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To: Council About Parochiaid  
From: Cara Marie Dobie  
Date: March 6, 2015  
Re: Legislative Update

### **Governor Snyder Presents his Fiscal Year 2016 budget**

Governor Rick Snyder presented his Fiscal Year 2016 budget recommendations to the Legislature on February 11, 2015. In this budget, K-12 education spending would be increased to \$11.9 billion overall, and per-pupil funding will be increased by \$75. Higher Education would see a 2% increase for universities (which would amount to \$28 million) and a \$4.3 million increase for community colleges. Also getting a notable increase is third grade reading, which would see \$25 million from the General Fund, which would then be matched by \$23.6 million in federal dollars.

### **Bills to Fix the 2015 Budget Shortfall Presented to the Governor**

On February 26, the Senate passed HBs 4110 and 4112, sponsored by Rep. Al Pscholka (R-Stevensville). This plan to fill the funding shortfall in the state's fiscal year 2015 budget was presented to the Governor on March 2 and now awaits his signature. HB 4110 keeps \$169 million earmarked for the School Aid Fund in the General Fund to cover the deficit. \$167 million of those dollars would have funded K-12, higher education, and community colleges, while \$2 million would have been dedicated to university retirement costs. An additional \$81.2 million dollars will be cut from the budget altogether rather than going into the School Aid Fund.

HB 4112 cuts General Fund spending by \$169.4 million, including \$93.1 million in cuts across several state departments. This, coupled with Governor Snyder's executive order approved by both House and Senate Appropriations committees earlier this month, is meant to fill a \$456.1 million shortfall.

### **Proposal 1 Explained**

On May 5 voters go to the polls to approve or disapprove a transportation funding package proposed by the Michigan Legislature. The plan would make changes to how gas taxes are collected and raise the overall taxation on gas. It would also end existing sales tax charged on fuel, but increase the overall sales tax from 6% to 7%.

The per gallon tax will be replaced by a wholesale tax which will be based on the price of gasoline. However, the initial wholesale tax rate will be an increase in what people pay at the pump and generate about \$1.2 billion for transportation.

To offset the increase at the pump, the current 6% sales tax on gasoline would be eliminated. However, that would have spelled massive cuts to things supported with sales tax (mostly schools and local government). To make up for that, the proposal would raise the sales tax on everything else from 6% to 7%. The bottom line is that price at the pump will go up the equivalent of several cents per gallon, and the price for other items covered by sales tax will go up 1%.

Back in December, during the last evening of Lamé Duck session, the legislature completed work on a package of legislation that would raise over \$1 billion for transportation infrastructure. In addition, the package would raise \$300 million in new revenues for public education and nearly \$100 million for local governments. All of the changes will be placed on a statewide ballot question in May of 2015. If voters reject the plan, only the legislation regarding internet sales tax (known as the Main Street Fairness Plan) will remain in place. The plan is made up of the following parts:

- The sales tax on gasoline will be eliminated (tax reduction of approx. \$700 million)
- Michigan sales tax would be increased from 6 to 7% (tax increase of \$1.34 billion)
- Increased driver registration fees and overweight truck fees (tax increase of \$95 million)
- 'Main Street Fairness' legislation included in plan: companies with a 'nexus' in Michigan must collect sales tax revenue for online sales (tax increase of \$40 million)
- Earned Income Tax Credit would be restored to 20% of the federal level (tax reduction of \$260 million)
- Transform current per gallon motor fuel tax to a wholesale tax and increase the rate to raise \$1.2 billion for transportation infrastructure

When factoring in the various tax increases and tax reductions, the plan would raise overall revenues by approximately \$1.8 billion. The new money, when fully phased in, would primarily be divided between roads and bridges (\$1.3 billion); public education (\$300 million); local government (\$94 million); and public transportation (\$112 million). Other pieces of the agreement include:

- The School Aid Fund will be used only for k-12 and community colleges, not universities. This reverses a trend started several years ago where up to \$200 million was removed from the SAF to pay for university operations. Commitments were made by the governor and legislative leaders to restore the lost funds for universities through the general fund
- The creation of a study to examine the true cost of education with the goal of providing a better indication of k-12 spending needs

### **Charter Reform Legislation Not Expected This Year**

Rep. Amanda Price (R-Park Township), the new House Education Committee chair, said last week that she doesn't see any legislation coming from her committee this year regarding charter schools other than weeding out low-performing authorizers. Rep. Price referenced the Detroit Free Press investigative series on Michigan charter schools and noted that she didn't see any reforms that needed to be made at the legislative level.

Her comments came after the House Education Committee held a hearing including testimony from pro-charter groups including the Michigan Council of Charter School Authorizers (MCCSA), the Michigan Association of Public School Academies (MAPSA) and Great Lakes Education Project (GLEP). The

testimony from MAPSA and GLEP focused on more equity between traditional public schools and charters in both accountability and state funding.

These discussions come one week after the Education Trust-Midwest released its report which focuses on keeping charter school authorizers accountable. The report included a charter authorizer scorecard complete with letter grades given to the authorizers operating in the state. It was telling to note that most of the authorizers given an 'A' only authorized 1 or 2 schools, while those receiving 'C' 'D' and 'F' letter grades authorized several schools.

Ed Trust-Midwest noted in its report that the state of Michigan cannot close a chronically low-performing school, and that the state does not have performance standards for these authorizers. Amber Arellano, Executive Director of Ed Trust-Midwest said, "for Michigan's charter school sector to succeed, we need high performance standards and an oversight system that will hold its authorizers accountable to the Michigan students they serve. Authorizers should be held accountable for their decisions and their performance."

Steve Cook, Michigan Education Association President, has pushed for a moratorium on new charter schools in a recent Detroit News piece. He suggested "comprehensive charter school reform legislation, which guarantees accountability and transparency, setting academic performance standards for both authorizers and schools."

#### *Rep. Price on Other Education Issues*

-Supports legislation getting rid of the Department of Education's color coded system for a traditional letter grade scale

-Believes there is compromise on the teacher evaluation plans and hopes to have something in place by summer

#### **Governor Snyder Highlights Third Grade Reading Initiative**

The Governor's budget proposal includes a \$48 million third-grade reading initiative that will focus on early intervention and training. In a recent Detroit Free Press article, JoAnne Elkin, an early childhood and early literacy consultant for the Macomb Intermediate School District noted, "The majority of children who enter kindergarten at risk for reading failure can learn to read at average or above-average levels if they are identified early and are given systematic, intensive intervention."

The plan includes some efforts that are already taking place and new initiatives as well including:

- classes for parents focusing on their child's development
- expanding home visits for at-risk families to identify early on developmental delays
- requiring new teachers to pass a test to ensure they have the training necessary to teach literacy
- implementing a kindergarten entry assessment to gauge the effectiveness of the state's early childhood investments and K-2 reading to measure student academic progress
- creating an oversight commission that would oversee implementation and monitor the long-term progress.

### **Six Finalists For State Superintendent of Public Instruction Chosen**

The State Board of Education has narrowed a total of 54 candidates down to these six finalists after hours of meeting in closed session:

**Randy Davis**, Superintendent of the Marshall Public Schools;

**Alan Ingram**, Deputy Commissioner of the Massachusetts Department of Elementary and Secondary Education;

**Randy Liepa**, Superintendent of the Livonia Public Schools;

**Scott Menzel**, Superintendent of the Washtenaw Intermediate School District;

**Vickie Markavitch**, Superintendent of the Oakland Intermediate School District; and

**Brian Whiston**, Superintendent of the Dearborn Public Schools.

The board has scheduled meetings for March 10<sup>th</sup> and 11<sup>th</sup> to interview the candidates with those meetings starting at 9:30 a.m. both days.