

MSBO School Finance Committee Legislative Update

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Michigan Election Results Overview

- **Presidential Election:** President Donald Trump has won the 2024 presidential election, securing the Electoral College. Michigan's 15 electoral votes have also been confirmed in his favor. With Trump set to take office, we can anticipate significant changes in federal policies that may affect education.
- **U.S. Senate:** Democrat Elissa Slotkin has won the Michigan Senate race, defeating Republican Mike Rogers.
- **U.S. House:** All incumbents retained their seats in Michigan's U.S. House races. Democrat Kristen McDonald-Rivet filled key vacancies in the 8th District, who defeated Republican Paul Junge, and Republican Tom Barrett in the 7th District, who defeated Democrat Curtis Hertel Jr. Republicans will control the chamber.
- **State Legislature – House of Representatives:** House Republicans have regained control of the Michigan House, ending the Democrats' legislative majority. The Republicans focused efforts on key races, successfully flipping four districts:

Implications for Federal Education Policy

This political shift in Washington could significantly affect education policy and funding priorities in the coming legislative session. Below are some key areas to watch:

- **FY2025 Funding for the U.S. Department of Education:** The federal FY2025 funding for the U.S. Department of Education remains to be determined. Congress delayed appropriations until December 20th, so finalization could be delayed further into the spring, especially now that President Trump has won the election. The House Republican proposals include significant cuts, such as eliminating Title II and Title III and reducing Title I funding by 25%. A best-case scenario might be level funding for K-12 education, but slight decreases are likely.
- **School Vouchers:** Republicans are expected to advocate for including school vouchers in broader tax policy changes. This could include expanding 529 accounts to cover homeschooling expenses and pushing forward the Educational Choice for Children Act, a \$5 billion annual tax credit voucher proposal.
- **E-Rate and Universal Service Fund (USF):** The E-Rate program, which provides nearly \$4 billion in funding for school internet connectivity, faces

challenges from both the courts and Congress. A pending Supreme Court case could threaten the broader Universal Service Fund (USF), potentially causing chaos if the funding mechanism is found unconstitutional. Additionally, the anticipated chair of the Senate Energy & Commerce Committee, Senator Ted Cruz, has previously been unsupportive of E-Rate

Federal Policy Developments to Watch

- **Title IX and Civil Rights:** Republicans are expected to quickly move to rescind recently enacted Title IX regulations, particularly those concerning transgender student protections.
- **Parental Rights and Data Privacy:** Legislation may be introduced to increase parental access to curriculum, technology, and student records and change FERPA and PPRA.
- **Overtime Pay Regulations:** The Trump administration may also roll back recent increases in overtime pay, with the next phase taking effect on January 1.

Michigan Lame Duck Legislative Session

- **PA 152—House Bill 6058:** Labor unions and Democrats will likely attempt to repeal or modify PA 152. The latest version of the legislation does the following:
 - For agreements post-January 1, 2025, employers must contribute at least 80% of the plan's total annual costs. Defines total costs as premiums, reimbursements, and HSA/FSA payments, excluding any beneficiary-paid costs or contributions required by ACA/state plans.
 - Establishes specific maximum annual amounts a public employer can pay for medical benefit plans starting in 2025: \$8,258.54 per employee with single coverage, \$17,271.17 per employee with individual-and-spouse or individual-plus-one-dependent coverage. \$22,523.34 per employee with family coverage.
- **School Aid Revenue Threats:** There is a wave of plans currently pending or being discussed to reduce School Aid Revenue streams directly or significantly reduce total state revenue, creating more pressure to increase School Aid transfers to support General Fund expenditures. Including:
 - Strategic Outreach and Attraction Reserve (SOAR)
 - Film Tax Credits
 - Redirecting Sales Tax on Gas to transportation funding
- **Supplemental End-of-Year Budget:** Although no bill has been introduced, we expect efforts to intensify to move on a last-minute current-year school aid budget amendment.