



Calhoun Intermediate
School District

Michigan School Business Officials

Legislative Update

Jerry Johnson, Assistant Superintendent
Legislation and Education Policy

April 23, 2024

Legislation and Education Policy Clients

South Central Education Policy Consortium

49 School Districts / 87,995 Students

■ Barry ISD	2 school districts	3,690 FTEs
■ Branch ISD	3 school districts	5,602 FTEs
■ Calhoun ISD	12 school districts	21,546 FTEs
■ Jackson ISD	12 school districts	22,678 FTEs
■ Lenawee ISD	11 school districts	14,424 FTEs
■ Monroe ISD	9 school districts	20,055 FTEs

Legislative Support Clients

32 School Districts / 66,883 Students

■ Berrien RESA	15 school districts	25,053 FTEs
■ Kalamazoo RESA	9 school districts	34,528 FTEs
■ West Shore ESD	8 school districts	7,302 FTEs



Presentation Overview

- Revenue Estimates
- Budget Recommendations
- Funding Shifts
- Education Policy Bills
- What is Next?
- Questions and Answers



Revenue Estimates

- The economy is stable, but some risks remain.
- For FY2024-2025
 - ❖ GF/GP revenue is projected to be \$424 million above FY2023-2024 with a total of \$14.02 billion.
 - ❖ School Aid revenue is projected to be \$360 million above FY2023-2024 with a total of \$18.3 billion.
- Revenue is basically flat
 - ❖ Revenue in 2026 is nearly \$9 billion higher than in FY2019.
 - ❖ However, that is only 5.5% growth after adjusting for inflation.
 - ❖ Further, it would represent approximately a 1% increase year over year for the cumulative period.
 - ❖ Federal Pandemic Relief is drying up.

FY2025 Executive Budget Proposal

- 2.5 percent increase in funding for basic K-12 school operations and most ongoing categoricals
 - ❖ Foundation allowance increase of \$241-per-student / \$9,894 per pupil (\$316 million increase)
 - ❖ Weighted funding increase of \$2.5% (\$54 million increase)
- \$125 million going to at-risk, special education and English learners
 - ❖ \$90 million for high poverty students
- \$50 million for before and after school program
- \$23.3 million total funding for Early On
 - ❖ inclusive of 4.5% increase
- \$4.5 million total funding for home visits
- \$71 million for districts with declining enrollment

FY2025 Executive Budget Proposal

- \$650 million total for Great Start Readiness Program (GSRP) including \$63.5 million for expansion
 - ❖ Expansion makes all 4-year-olds eligible by removing the income eligibility thresholds and funds an estimated 6,800 additional kids
- \$45 million for CTE, including a new pilot program to connect high schoolers with local industries.
- Additional 5% increase for Rural/Isolated districts beyond base increase of 2.5%
- \$40 million to encourage student completion of the Free Application for Federal Student Aid.
- \$200 million to help students with academic intervention programs like MI Kids Back On Track.

FY2025 Executive Budget Proposal

- \$150 million in on-going student mental health and building upgrades for school safety
- \$200 million to continue universal free-breakfast and lunch
- \$175 million to continue to provide free-tuition opportunities and student teacher stipends for educators in training.
- One-time investments
 - ❖ \$179 million for a new literacy program
 - ❖ \$165 million incentivizing districts to adopt high quality literacy curriculum
 - ❖ \$125 million for offsetting school districts' transportation costs.
 - ❖ \$1.7 billion in state MPSERS contributions including an offset payment to decrease school district payroll contributions from 20.96% to 20%.

Proposed MPERS Fund Shift

- Two Components of Michigan Public School Employees Retirement System (MPERS)
 - ❖ Pension – \$35B unfunded liabilities
 - ❖ 64% funded as of 9/30/22
 - ❖ Scheduled to be fully funded by 2038
- Retiree Health - \$89M unfunded liabilities
 - ❖ 99% funded as of 9/30/22 with \$12B in assets
 - ❖ 126% funded as of 9/30/23
 - ❖ \$140% funded as of March 2024



Proposed MPERS Fund Shift

- Current MPERS “funding floor” provision added in PA 181 of 2018
 - ❖ Annual payments for unfunded liabilities (pension and retiree health) shall be no less than the prior year until ALL liabilities “fully paid”
- As a result, actual contribution amounts for retiree health were well-above actuarially-determined amounts since FY2020
 - ❖ Pay-off unfunded liabilities much sooner
- Proposal seeks state law change to reduce contributions for retiree health component above amount needed for 100% funding
 - ❖ This effectively “frees up” \$670M in FY2025 budget

OPEB Fiscal Year 2023 Details

FY 2023 Revenue

\$869 million - investment income

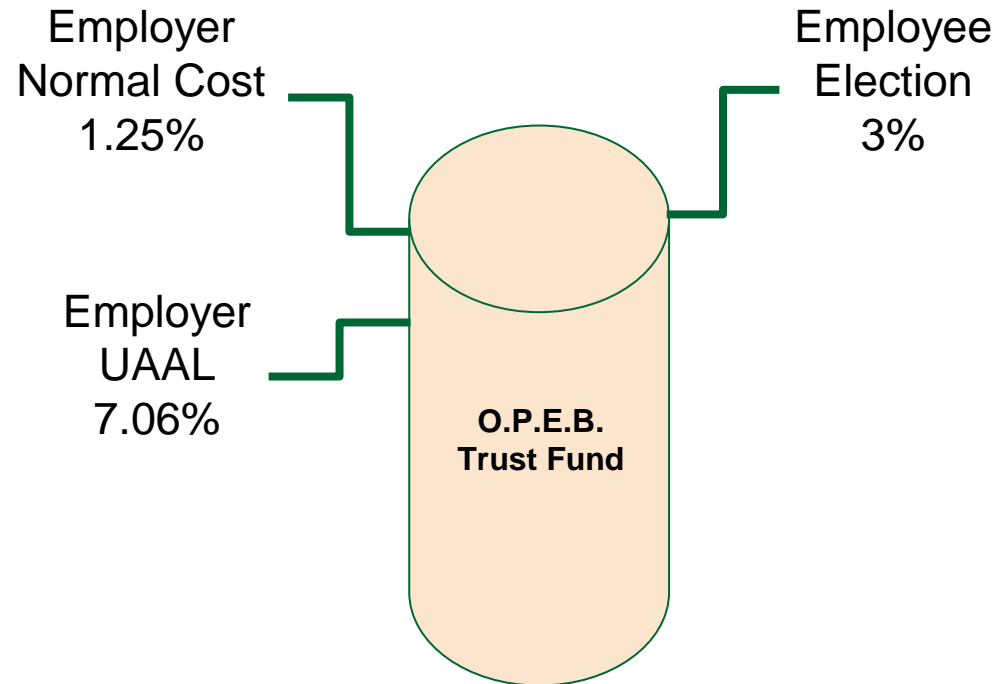
\$202 million - employee contributions

\$783 million - employer contributions

FY 2023 Costs

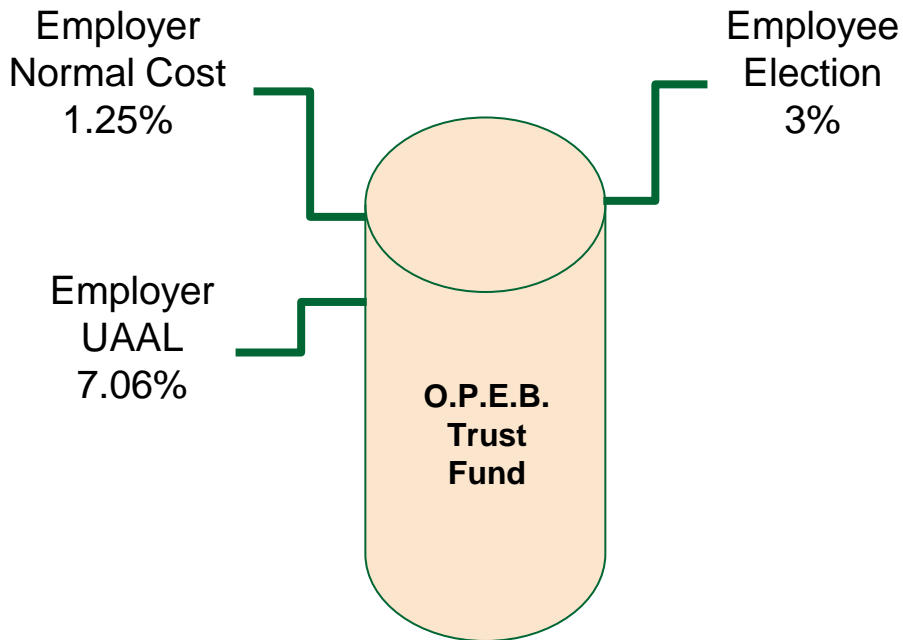
\$671 million claims, insurance & fees

OPEB Trust Fund Contributions FY 2024

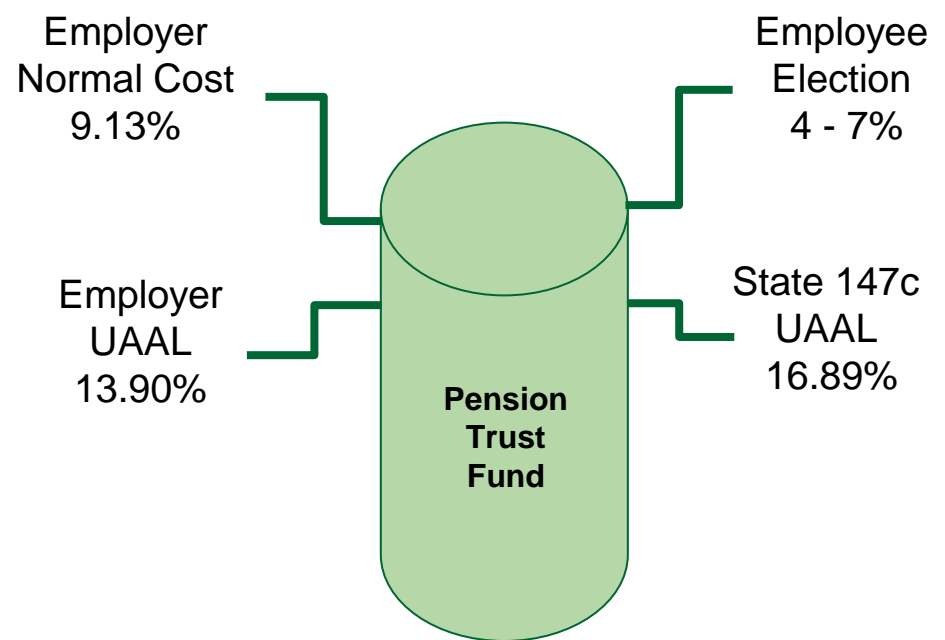


MPSERS Trust Fund Revenue

OPEB Trust Fund Contributions FY 2024

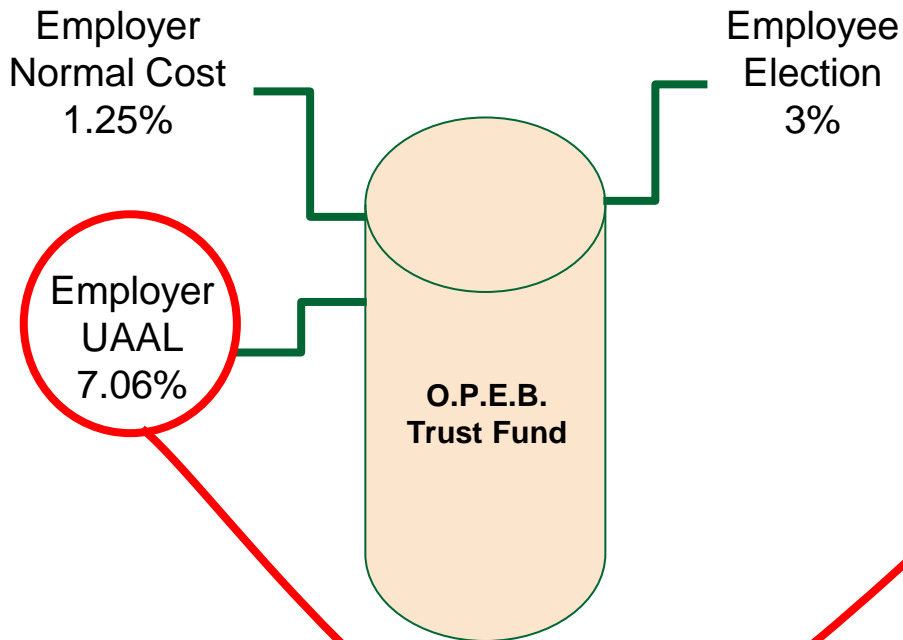


Pension Trust Fund Contributions FY 2024

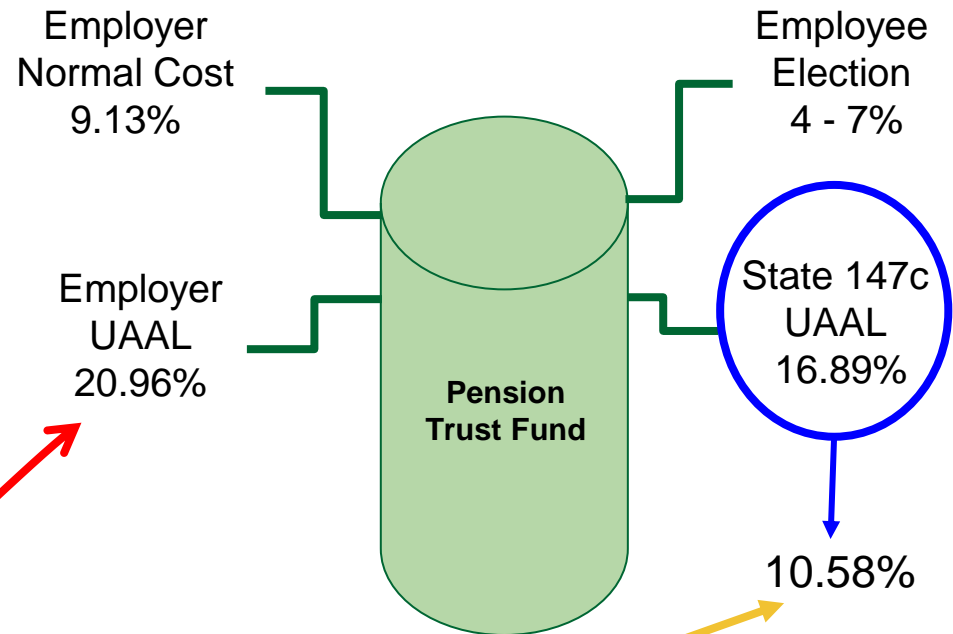


Executive and Senate Plan

OPEB Trust Fund Contributions FY 2025



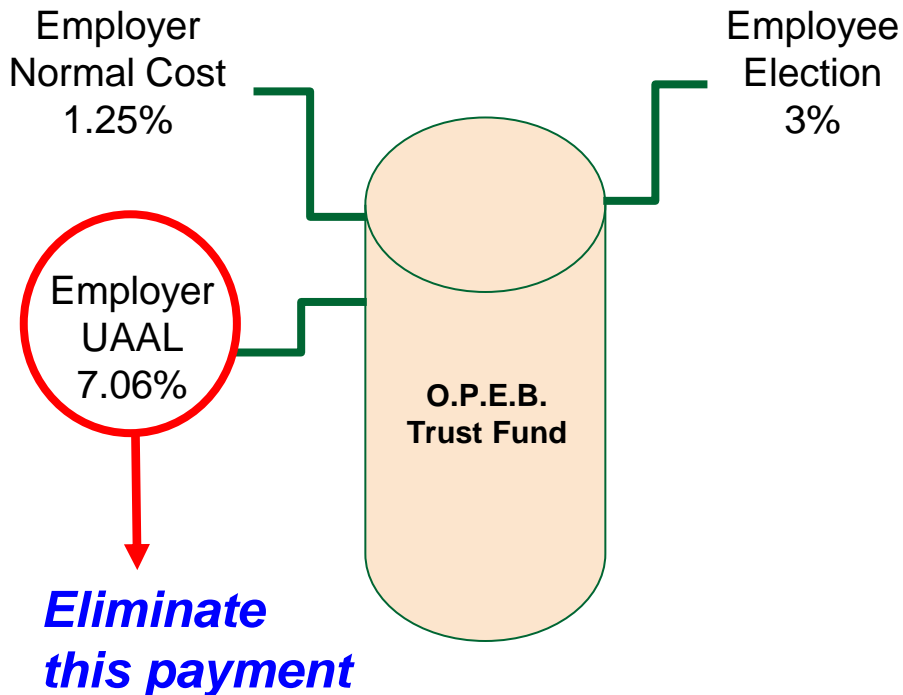
Pension Trust Fund Contributions FY 2025



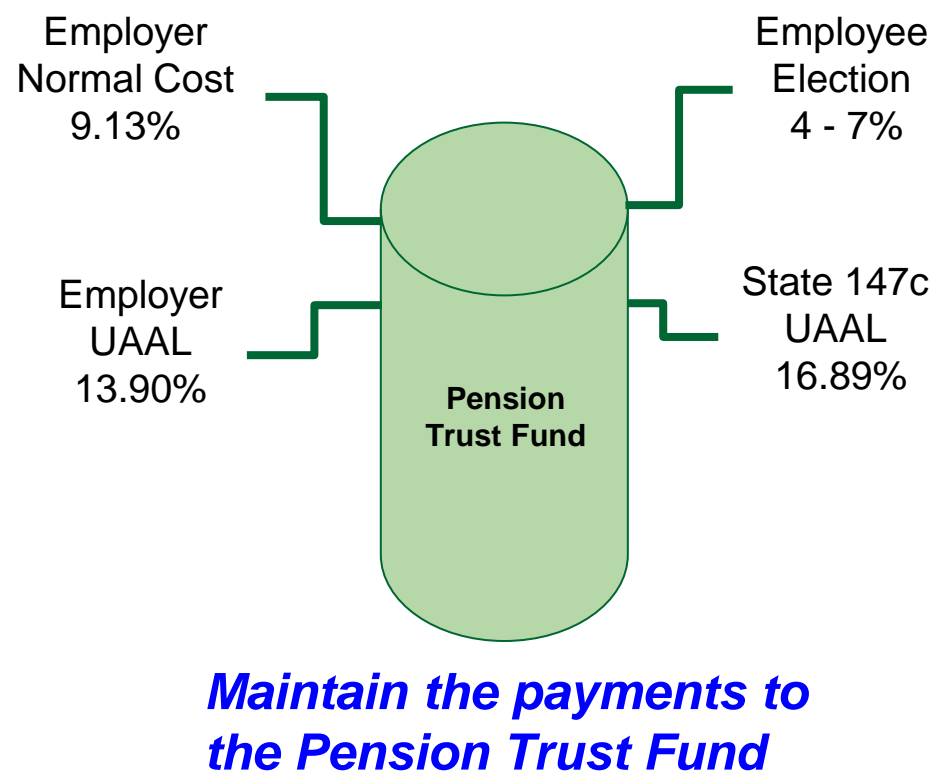
This is what frees up \$670 million

Preferred and Responsible Plan

OPEB Trust Fund Contributions FY 2025

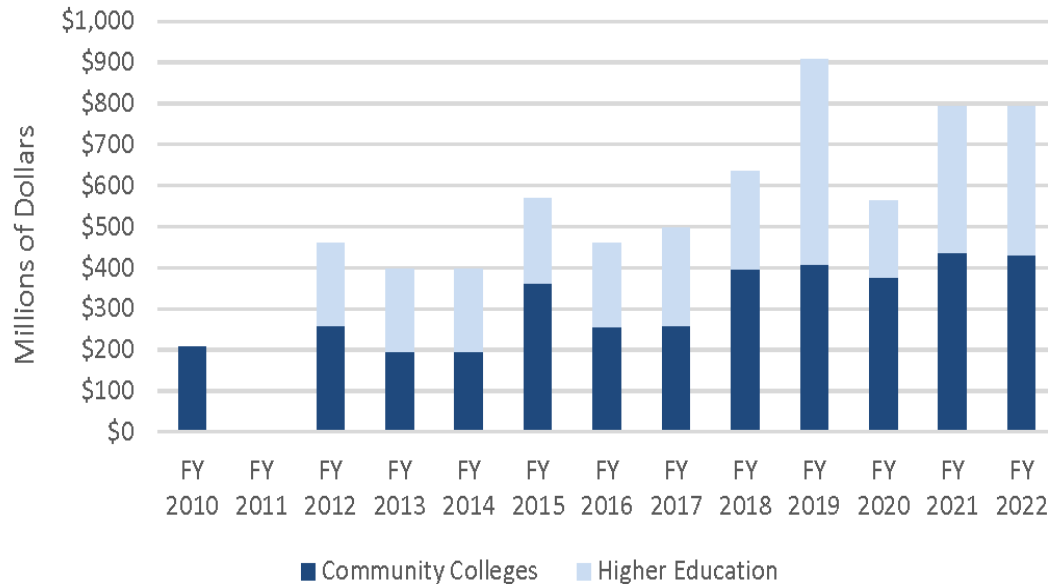


Pension Trust Fund Contributions FY 2025



School Aid Fund Shift

SAF Appropriations to Community Colleges and Higher Education



- Since 2010, Michigan has shifted a total of \$8.7 billion from the School Aid Fund to community colleges/universities.
- Based on current enrollment statewide, that is a cumulative shift of \$5,919 per pupil during the last 15 years.

SCHOOL AID FUND
SHIFT OF COMMUNITY COLLEGE AND UNIVERSITY FUNDING
2009-10 THRU 2024-25
(Millions)

Year	Community College	University	Total	Per K-12 Student
2009-10	\$ 208.4	\$ -	\$ 208.4	\$ 131
2010-11	-	-	-	-
2011-12	195.9	200.2	396.1	255
2012-13	197.6	200.6	398.2	259
2013-14	197.6	200.6	398.2	262
2014-15	364.7	204.6	569.3	378
2015-16	256.7	205.2	461.9	309
2016-17	260.4	237.1	497.5	334
2017-18	398.3	238.3	636.6	429
2018-19	408.2	500.1	908.3	618
2019-20	414.7	349.4	764.1	523
2020-21	425.7	356.1	781.8	540
2021-22	431.9	361.4	793.3	564
2022-23*	544.9	347.9	892.8	638
2023-24**	496.2	452.3	948.5	681
2024-25##	465.9	545.5	1,011.4	730
TOTAL	\$5,267.1	\$4,399.3	\$ 9,666.4	\$ 6,649

* Includes \$74.9 million in FY2022-23 Supplemental Education Budget.

** Based on SFA YTD FY2023-24 #s and Jan 2024 CREC pupil est (Jan 2024)

Based on SFA FY2024-25 Executive Budget recommendation (Feb 2024)



Education Policy Bills

- SB285 – Kindergarten attendance requirement
- SB463 – FAFSA Completion
- SB518 – Interim Teaching Certifications for Special Education
- SB567 – Dyslexia Screening Requirements
- SB568 – Teacher Preparation In Dyslexia
- SB744 – Modifies Requirements for Teacher Probationary Periods
- HB4279 – CTE Millage Language

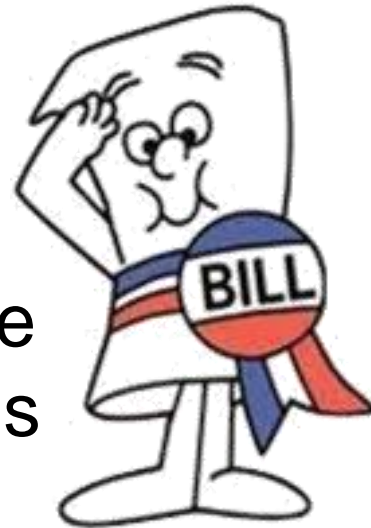


Education Policy Bills

- HB4482 & HB4485 – Civil Procedure
 - ❖ CSC statute of limitations
- HB4486 – Torts – Governmental immunity
- HB4603 – Design-Build Construction for Schools
- HB5025 – Educational Instruction Access Act Repeal
- HB5135 – Orton-Gillingham Training Requirement
- HB5231-5234 – Charter School Transparency Bills
- HB5527 – Cardiac Emergency Response Plans
- HB5528 – Requires CPR and AED certification for athletic coaches

Education Policy Bills – Safety

- HB4089 – School Safety & Mental Health Commission
- HB4092 – OK2Say program tips notification
- HB4095 – Standardized Response Terminology Plan
- HB4096 – Requires department to establish SRTP
- HB5549 – Requires Behavioral Threat Assessment and Management Teams in schools
- HB5450 – Firearm Safe Storage Information
- HB5451 – District distribution of Firearm Safe Storage Information to parents and guardians



What is Next?

■ Budget Development

- ❖ Subcommittee Chair's Budget Recommendation
- ❖ House and Senate Appropriations Committee Budgets
- ❖ May Consensus Revenue Estimating Conference
- ❖ Final Budget by June 30

■ Legislative Action

- ❖ House Special Elections Complete
- ❖ Pace and Volume Expected to Pick Up

■ ORS Lawsuit

■ Monitor MiLEAP Implementation



What is Next?

■ Citizen Ballot Initiatives

- ❖ Animal Abuse Registry
- ❖ Axe MI Tax
- ❖ Citizens for Local Choice
- ❖ Michigan One Fair Wage

■ Political Implications of Change

- ❖ House Legislative Map Re-Do
- ❖ Senator campaigning for Congress
- ❖ Election Year - What If?
- ❖ Immediate Effect
- ❖ Lame Duck!!!!





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