Michigan State Senate

All 38 seats up for election

15 seats leading

Before today

Had 10

Had 27
Michigan House of Representatives

All 110 seats up for election

Dem: 52 seats
Rep: 58 seats
Election Analysis – Looking Ahead
Whitmer Inherits Strained Budget

Additional Spending
Expected Revenue

Sources: House Fiscal Agency, Senate Fiscal Agency, CREC
## Challenges for Incoming Governor

Still $1 billion in University funding in GF.

### SCHOOL AID FUND
**SHIFT OF COMMUNITY COLLEGE AND UNIVERSITY FUNDING**
*2009-10 THRU 2018-19 (Millions)*

<table>
<thead>
<tr>
<th>Year</th>
<th>Community College</th>
<th>University</th>
<th>Total</th>
<th>Per K-12 Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10</td>
<td>$208.4</td>
<td>$-</td>
<td>$208.4</td>
<td>$131</td>
</tr>
<tr>
<td>2010-11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2011-12</td>
<td>195.9</td>
<td>200.2</td>
<td>396.1</td>
<td>255</td>
</tr>
<tr>
<td>2012-13</td>
<td>197.6</td>
<td>200.6</td>
<td>398.2</td>
<td>259</td>
</tr>
<tr>
<td>2013-14</td>
<td>197.6</td>
<td>200.6</td>
<td>398.2</td>
<td>262</td>
</tr>
<tr>
<td>2014-15</td>
<td>364.7</td>
<td>206.5</td>
<td>571.2</td>
<td>379</td>
</tr>
<tr>
<td>2015-16</td>
<td>256.7</td>
<td>205.2</td>
<td>461.9</td>
<td>309</td>
</tr>
<tr>
<td>2016-17</td>
<td>260.4</td>
<td>237.1</td>
<td>497.5</td>
<td>334</td>
</tr>
<tr>
<td>2017-18</td>
<td>398.3</td>
<td>238.3</td>
<td>636.6</td>
<td>429</td>
</tr>
<tr>
<td>2018-19</td>
<td><strong>408.2</strong></td>
<td><strong>500.2</strong></td>
<td><strong>908.4</strong></td>
<td><strong>614</strong></td>
</tr>
</tbody>
</table>

**Summary:**
- **Total Community College Funding:** $2,487.8 million
- **Total University Funding:** $1,988.7 million
- **Total Funding:** $4,476.5 million
- **Per K-12 Student Funding:** $2,970.5 million
Governor Whitmer Campaign Promises

Fix the Damn ROADS!  $2 billion
Implements SFRC results  $3+ billion

Pension Tax Repeal  $270 million
Total State Revenue as a Percentage of Michigan Personal Income

Michigan’s constitution was amended in 1978 to set a limit on total state revenue (including all taxes and fees) equal to 9.49% of personal income. For FY 2018-19, the state is projected to be $9.0 billion below that limit.
<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1% Income Tax Increase</td>
<td>$2.38 bln</td>
</tr>
<tr>
<td>1% Sales Tax Increase</td>
<td>$1.28 bln</td>
</tr>
<tr>
<td>Marijuana Tax</td>
<td>$262 mln*</td>
</tr>
<tr>
<td>1 mill Property Tax Increase</td>
<td>$332 mln</td>
</tr>
<tr>
<td>Sales Tax on Services Increase</td>
<td>$1-3 bln*</td>
</tr>
<tr>
<td>Sports Gambling</td>
<td>$6 mln*</td>
</tr>
</tbody>
</table>

*Estimates will vary depending on specific policy.
Looking at Teacher Shortage
National teacher supply not meeting demand

Figure 1
Projected Teacher Supply and Demand

Turnover growing as a national issue, largely due to “dissatisfaction” in the profession.

**Figure 18**
Trends in Teacher Turnover

**Figure 27**
Types of Reasons Given by Teachers for Leaving the Profession


Note: The five factors combine survey questions into common categories (see Table 1). Percentages do not add to 100 because teachers can select multiple reasons. Source: LPI analysis of the Teacher Follow-Up Survey (TFS), 2013, from the Schools and Staffing Survey, National Center for Education Statistics.
Just under 2,000 Michigan teacher retirements per year since 2014; many more eligible

Source: MPSERS Annual Actuarial Valuation, DTMB, Office of Retirement Services
Declines in Michigan teacher certifications far outpace student enrollments drops

Figure 2. Initial certificates and Michigan pupil count 1996-1997 through 2015-2016

Number of Initial Certificates and MI Pupil Count
1996-1997 through 2015-2016

- Students: 14% decrease since peak in 2003
- Certificates: 62% decrease since peak in 2004

Large drops in Michigan teaching certifications, including for key shortage areas.

What would bring teachers back (leavers)?

Figure 29
What Would Bring Leavers Back?
Factors rated by former teachers as important in a decision to return

- Ability to maintain teaching retirement benefits
- An increase in salary
- Smaller class sizes or smaller student load
- Easier & less costly renewal of certification
- State certification reciprocity
- Availability of part-time teaching positions
- Availability of suitable child care options
- Forgiveness of student loans
- Housing incentives

Note: Leavers included in this table are the 53% of teachers who left and said they would consider returning to the teaching workforce.

Source: LPI analysis of the Teacher Follow-Up Survey (TFS), 2013, from the Schools and Staffing Survey, National Center for Education Statistics.
Michigan’s Next Step in School Funding
Michigan Voters: “Schools are Underfunded and Unfairly Funded”
Michigan Voters: “We Support Equity”

This proposal would require the state to fund public and charter school education at a rate of $9,590 per pupil, per year. Additionally, the proposal would also provide extra funding for special education, English language learners, students living in poverty, programs to provide career and technical education, and to account for geographic isolation.

Would you favor or oppose this proposal to change the way schools are funded in Michigan by establishing a standard, per pupil funding formula?

- Favor: Initial 60, 2nd Vote 67
- Oppose: Initial 27, 2nd Vote 24

+33

+43
Michigan’s Disinvestment in Education

Michigan Among the Most Regressive States for School Funding Equity

**FIGURE 1:** Gaps in State and Local Revenues per Student Between Districts Serving the Most and the Fewest Students in Poverty

**READING THIS FIGURE:** In Utah, the highest poverty districts receive 21 percent more in state and local funds per student than the lowest poverty districts. In states shaded in dark green, the highest poverty districts receive at least 15 percent more state and local funds than the lowest poverty districts; light green shading indicates that the highest poverty districts receive between 5 and 15 percent more. In states shaded in dark red, the highest poverty districts receive at least 15 percent less state and local funds than the lowest poverty districts; light red shading indicates that the highest poverty districts receive between 5 and 15 percent less. Gray shading indicates similar levels of funding for the highest and lowest poverty districts. States are ordered and classified as providing more or less funding to their highest poverty districts based on unrounded percentages.15

Money Matters in Improving Education Outcomes

“A 21.7% increase in per-pupil spending throughout all 12 school-age years for children from low-income families is large enough to eliminate the education attainment gap between children from low-income and non-poor families.”

Opportunity for All? College Ready by SAT

- English Learner: 5,870
- Economically Disadvantaged: 131,110
- Not Economically Disadvantaged: 771,239

Total Students:
- 97,838
- 771,239
Opportunity for All? Life Outcomes

**Figure 2.1** Median Earnings and Tax Payments of Full-Time Year-Round Workers Age 25 and Older, by Education Level, 2015

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Estimated Taxes</th>
<th>After-Tax Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Degree (2%)</td>
<td>$29,900</td>
<td>$92,000</td>
</tr>
<tr>
<td>Doctoral Degree (2%)</td>
<td>$25,500</td>
<td>$74,500</td>
</tr>
<tr>
<td>Master’s Degree (11%)</td>
<td>$18,400</td>
<td>$56,800</td>
</tr>
<tr>
<td>Bachelor’s Degree (25%)</td>
<td>$14,500</td>
<td>$46,900</td>
</tr>
<tr>
<td>Associate Degree (11%)</td>
<td>$10,100</td>
<td>$46,000</td>
</tr>
<tr>
<td>Some College, No Degree (19%)</td>
<td>$6,900</td>
<td>$41,700</td>
</tr>
<tr>
<td>High School Diploma (29%)</td>
<td>$7,000</td>
<td>$36,800</td>
</tr>
<tr>
<td>Less than a High School Diploma (7%)</td>
<td>$5,200</td>
<td>$22,200</td>
</tr>
</tbody>
</table>

**NOTES:** The percentages in parentheses on the vertical axis indicate the percentages of all full-time year-round workers age 25 and older with each education level in 2015. The bars in this graph show median earnings at each education level. The light blue segments represent the estimated average federal income, Social Security, Medicare, state and local income, sales, and property taxes paid at these income levels. The dark blue segments show after-tax earnings. Percentages may not sum to 100 because of rounding.

**SOURCES:** U.S. Census Bureau, Income, Poverty, and Health Insurance in the United States, 2015, Table PINC-03; Internal Revenue Service, 2014; Davis et al., 2015; calculations by the authors.
Opportunity for All? Life Outcomes

**Figure 2.11** Civilian Population Age 25 to 64: Percentage Employed, Unemployed, and Not in Labor Force, 2005, 2010, and 2015

<table>
<thead>
<tr>
<th>Level</th>
<th>2015</th>
<th>2010</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>82.6%</td>
<td>81.3%</td>
<td>83.8%</td>
</tr>
<tr>
<td>Unemployed</td>
<td>4.0%</td>
<td>2.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>15.3%</td>
<td>14.7%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Bachelor’s Degree of Higher</td>
<td>77.4%</td>
<td>76.7%</td>
<td>81.3%</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>72.2%</td>
<td>70.3%</td>
<td>76.5%</td>
</tr>
<tr>
<td>Some College, No Degree</td>
<td>67.8%</td>
<td>67.4%</td>
<td>72.8%</td>
</tr>
<tr>
<td>High School Diploma</td>
<td>55.5%</td>
<td>53.4%</td>
<td>58.1%</td>
</tr>
<tr>
<td>Less than a High School Diploma</td>
<td>39.6%</td>
<td>37.9%</td>
<td>37.0%</td>
</tr>
</tbody>
</table>
# Final Recommendation – Michigan Comparison

<table>
<thead>
<tr>
<th></th>
<th>Recommendation</th>
<th>Michigan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Cost</td>
<td>$9,590</td>
<td>$6,698**</td>
</tr>
<tr>
<td>Poverty Weight</td>
<td>0.35 ($3,356)</td>
<td>0.11 ($706)</td>
</tr>
<tr>
<td>ELL (Statewide)</td>
<td>$364 million</td>
<td>$5 million</td>
</tr>
<tr>
<td>WIDA 1-2</td>
<td>0.70 ($6,713)</td>
<td>.03 ($268)*</td>
</tr>
<tr>
<td>WIDA 3-4</td>
<td>0.50 ($4,795)</td>
<td>None</td>
</tr>
<tr>
<td>WIDA 5-6</td>
<td>0.35 ($3,356)</td>
<td>None</td>
</tr>
<tr>
<td>Special Education*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mild</td>
<td>0.7</td>
<td>Varies</td>
</tr>
<tr>
<td>Moderate</td>
<td>1.15</td>
<td>Varies</td>
</tr>
<tr>
<td>Severe</td>
<td>State Reimbursement</td>
<td>Varies</td>
</tr>
</tbody>
</table>

*Base does not include transportation, food service or adult education.
**Minimum foundation grant of $7,871 with UAAL retirement costs removed.
***State provides EL support through levels 1.9 and lower ($268) and 2.0-2.9 ($168)
****Recent Special Education Funding Taskforce Report showed $700 million needed to fully fund special education for schools.
lame duck.
Lame Duck Topics

- Minimum Wage
- Paid Sick Leave
- Tipping Fees (Water Quality Funds)
- Supplemental Budget ($400 million)
  - Mental Health Support for Schools
- No-Fault Auto Insurance
- All Other Issues
Non-Controversial Lame Duck Topics

• **House Bill 6378**: Maintains UAAL calculation at 20.96% of payroll. Removes `PAYROLL + PURCHASED SERVICE` provision set to take effect in 2019-20.

• **Senate Bill 1098**: Provides one-year reprieve from the F-1 VISA issue where districts can’t charge “tuition” and count the student in membership.

• **House Bills 5707 & 6401**: Maintains growth calculation for evaluation at 25% for teachers and administrators.
• **At-Risk Make-Up** – A surge in eligible at-risk students (676,000 to 743,000) reduced the proration from 87% to 78%. This left many districts with fewer resources than expected. Initial talks to correct this are happening, but the cost is $18 to $67 million.

• **Mental Health** – Money will be distributed for mental health. Total amount is unknown. $30 million set aside but could it be more?
Potential Controversial Lame Duck Topics

• **Election Consolidation:** Proposal 3 will make it easier with no reason absentee voting for governmental entities seeking revenue. Will the legislature try to squash and silence us?

• **1280c Rewrite:** There were talks early on about repealing and replacing 1280c. Senator Pavlov may have an interest at addressing this before he leaves office.

• **Further Tax Cuts:** Early chatter suggests lame duck will be active. We need to make sure the legislature doesn’t reduce revenue sources to the School Aid Fund on their way out the door.
Questions?