



Education Advocates of West Michigan

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Budget Update



The Governor and legislative leaders have committed to passing a budget by mid-June.

Don't forget about immediate effect! Most legislation impacting schools will not take effect until 90 days after the session ends - spring of 2024.

Will Senate Republicans use “immediate effect” to impact the budget process? Likely, but expect a deal to get done in a timely manner.

The May Consensus Revenue Estimating Conference
will not have a significant impact on budget
negotiations.

What we learned during May CREC:

- ✓ Revenue adjustments were primarily due to tax cuts earlier this spring.
- ✓ School Aid Fund picked up \$100 million in one-time revenue.
- ✓ Concerns regarding ongoing revenue remain.
- ✓ “Structural deficit” spending for a period.

Budget Predictions

Foundation Grant - \$500 per pupil.

While there is a desire to go higher, ongoing revenue is the problem.

At-Risk - \$150 million increase.

Budget Chairs in the House and Senate have clearly signaled at-risk will be a priority. The question becomes will they change the formula?

Special Education - Foundation + Reimbursed Costs

To the surprise of many, the Governor went against legislative intent in last year's budget and only funded 87.5% of the foundation grant in her proposal. Expect the legislature to close the gap in the final deal.

English Learners - Expect a doubling of
this categorical.

With only \$26 million being spent on English learners
we're woefully behind fully funding that categorical.
The legislature is in support of significantly increasing
this categorical.

Transportation - \$150 million annual appropriation.

Transportation is being funded with one-time funds. In addition to the \$150 million appropriation, they're putting \$450 million in a reserve fund to cover an additional 3 years.

Blended Count - \$71 million.

Two-thirds of districts across the state are experiencing declining enrollment. Expect the blended count to make it across the finish line. It maintains the current 90/10 pupil count, however 50% of membership is based on 22-23 and 23-24.

This will not apply to growing districts.

MPSERS Offset - \$97 million.

The House Budget puts additional money to offset retirement costs for districts participating in MPSERS. The intent is a one-time, one percent reduction in retirement costs.

School Safety/Mental Health - Continued Funding.

Expect a continuation of funding for sec. 31aa and sec. 97 to provide per pupil allocations to support school safety and mental health initiatives.

Still to be sorted out:

- ✓ Early Childhood Proposal (Senate - Sec. 32e) - \$117 million.
- ✓ Salary Incentive Program (Senate - Sec. 27l) - \$125 million
- ✓ Student Loan Forgiveness (Senate - Sec. 27k) - \$250 million
- ✓ Mi Kids Back on Track (Governor/House - \$300 million)
- ✓ Early Literacy Professional Development (Governor/House - \$300 million)
 - ✓ At-Risk Formula



Policy

HB 4044 repeals PA 54 of 2011. This law prohibits increases in compensation during an expired bargaining agreement. Expect this to pass.

What to know about PA 54 repeal:

- ✓ Removes prohibition against compensation increases during expired agreements
- ✓ Applies to wages and health benefits

House Bill 4354-7 would remove the following prohibited subjects of bargaining:

- ✗ Teacher Placement
- ✗ Discipline & Discharge
- ✗ Layoff & Recall
- ✗ Evaluation
- ✗ Observation
- ✗ Merit Pay

Expect passage with the potential for modifications to teacher placement and layoff/recall.

What to know about PA 152 - *Publicly Funded Health Insurance Contribution Act*:

- ✓ Current law is 80/20 v. Hard Cap - Permissive subject of bargaining
- ✓ Prior bill introductions had a 90% minimum employer contribution and removal of hard cap

Labor is sorting through PA 152 changes:

- ➔ Labor has differing opinions on this topic
- ➔ Some unions want a full repeal of PA 152
- ➔ The MEA recognizes the value of the Hard Cap
 - ➔ Expect legislation in the fall

Under Public Act 26 of 2023, future sinking funds can be used to purchase buses and other transportation equipment. This does require voter approval.



Worth Mentioning

Working after retirement legislation is expected to be introduced soon. Proposal would create a \$10,000 per calendar year cap for retirees to return after a one-month sitout.

Federal Debt Ceiling discussions will not have implications for ESSER funds.

Be aware of potential changes to “appropriately placed” teachers. ISD pupil accounting auditors will be required to audit down to the subject area for placement. If a teacher is not “appropriately placed” it would require FTE and salary penalties.

Expect legislation to be introduced that would “automatically enroll” new employees in the pension system. Employees would have to select to take the Defined Contribution plan option.

There is likely to be grant opportunities available in the budget for districts and ISDs to explore efficiencies through service sharing and consolidation of services.



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