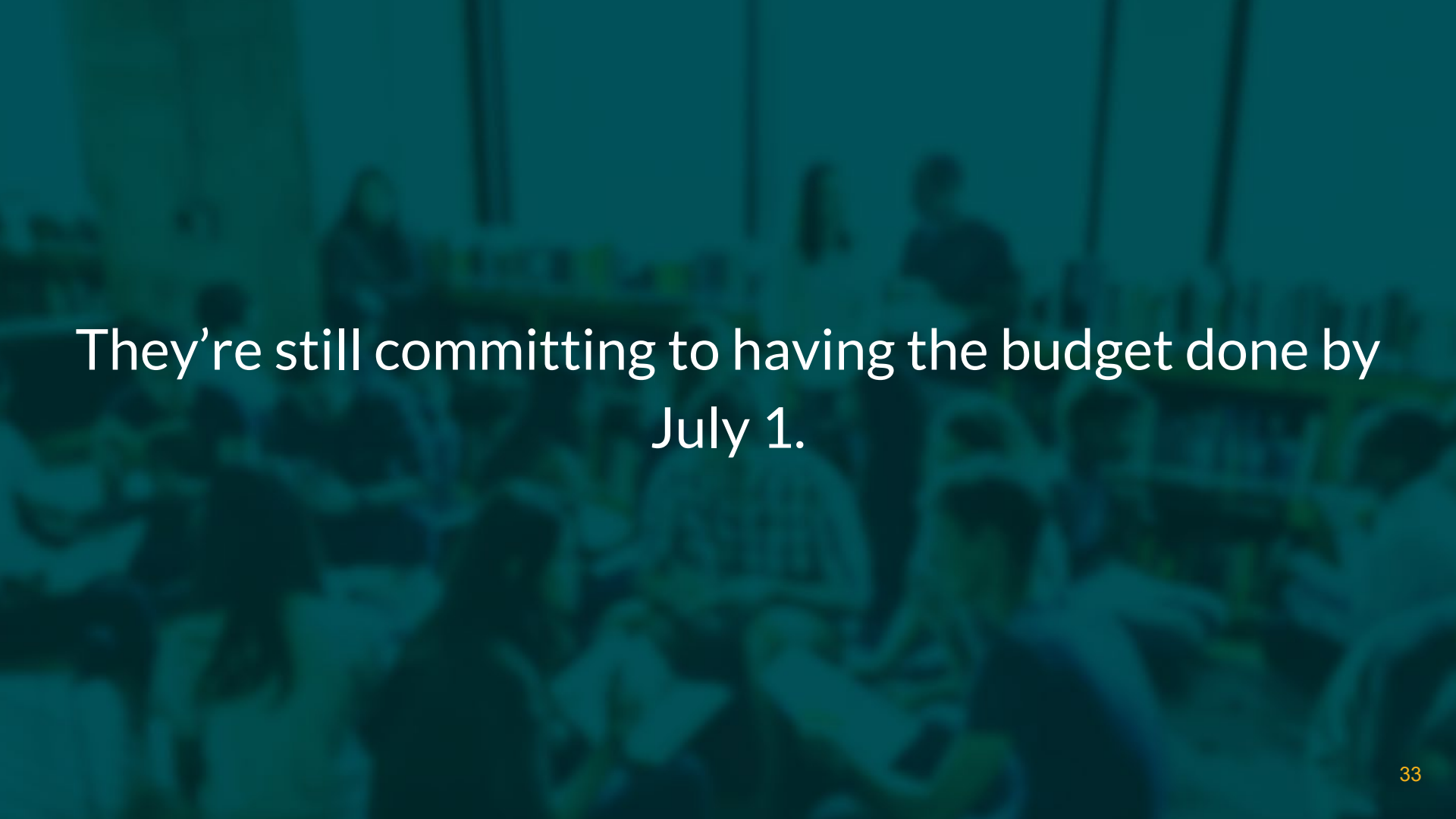
- ✓ Transportation
- ✓ GSRP Expansion
- ✓ Free Breakfast & Lunch



May Consensus Revenue Conference will be important. Tax collections are beginning to slow.



The Governor's budget put a lot of money in "reserve accounts," will they need to access it to complete the budget?



They're still committing to having the budget done by  
July 1.

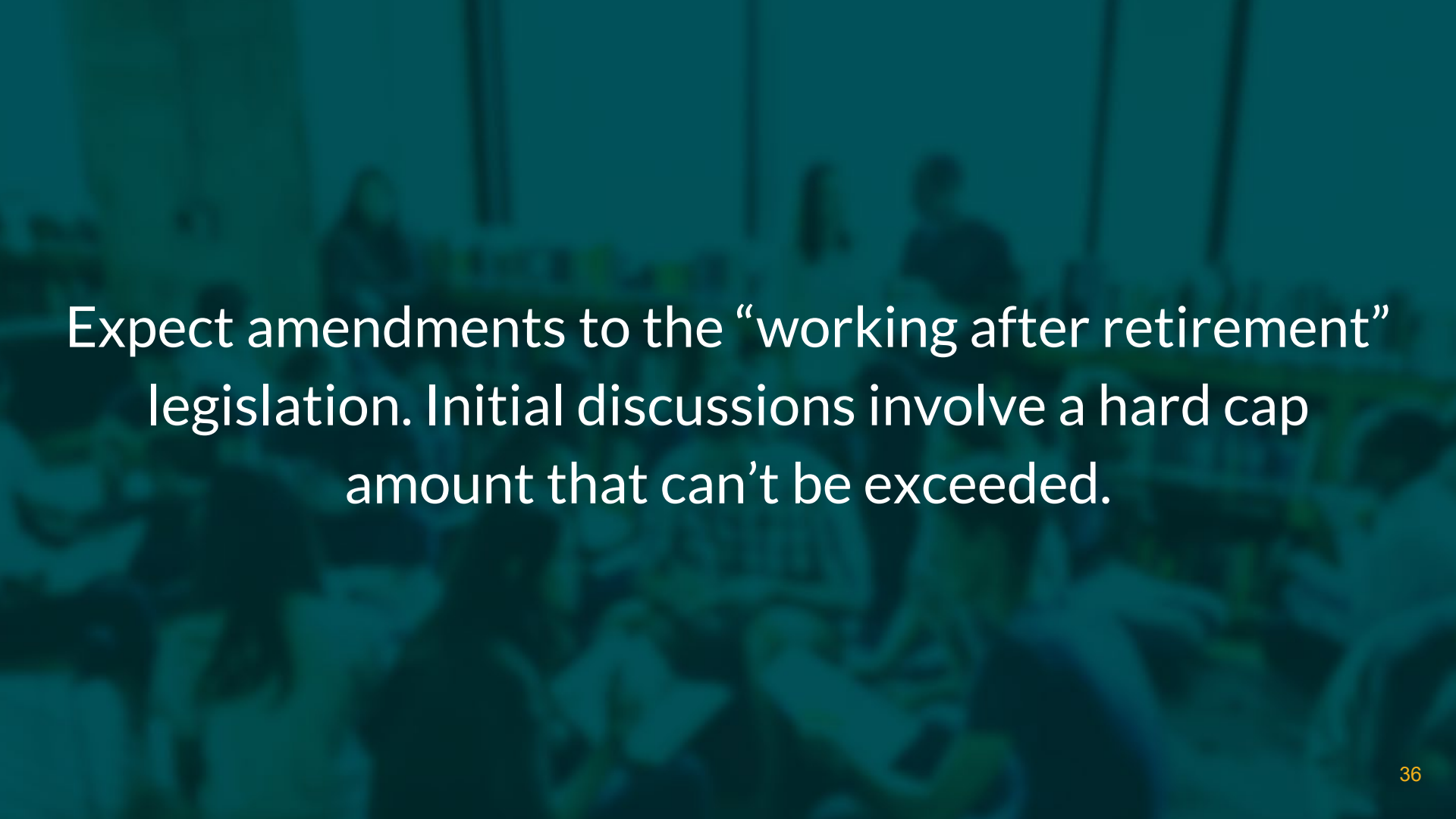


Quick hitting topics.....

## What to know about reinstating prevailing wage:

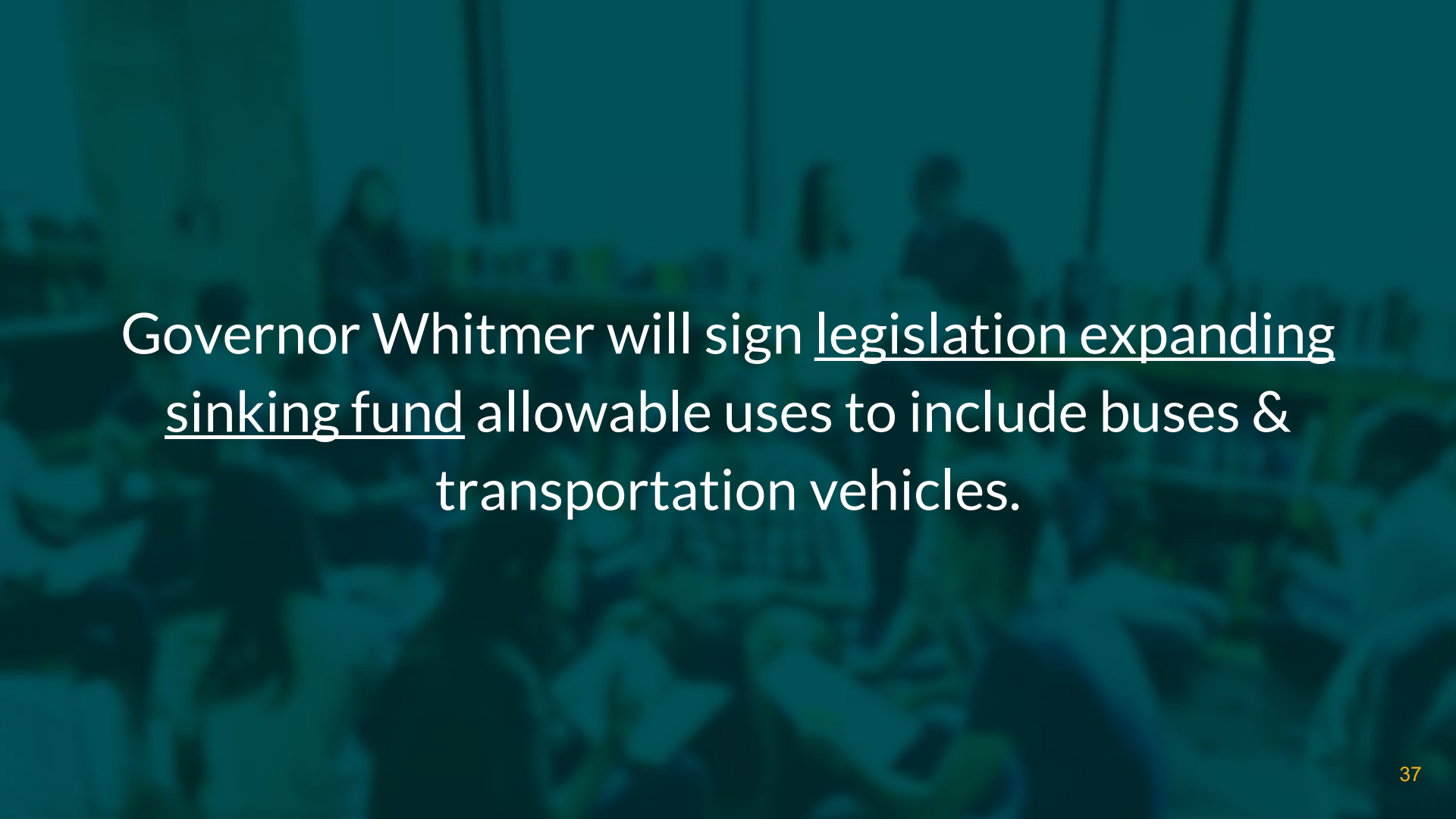
- ✓ Clean-up legislation needed
- ✓ Doesn't take effect until spring of 2024
- ✓ Only impacts districts in the School Bond Qualification & Loan Program



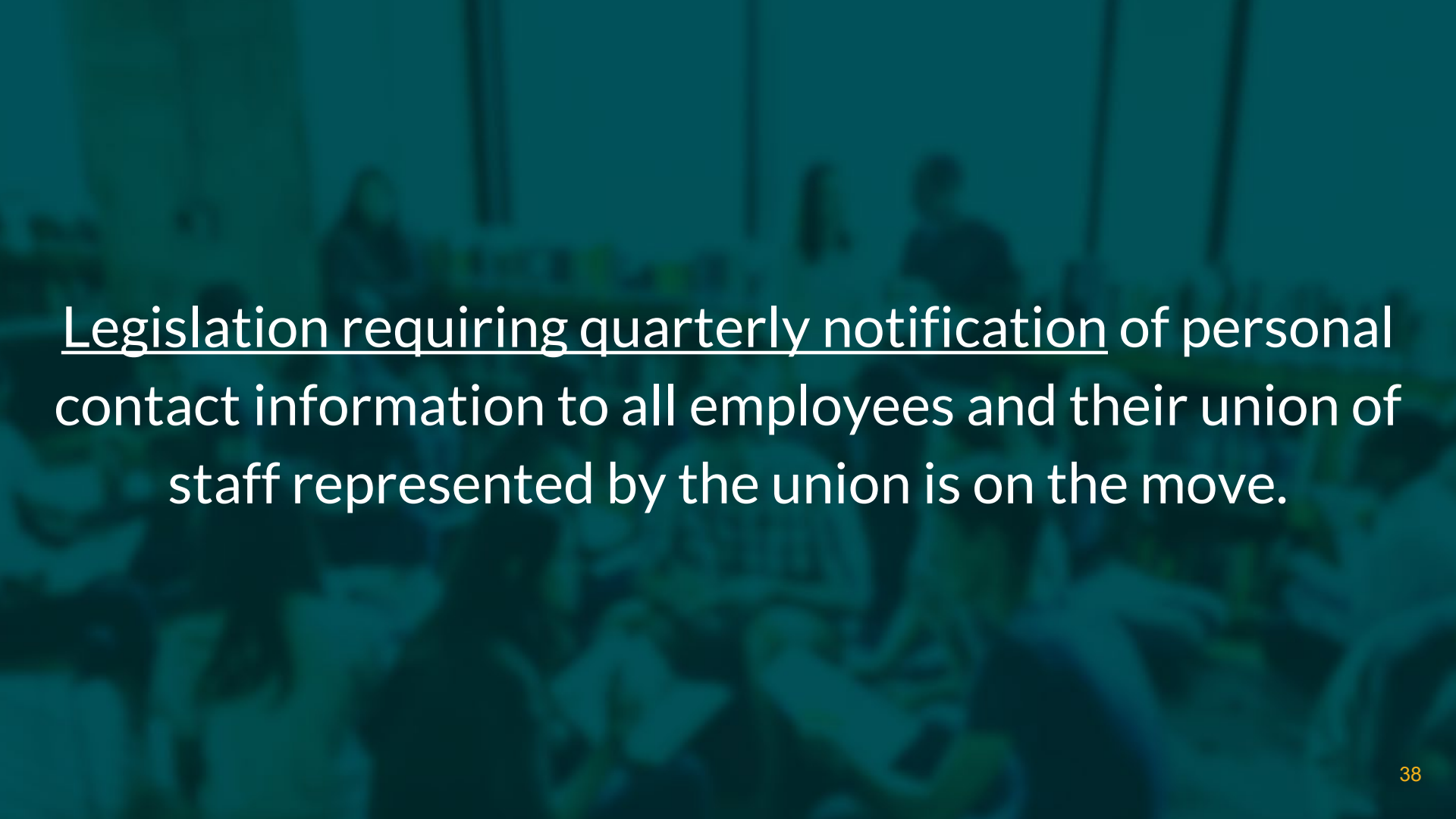
A blurred background image showing a group of people in a meeting or conference room. They are seated around a large table, and the image is overlaid with a dark teal color.

Expect amendments to the “working after retirement” legislation. Initial discussions involve a hard cap amount that can’t be exceeded.

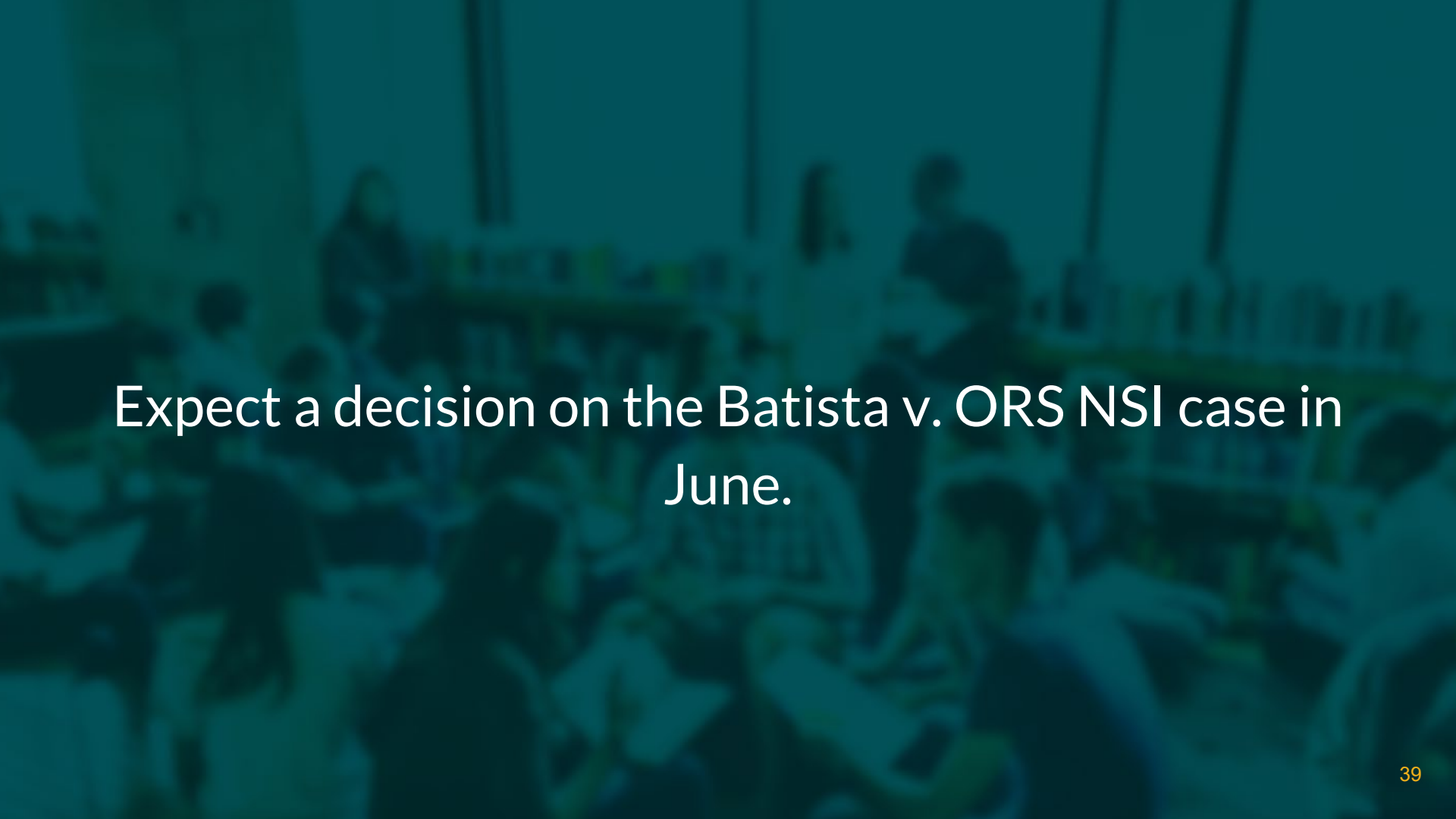




Governor Whitmer will sign legislation expanding sinking fund allowable uses to include buses & transportation vehicles.

A blurred background image showing a group of people in a meeting room. Some individuals are standing and talking, while others are seated at tables. The scene is dimly lit, and the focus is on the text overlay.

Legislation requiring quarterly notification of personal contact information to all employees and their union of staff represented by the union is on the move.



Expect a decision on the Batista v. ORS NSI case in June.



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