



**Capitol Services, Inc.**  
110 W. Michigan Ave., Ste 700. Lansing, MI 48933  
517.372.0860 Fax 517.372.0723  
[www.CapitolServices.org](http://www.CapitolServices.org)

To: Council about Parochiaid  
From: Cara Spagnuolo  
Date: June 17, 2011  
Re: Legislative Update

### **School Aid Budget Sent to Governor Snyder**

The governor was presented with the omnibus education funding bill for next year this past week and the bill awaits his signature. The school aid portion of this bill has garnered a great deal of public attention due to both the additional proposed reductions and the use of School Aid Fund dollars to finance the community college budget. As a result, final passage fell mostly along mostly party lines with several Republican defectors; HB 4325 passed in the House with 59 yeas and 50 nays, and in the Senate with 21 yeas and 17 nays. The conference committee concurred with the governor making the final reduction in allowance per pupil \$300 –or, \$470 if one includes the \$170 cut made in the current year that had been replaced with the one-time federal stimulus funding (which is no longer available). ISD's saw a 5%, \$3.3 million operational funding reduction as well.

When the Revenue Estimating Conference revealed that more revenue was available, state policymakers did not restore these cuts directly, as the education community hoped would happen. Instead, districts will receive an average of \$100 per pupil toward their MPERS costs and up to \$100 more if they meet four out of five "best practices":

- District serving as policyholder for their health insurance;
- Employees paying at least 10% of their health insurance premiums;
- Continuation of implementation of consolidation plans;
- Obtaining a competitive bid on at least one noninstructional service worth more than \$50,000 and
- Performance dashboard including items such as graduation and dropout rates.

Some have estimated that about one third of districts cannot meet the second of these criteria, due to having existing contracts in place and that numerous districts will not be able to meet the "four out of five" requirements.

There were few additions in funding to the school aid budget, with the Senate-initiated addition of \$3 million to School-based Readiness funding. While the Michigan State Police were awarded an additional \$1 million to continue their efforts to inspect buses, many other line items saw reductions in funding or complete elimination. Categorical funding saw a drop of nearly \$30 million which included the \$20 million in declining enrollment grants, bilingual education,

middle college grants, pre-college engineering grants, agricultural education funding, and crisis intervention. However, the current \$2 million in funding for the isolated and rural school district grant program was retained.

### **Teacher Tenure Legislation Passes the House**

Last week, the House passed a contentious four bill package to overhaul the tenure process along mostly party lines (70 yeas, 37 nays). The four bills, HB 4625-4628, divided the school community among labor and management lines, with MASB and MASA supporting the legislation and AFT Michigan and MEA opposing them.

The bills require a rating system in which teachers would be labeled as either “highly effective,” “effective,” “minimally effective,” or “ineffective.” The package would also modify the length and consequences of probationary periods, revise hearing procedures, outline acceptable grounds for demotion and dismissal, replace a “reasonable and just cause” standard for dismissal in favor of the “arbitrary and capricious” standard, restrict the salary for teachers during periods of suspension, establish mutual consent for teacher placement, and do away with the current seniority process following workforce reductions. Additionally, there would be six new subjects prohibited from collective bargaining: placement of teachers; personnel decisions in reductions, recall or hiring; performance evaluation; discharge and discipline of employees; format of classroom observation and the method of performance-based compensation.

State Superintendent Mike Flanagan weighed in on the bills Tuesday, opposing the House change from the ability to discharge a teacher for “reasonable and just cause” to merely “not arbitrary and capricious”. He said that he cannot support that specific change. According to MIRS, the Senate is looking at changes that don't modify the discharge language to the extent that the House did. Flanagan supports the Senate version, saying: "I think it's overkill to go to arbitrary and capricious."

The bills have been referred to the Senate Committee on Education where they await a committee vote.

### **Other Legislation of Interest**

Other hotly controversial legislation that affects school employees include SB 7 (Sen. Mark Jansen, R-Grand Rapids) and HB 4572 (Rep. Joel Johnson, R-Clare), both of which deal with health care costs for public employees. SB 7, which has passed the Senate and undergone House hearings, would essentially mandate that public employees must pay at least 20% of health care premiums in most instances. HB 4572 approaches the same issue differently and instead would mandate specific caps on how much public employers can pay for employee insurance. A substitute version of the latter bill was adopted by the House Committee on Oversight, Reform, and Ethics on Wednesday and may come up for a vote in the committee next week.

## **Committees of Interest to CAP:**

### **House Education**

Paul Scott (R- Grand Blanc), Committee Chair  
Thomas B. Hooker (R-Byron Center), Majority Vice-Chair  
Hugh D. Crawford (R- Novi)  
Tom McMillin (R-Rochester Hills)  
Ray A. Franz (R-Onekama)  
Kurt Heise (R-Plymouth)  
Holly Hughes (R-Montague)  
Aric Nesbitt (R-Lawton)  
Margaret E. O'Brien (R-Portage)  
Amanda Price (R-Holland)  
Deb Lynn Shaughnessy (R-Charlotte)  
Ken Yonker (R-Caledonia)  
Lisa Brown (D-West Bloomfield), Minority Vice-Chair  
George T. Darany (D-Dearborn)  
Lisa Howze (D-Detroit)  
Rudy Hobbs (D-Lathrup Village)  
David Rutledge (D-Ypsilanti)  
Thomas Stallworth III (D-Detroit)  
Douglas A. Geiss (D-Taylor)

### **House K-12 Appropriations Subcommittee:**

Bill Rogers (R-Brighton), Chair  
Earl Poleski (R-Jackson) Majority Vice Chair  
Jon Bumstead (R-Newaygo)  
Phil Potvin (R-Cadillac)  
Joan Bauer (D-Lansing), Minority Vice Chair  
Brandon Dillon (D-Grand Rapids)

### **Senate Education**

Phil Pavlov (R-St. Clair), Chair  
Judy Emmons (R-Sheridan), Vice Chair  
Patrick Colbeck (R-Canton)  
Hoon-Yung Hopgood (D-Hamburg), Minority Vice Chair  
Coleman Young II (D-Detroit)

### **Senate K-12 Appropriations Subcommittee**

Howard Walker (R-Traverse City), Chair  
Bruce Caswell (R-Hillsdale), Vice Chair  
John Pappageorge (R-Troy)  
Hoon-Yung Hopgood (D-Hamburg), Minority Vice Chair