MASA
Michigan Association of Superintendents & Administrators

Legislative Update

October 22, 2019
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Agenda

• Budget
• Vetoes
• Fixes?
• Bait and Switch
• Revenue
• MPSERS

• PD as Instruction
• Educator Workforce
• Questions
Whitmer uses veto pen 147 times, cuts close to $1B from GOP budget
September 30, 2019

Michigan House of Representatives
State Capitol
Lansing, MI 48909-7514

Representatives,

I have signed Enrolled House Bill 4242, which makes appropriations to aid in the support of the public schools and intermediate school districts of the state, and for certain other purposes relating to education, for the fiscal year ending September 30, 2020. I have, however, disapproved 40 items pursuant to article 5, section 19 of the Michigan Constitution of 1963. The specific item vetoes are detailed in the attached copy of the bill that has been filed with the secretary of state.

To provide direction regarding the implementation of this appropriations act, I note that those provisions of this bill that express merely the intent, advice, preferences, or wishes of the legislature do not impose conditions upon appropriations and are non-binding.

Thank you for your attention to these matters.

Sincerely,

Gretchen Whitmer
Governor

cc: Michigan Senate
    The Honorable Jocelyn Benson
Governor Gretchen Whitmer @GovWhitmer · Sep 30

Today I signed all 16 state budgets and issued 147 line-item vetoes. The budgets the Republicans sent me were a mess, and I used my executive power to protect Michiganders public health and safety, access to healthcare, and classroom spending for our children. #MIBudget
Sec. 99t. (1) From the talent investment fund money appropriated under section 11, there is allocated an amount not to exceed $1,500,000.00 for 2019-2020 only to purchase statewide access to an online algebra tool that meets all of the following:

(a) Provides students statewide with complete access to videos aligned with state standards including study guides and workbooks that are aligned with the videos.

(b) Provides students statewide with access to a personalized online algebra learning tool including adaptive diagnostics.

(c) Provides students statewide with dynamic algebra practice assessments that emulate the state assessment with immediate feedback and help solving problems.

(d) Provides students statewide with online access to algebra help 24 hours a day and 7 days a week from study experts, teachers, and peers on a moderated social networking platform.

(e) Provides an online algebra professional development network for teachers.

(f) Is already provided under a statewide contract in at least 1 other state that has a population of at least 18,000,000 but not more than 19,000,000 according to the most recent decennial census and is offered in that state in partnership with a public university.

(2) The department shall purchase the online algebra tool that was chosen under this section in 2016-2017.

(3) A grantee receiving funding under this section shall comply with the requirements of section 19b.

(4) It is the intent of the legislature that funding allocated for the purposes under this section for 2019-2020 must not be allocated for 2020-2021 for those purposes.
What is the State Administrative Board?

- The Board has general supervisory control over the administrative activities of all state departments and agencies.

- Duties include approval of contracts and leases, oversight of the state capitol outlay process and the settlement of claims against the State under $1,000.00.

- **Members:** Governor, Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, Superintendent of Public Instruction and the Director of the Department of Transportation. The Department of Technology, Management and Budget (DTMB) designates a Secretary.
What was Vetoed?
Budget Fixes
HB 5077/SB 555-Restores Sec. 20(j) Public School Academy Increase

"Maximum public school academy allocation", except as otherwise provided in this subdivision, means the maximum per-pupil allocation as calculated by adding the highest per-pupil-allocation among all public school academies for the immediately preceding state fiscal year plus the difference between twice the amount of the difference between the basic target foundation allowance for the current state fiscal year and the basic target foundation allowance for the immediately preceding state fiscal year and [(the amount of the difference between the basic target foundation allowance for the current state fiscal year and the basic target foundation allowance for the immediately preceding state fiscal year minus $40.00) times (the difference between the highest per-pupil allocation among all public school academies for the immediately preceding state fiscal year and the minimum foundation allowance for the immediately preceding state fiscal year) divided by the difference between the basic target foundation allowance for the current state fiscal year and the minimum foundation allowance for the immediately preceding state fiscal year.] For the purposes of this subdivision, for 2018-2019, 2019-2020, the maximum public school academy allocation is $7,871.00-$8,111.00.
Supplemental Bills

• Sec. 22d Small Isolated Districts ($7 million)
  • HB 5093/SB -575

• Sec. 61c CTE Equipment ($16 million)
  • HB 5079/SB 556

• Sec. 97 Secure Schools ($10 million)
  • HB 5080/SB 561
SB 455
Proper Funding Requires Proper Revenues

How are tax policy changes affecting resources for our students?

2013-2014 SESSION

- 5 Public Acts cut more than $162 million annually
- 13 Public Acts made cuts for which the costs were indeterminate
- 1 Public Act increased revenues $87 million (MiCA use tax)
- 1 Public Act had an increase that was indeterminate

2015-2016 SESSION

- 2 PA’s cut more than $7 million annually
- 15 PA’s made cuts for which the costs were indeterminate
- 4 PA’s had an increase that was indeterminate—2 of these bills included a decrease the first year then increased from that point

2017-2018 SESSION

- 9 PA’s cut more than $194 million annually
- 13 PA’s made cuts for which the costs were indeterminate
- 2 PA’s had an increase that was indeterminate

SIX-YEAR TOTAL

- MINIMUM CUT: $363 million with 43 bills for which the cost is unknown
- MINIMUM INCREASE: $87 million with 7 bills for which the increase is unknown
- $187 per pupil
- TOTAL: $276 million reduction
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1 Public Act increased revenues $87 million (HICA use tax)

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2 PAs cut more than $7 million annually

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**TOTAL:**
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*source MASB*
Constitutional Revenue Limit

(Dollars in Millions)

Total state tax and other revenue collections are $10.4 billion lower than the limit set in the State Constitution (9.49% of state personal income) for FY 2019.

*Jan. 2019 Consensus Estimates
Biggest problem facing public schools
National totals, 1969-2019

Gallup produced the PDK polls from 1969 to 2015. Langer Research Associates has produced the PDK poll since 2016, including the 2019 poll.
MPSERS Bonding
MPMERS Employer Contributions

Districts will pay an additional $1.6 billion over the next 8 years.
Bonding Against Teacher Pensions

• The West Michigan Policy Forum commissioned PricewaterhouseCoopers (PWC) to look at how the state's long-term debt could be restructured.

• PWC brief reviews a 30-year, $10 billion bond to pre-fund MPSERS and then pay back those bonds on a set schedule, partly by investing the large amount of cash the state would receive.

• Currently, the state anticipates paying off its $29.4 billion MPSERS unfunded liability over the next 21 years by 2038.

• Bonding will free up cash. This will leave a few routes for the legislature to take, possibly eliminating of the sales tax and impose a penny for penny tax increase. This would create a $800 million dollar hole in the SAF.
PD as Instructional Time
Educator Workforce
Only 25% would recommend education as a career.
Initial Teaching Certificates Issued, 1995-96 to 2015-16

Source: Michigan Department of Education
Teacher Certificates – Who/Where Am I?

- 193,299 with a current, valid teaching certificate
- 52% age 65 or older

- Currently employed in a teaching position:
  - 86,810
- 106,489*

- Not employed in a teaching position:
  - 7,327 individuals holding a CTE Teaching Certificate
  - 191,882

- 5,910 individuals holding both types


*Individuals could be employed in administrative or specialist roles or not currently employed in the education field.
Long-term subs in Michigan

In five years, the use of long-term subs has jumped ten-fold in Michigan as districts scramble to fill classrooms. A person can be a substitute teacher with as little as two-years of college credit.
Questions