



Calhoun Intermediate
School District

MSBO ISD Committee

Legislative Update

Jerry Johnson, Assistant Superintendent
Legislation and Education Policy

November 21, 2024

Legislation and Education Policy Clients

South Central Education Policy Consortium

49 School Districts / 86,340 Students

■ Barry ISD	2 school districts	3,681 FTEs
■ Branch ISD	3 school districts	5,591 FTEs
■ Calhoun ISD	12 school districts	20,991 FTEs
■ Jackson ISD	12 school districts	22,220 FTEs
■ Lenawee ISD	11 school districts	14,127 FTEs
■ Monroe ISD	9 school districts	19,730 FTEs

Legislative Support Clients

32 School Districts / 66,858 Students

■ Berrien RESA	15 school districts	25,155 FTEs
■ Kalamazoo RESA	9 school districts	34,662 FTEs
■ West Shore ESD	8 school districts	7,041 FTEs

Presentation Overview

- Election Review
- New Legislative Leadership
- MPSERS
- Lame Duck – PA152 / Policy Bills
- What is Next?
- Questions and Answers

Election Review – Federal

- President flips from Democrat to Republican
 - ❖ Trump wins 312 Electoral Votes and Popular Vote
- Senate flips to a Republican majority
 - ❖ 53 Rep – 47 Dem
 - ❖ Elissa Slotkin (Dem) wins open MI Senate Seat
- House to remain a Republican majority
 - ❖ Currently 218 Rep – 208 Dem with 9 seats left to be called
- MI's 13 House Seats now 7 Rep – 6 Dem
 - ❖ 7th District – Tom Barret wins to replace Slotkin (D to R)
 - ❖ 8th District – Kristen McDonald Rivet wins to replace Kildee (D)

Election Review – Michigan

■ Michigan Supreme Court

- ❖ Incumbent Kyra Bolden won re-election
- ❖ Democrat Kimberly Thomas won an open seat
- ❖ The court is now a 5-2 Democratic majority

■ Michigan Legislature - Senate

- ❖ Senate vacancy reduces Democratic majority
 - 19 Dem – 18 Rep

■ Michigan Legislature - House

- ❖ House shifts to a Republican majority
 - 58 Rep – 52 Dem
 - Four seats flipped from Dem to Rep

Election Review – Michigan

■ Michigan Education Boards

- ❖ Michigan State Board of Education
 - Both Republican incumbents were re-elected
 - Remains a 6-2 Democratic majority
- ❖ University of Michigan Board of Regents
 - Remains a 6-2 Democratic majority
- ❖ Michigan State University Board of Trustees
 - Remains a 7-1 Democratic majority
- ❖ Wayne State University Board of Governors
 - Now a 5-3 Democratic majority, down from 6-2

New MI Legislative Leadership

- House Republican Leadership – Majority
 - ❖ Matt Hall, Speaker of the House
- House Democratic Leadership – Minority
 - ❖ Ranjeev Puri, Minority Leader
- Caucus Leadership and Committee Chairs to be determined after first of the year.

FY2025 Budget – MPSERS Fund Shift

- Two Components of Michigan Public School Employees Retirement System (MPSERS)
 - Pension – \$35B unfunded liabilities
 - ❖ 64% funded as of 9/30/22
 - ❖ Scheduled to be fully funded by 2038
 - Retiree Health (OPEB) - \$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



OPEB Fiscal Year 2023 Details

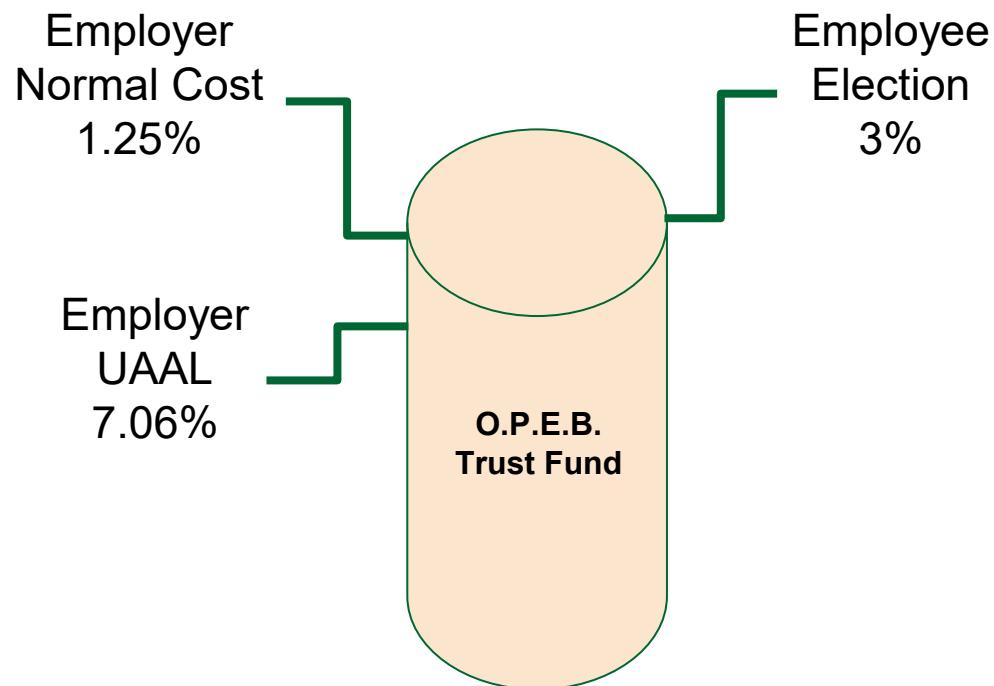
FY 2023 Revenue

- \$869 million - investment income
- \$202 million - employee contributions
- \$783 million - employer contributions

FY 2023 Costs

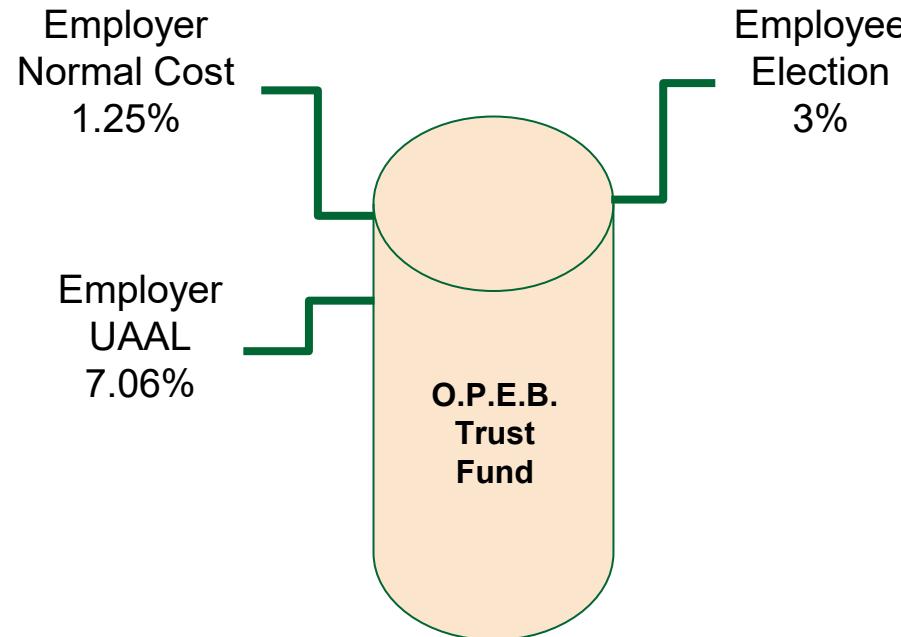
- \$671 million claims, insurance & fees

OPEB Trust Fund Contributions FY 2024

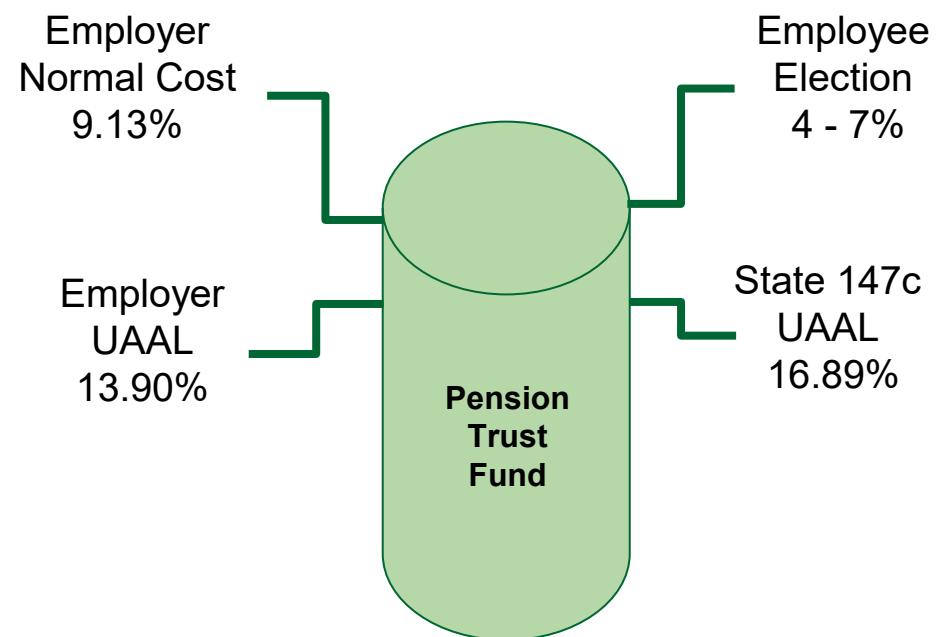


MPSERS Trust Fund Revenue

OPEB Trust Fund Contributions FY 2024



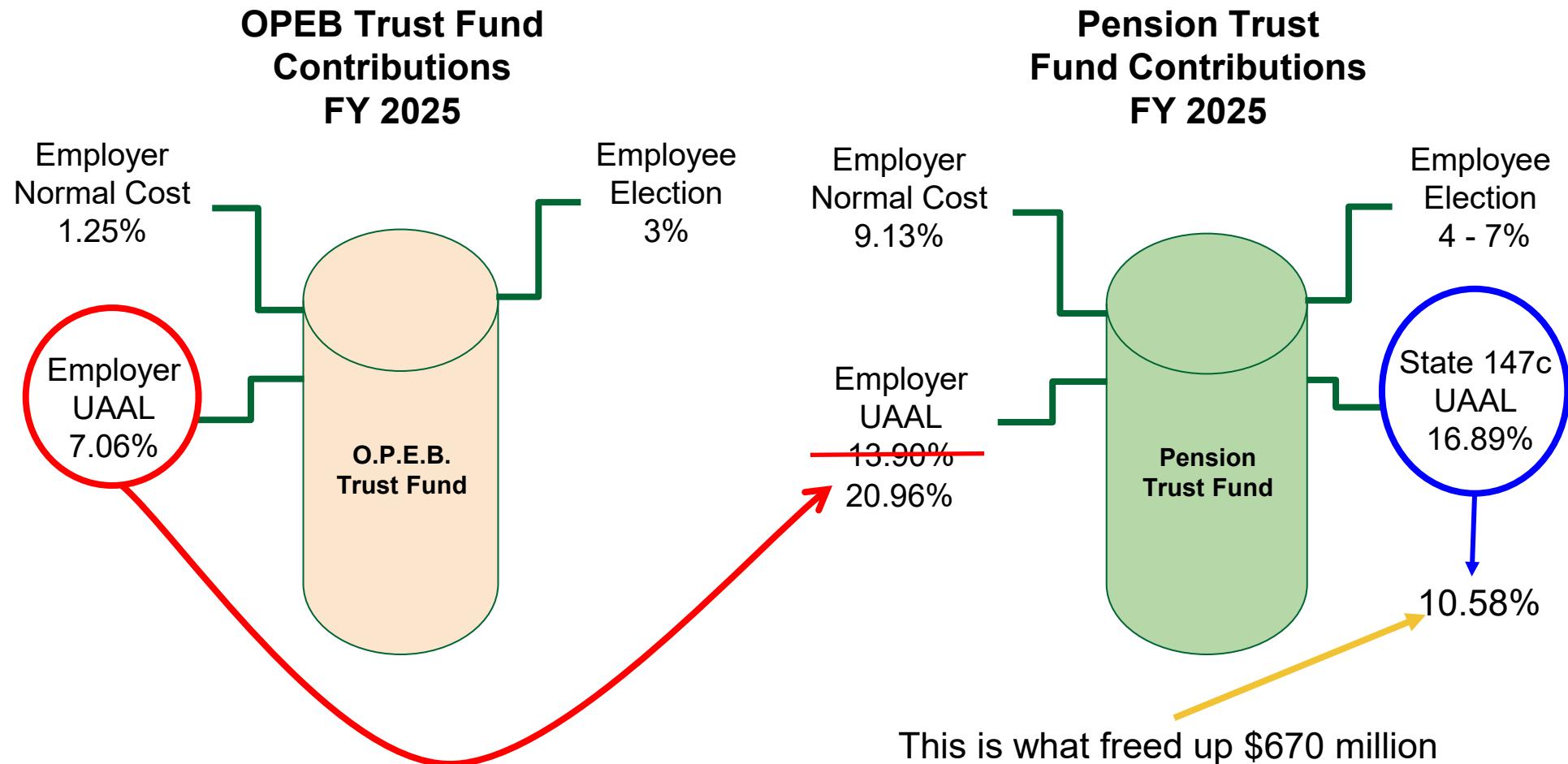
Pension Trust Fund Contributions FY 2024



FY2025 Budget – MPSERS Fund Shift

- Original MPSERS “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
- Governor asked for state law change to reduce contributions for retiree health component above amount needed for 100% funding
 - ❖ This effectively “frees up” \$670M in FY2025 budget

FY2025 Budget – MPSERS Fund Shift



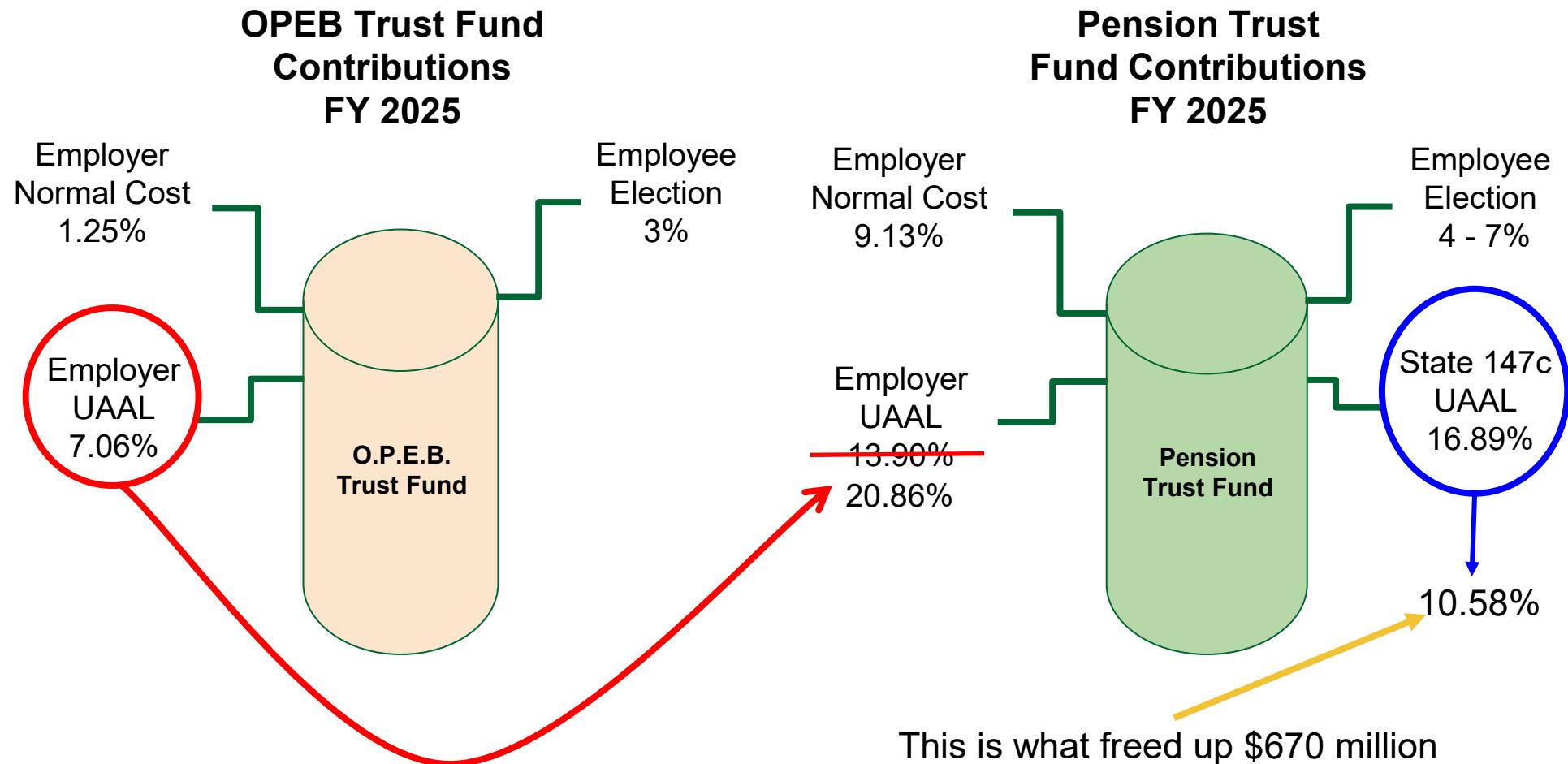
FY2025 Budget – MPERS Numbers

- Maintains \$100 million MPERS Cost Offset (147a(1))
- Provides \$365.2 million in Normal Cost Offset (147a(2))
- Maintains \$12 million in Normal Cost Offset for ISD's (147a(3))
- Provides \$598.0 million SAF to effectively lower the UAAL contribution cap of 20.96% to 15.21% (147a(4))
- Adds \$118 million for a \$334 million total in the MPERS Retirement Obligation Reform Reserve Fund (147b)
- Reduces by \$574.1 million the State Share of Unfunded Liability Payments (147c)
- Provides \$181.5 million one-time SAF for districts to reimburse certain employees for their 3% healthcare contribution (147g)

FY2025 Budget – MPERS Rates

- New rates published October 7, 2024
 - ❖ Effective as of October 3, 2024
- Stabilization rate drops to 10.58% to match Section 147(c) appropriation
- Section 147(g) still happening in FY2025 to provide 3% reimbursement to eligible employees
 - ❖ When?

FY2025 Budget – MPSERS Rates



FY2025 Budget – MPSERS Rates

MPSERS Retirement Rates for FY2025								
	Basic MIP w/Prem Subsidy	Pension Plus w/Prem Subsidy	Pension Plus PHF	Pension Plus to DC w/PHF	Basic/MIP To DC w/ Prem Subsidy	Basic/MIP To DC w/PHF	Basic/ MIP w/PHF	Pension Plus 2 with PHF
Total Rate	41.94%	38.10%	36.85%	31.54%	32.79%	31.54%	40.69%	37.74%
Employer Rate:								
<i>Pension Normal Cost</i>	9.15%	5.31%	5.31%	0.00%	0.00%	0.00%	9.15%	6.20%
<i>Pension UAL</i>	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%
Pension Total Rate	30.01%	26.17%	26.17%	20.86%	20.86%	20.86%	30.01%	27.06%
<i>Health Normal Cost</i>								
<i>Health UAL</i>	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Retiree Health Total Rate	1.35%	1.35%	0.10%	0.10%	1.35%	0.10%	0.10%	0.10%
Employer Capped Rate	31.36%	27.52%	26.27%	20.96%	22.21%	20.96%	30.11%	27.16%
Stabilization Rate (State Funded)	10.58%	10.58%	10.58%	10.58%	10.58%	10.58%	10.58%	10.58%
FY2024 Employer Capped Rate	31.34%	27.48%	26.23%	20.96%	22.21%	20.96%	30.09%	27.16%

For FY2023-24 MPSERS Rate was **16.89%**

FY2025 Budget – MPSERS 3% Reimburse

- This is complex and patience is essential
- \$181 million based on 2023-24 payroll figures
- Is there enough money to fully reimburse?
- Taxable/Reportable event - MPSERS deduct?
- No formula for distribution to districts
 - ❖ Requires district-by-district analysis of eligible employees and what their pay rate is for 2024-25
- Money coming to districts in state aid payments beginning in December - later???
- Existing law continues requiring districts to collect the 3% through September 30, 2025
- Develop a communication plan for affected employees

FY2026 Budget – Planning Ahead

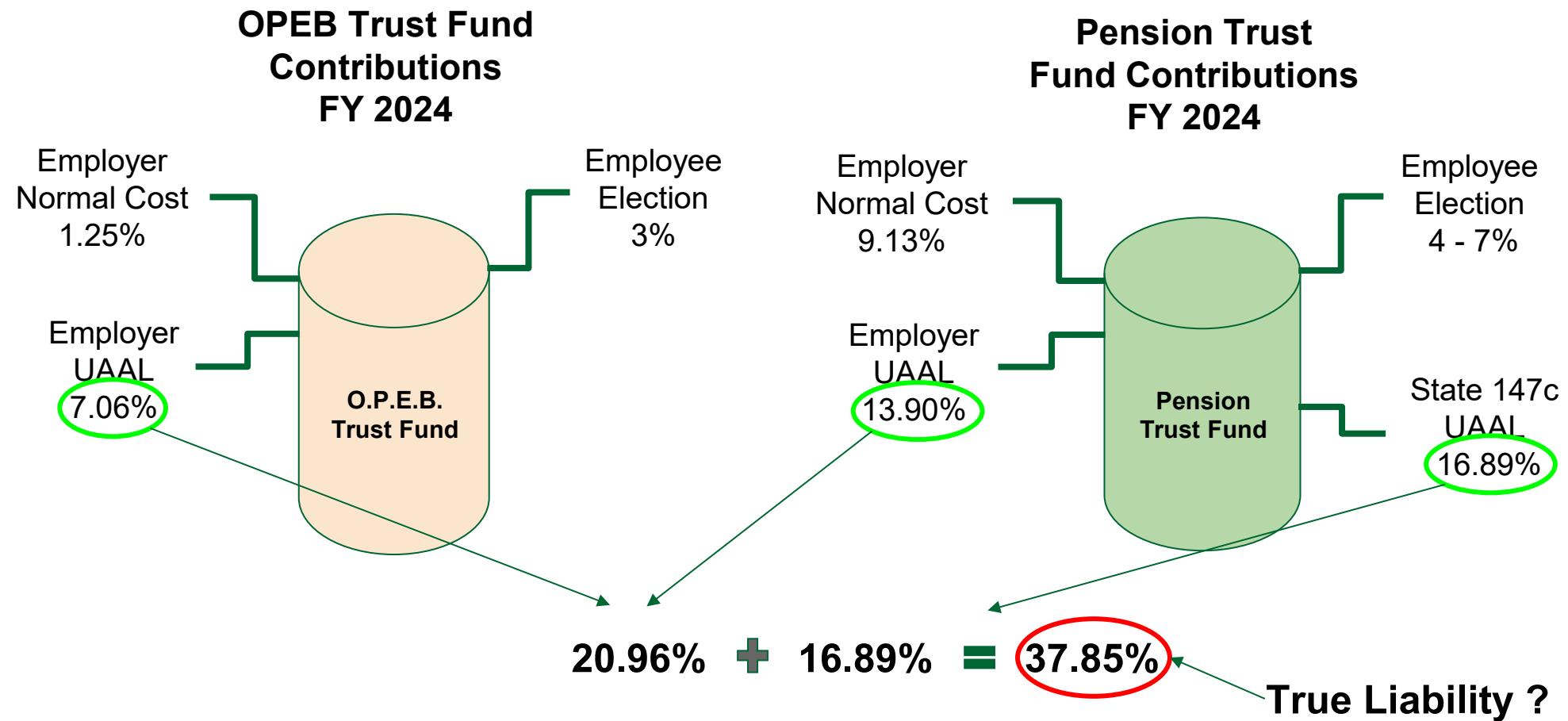
- Beginning October 1, 2025, the maximum liability rate (UAAL rate) is 15.21% of a school district's payroll
 - ❖ Reduced from the current 20.96%
- Beginning October 1, 2025, employees hired prior to September 4, 2012, will no longer be required to pay 3% of their wage for retiree health insurance
- The floor funding provision is removed

FY2026 Budget – Planning Ahead

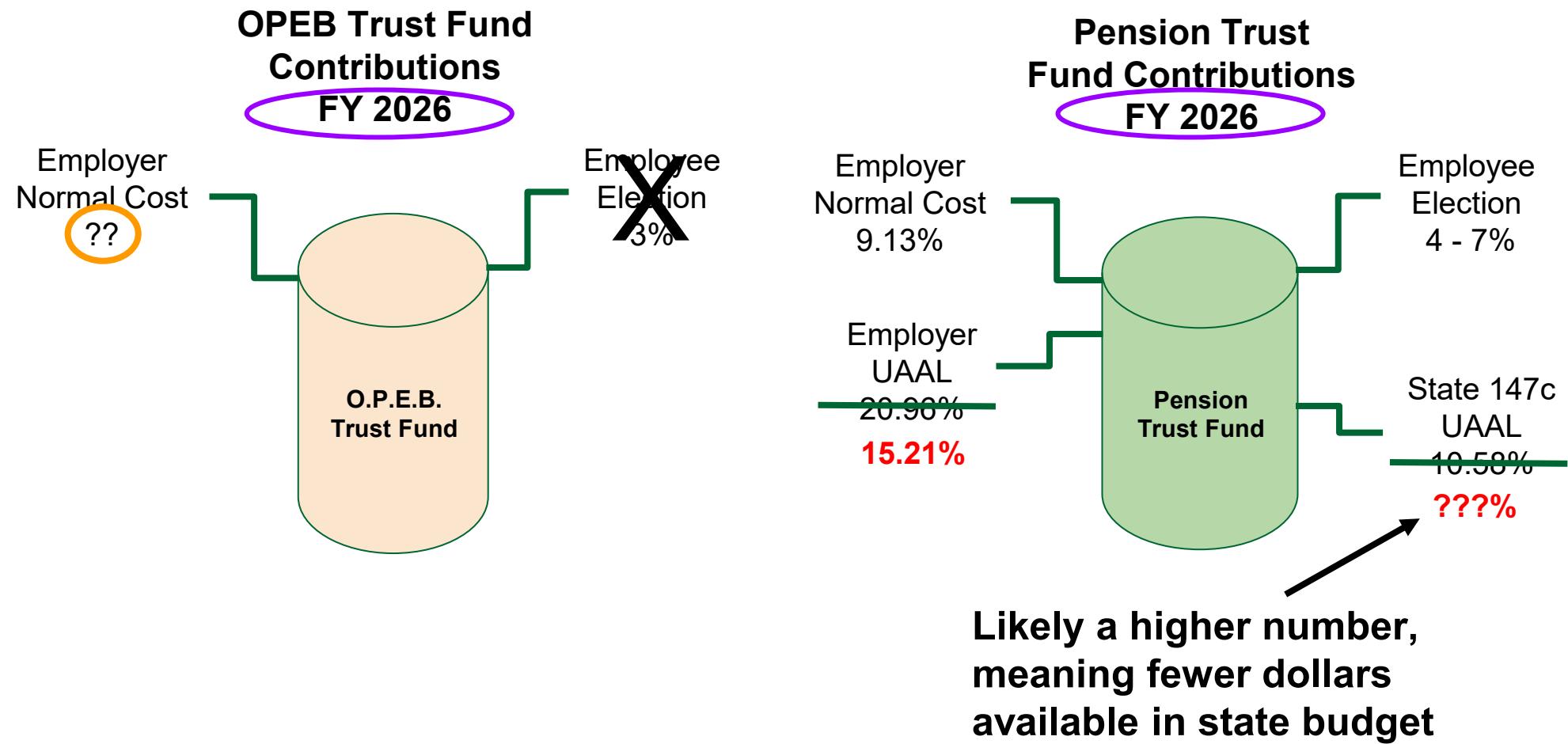
For FY2025-26 Pension Rate will be **15.21%**

MPSERS Retirement Rates for FY2025								
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<i>Pension UAL</i>	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%	20.86%
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Health Normal Cost								
<i>Health Normal Cost</i>	1.25%	1.25%	0.00%	0.00%	1.25%	0.00%	0.00%	0.00%
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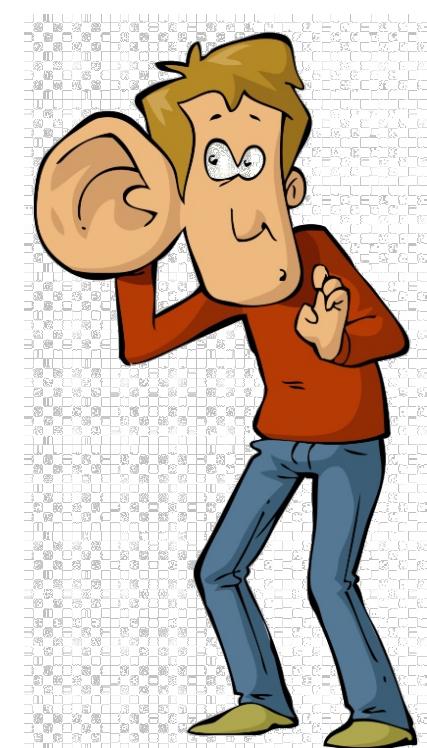


FY2026 Budget – Planning Ahead



FY2026 Budget – Planning Ahead

- Understand your district's payroll
 - ❖ Quantify what 3% means to the budget
 - ❖ Quantify what 5.75% rate reduction means based on payroll costs
- Conversations on 3% reimbursement & urge patience
- Project impact on MOE & other key formulas



Lame Duck

■ Potential Paths for Lame Duck

- ❖ Whirlwind of activity to maximize Democratic Trifecta
- ❖ Chaos and disorder that results in little getting accomplished

■ Supplemental Budget Possible

■ Economic Development – SOAR

■ Minimum Wage Adjustments (Tips)

■ Insurance Cost-Share Changes

- ❖ Hard Cap Adjustment or Elimination
- ❖ HB6058 / SB1129 / SB1130 On the Table



Lame Duck – PA152

- Section 3 – Employer Maximum Amount
 - ❖ Original: \$5,000 / \$11,000 / \$15,000
 - ❖ Adjusted based on Medical Care CPI
- Section 4 – 80/20 Cost Share (Employer 80% Max)
- HB6058 Resets Maximum Amounts
 - ❖ Proposed: \$8,258 / \$17,271 / \$22,523
 - ❖ Single and Family Amounts Adjusted by Medical Care CPI **or 3%**, whichever is greater.
 - ❖ Single+1 Adjusted by scaled Multiplier of Single Amt.
 - ❖ Employer may Bargain amount over Max on Annual Scale Percentage (1% to 5% over 5 Years)
 - ❖ Must be Concurred by Each Bargaining Unit
 - ❖ Changes 80% from Ceiling to Floor

Lame Duck – PA152

- SB1129 Increases Hard Cap Annually by .3 %
 - 2025 – 80.3%
 - 2026 – 80.6%
 - 2027 – 80.9%
 - 2028 – 81.2%
 - 2029 – 81.5%
- SB1130 Makes Same Changes to Section 3 that are included in HB6058
- HB6136 is FULL REPEAL of Publicly Funded Health Insurance Contribution Act
- HB6137-HB6142 Remove References to Publicly Funded Health Insurance Contribution Act

Lame Duck – Policy Bills

- Keep MI Kids Tobacco Free
 - ❖ HB6002-6005, HB6022, SB647-654
- Charter School Transparency
 - ❖ HB5231-5234, HB5269, SB943-947
- Teacher Licensing Examination
 - ❖ SB354
- MMC Course Labels
 - ❖ HB5735
- FAFSA Completion
 - ❖ SB463
- Work Permits
 - ❖ SB964/HB5594



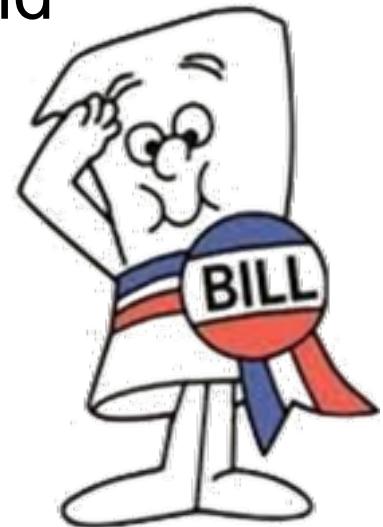
Lame Duck – Policy Bills

- Civil Procedure - CSC statute of limitations
 - ❖ **HB4485**
- Torts – Governmental immunity
 - ❖ **HB4486**
- Kindergarten mandatory attendance
 - ❖ **SB285**
- CTE Millage Language
 - ❖ **HB4279**
- Dark Store Property Tax
 - ❖ **HB5865-5867**
- Defined Benefit Plan
 - ❖ **HB6060**



Lame Duck – Policy Bills – Safety

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



What is Next?

■ Budget Priorities

- ❖ Since 2010, Michigan has shifted a total of \$6.8 billion from the School Aid Fund to higher education.
- ❖ Equitable Funding – Areas of Need

■ Tax Policy

- ❖ Gas Tax
- ❖ Income Tax

■ Economic Development

■ MI a likely proving ground for 2026 & 2028 Elections





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