

To: Council About Parochial Board of Directors
From: Cara Marie Dobie and Courtney VanCamp
Date: March 15, 2019
Re: Legislative Report

Governor Whitmer's First Budget Presentation

Governor Whitmer has given her recommendation for Michigan's Fiscal Year 2020 budget totaling \$60.2 billion. Whitmer has proposed a variety of funding increases and spending cuts, the most controversial of which is her 45-cent gasoline tax increase to fund fixing the roads. If passed, Michigan would become the state with the highest gasoline tax in the nation.

The Governor also asked the Legislature to erase the General Fund's \$600 million which typically has been delegated to fixing the roads to instead go towards Michigan's public universities. Her plan also includes increasing per-pupil spending in K-12 education from \$120 and \$180 per pupil. Additional education spending includes: \$120 million for special education students, \$102 million for at-risk students, \$50 million for CTE students, and \$85 million to expand the Great Start Readiness Program. Additional FY 2020 proposals:

- \$150 million into the Rainy Day Fund
- \$52.9 million for 14 IT projects
- \$14.3 million in revenue sharing to cities, villages, townships, and counties
- \$13.9 million for monitoring and responding to public health threats
- \$10.5 million to a corrections office academy to graduate 408 officers
- \$9.6 million to implement the independent citizens redistricting commission (Proposal 2)
- \$8.6 million to create a new trooper school
- \$120 million to improving drinking water infrastructure
- Increase the Earned Income Tax Credit from 6 to 12%
- Bring back income tax exemptions on government pension income
- \$100 million reduction across all state departments
- 20% reduction in cyber school foundation allowance

Schools Concerned About Revenue Losses

Despite notable wins in education funding in Governor Whitmer's recent budget proposal, there are serious concerns that school funding will be cut in order to fund other areas of the budget. For example, the School Aid Fund will lose \$6 million in order to allow car dealers to use sales tax to save their customers money when they buy a new car. The Fund will also lose \$3 million, as schools who lease their buses are exempt from the sales and use tax.

Due to a sales tax clarification on farm equipment, there will be a \$27 million first, \$35 second, and \$6 million third-year loss to the Fund as well.

Lastly, because of increased personal and dependency exemptions on income tax, there will be an estimated \$17 million hit to the Fund.

Legislature Has No Tentative Budget Calendar

During the Snyder Administration, the Michigan Legislature set the goal of sending the Governor a budget in June. This year, however, the divided government has yet to set a date by which they plan to deliver Governor Whitmer their budget bills for Fiscal Year 2020.

Gideon D'Assandro, press secretary for House Speaker Lee Chatfield, blames "snow days, the rescheduled State of the State and the later budget presentation" for the uncertainty surrounding when the budget will land on Whitmer's desk.

Additionally, the proposed 45 cent gasoline tax increase is seen as "not workable" for legislators, meaning that an important part of the budget will have to "start from scratch", according to D'Assandro.

GLEP Doesn't Like Whitmer's Call to Eliminate 3rd Grade Reading Law

Governor Whitmer has come out in opposition to the state law requiring all third grade students to be proficient in reading before moving on to fourth grade, calling it "destructive".

Beth DeShone of GLEP countered that, "Governor Whitmer's plan to eliminate reading intervention services for the students in Michigan who need them most is a slap in the face of Michigan children and their teachers".

Ed Board Elects Ulbrich President, Talks Superintendent Search Timeline

The State Board of Education swore in two new Democratic members, Judith Pritchett (D-Washington Township) and Tiffany Tilley (D-Southfield), shifting the board to 6 Democrats to 2 Republicans. Casandra Ulbrich (D-Rochester) is now president with Pamela Pugh (D-Saginaw) as vice president, Michelle Fecteau (D-Detroit) as secretary, Tom McMillin (R-Rochester Hills) as treasurer, and Tiffany Tilley as the delegate to the National Association of State Boards of Education.

The search to replace Former Superintendent of Public Instruction Brian Whiston, who passed away in May, has begun, noted interim Superintendent Sheila Alles. The board hopes to interview candidates in early April and possibly have the new superintendent start in July.