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To: Council About Parochiaid
From: Cara Spagnuolo
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Re: Legislative Update

The Governor has now delivered both his State of the State and his budget message.

The administration's budget proposals start the legislature's deliberations over the state's budget for 2012/13, with the new budget year beginning on October 1. Because of the state's improved economy and revenue, this budget is not noteworthy for proposed reductions but instead for what were characterized as small increases (though Democratic legislators did not agree with that characterization for the K-12 budget.) The overall budget is 2.4% greater than the current year, including state and federal funding, and the Governor has indicated he hopes it will be completed early as it was last year, when it was enacted in May. As was true for the current budget year, the budget will be two omnibus bills, one for all the education budgets and one for everything else. However, the traditional subcommittees, such as the one on the K-12 budget and Department of Education, continue to meet and take input as in past years.

Some highlights of the proposed budget include a one-per cent increase in school funding but elimination of some categorical programs, including class size reductions. The majority of the "growth" goes to districts that meet certain performance standards. Specifically, around \$200 million is being directed at districts which are both engaged in best practices and meeting performance metrics. \$120 million (\$75/pupil) would go to districts which meet five of six best practices:

1. Have a dashboard
2. Hold the district's health benefits policy
3. Monitor student growth in each subject at least twice a year
4. Offer dual enrollment opportunities
5. Offer on-line learning, and
6. Participate in schools of choice.

An additional \$70 million would be provided to districts that show academic growth, divided up so that \$42 million for math and reading improvement in grades 3-8 and an additional \$28 million for those with high school students exceeding the statewide average in proficiency. Finally, \$10 million is offered to assist with consolidation efforts. Charter school representatives have commented that they would be precluded from meeting some of the performance standards because many do not provide all grades, those which do not offer high

school cannot provide dual enrollment, and they cannot open their doors to schools of choice (by their nature). Concerns from the public school community have included the fact that it is not fair to replace only part of the funds cut from schools and then tie the restoration of that funding to performance measures. Additionally, schools would be forced to budget for reductions because of time: school districts put their budgets together in June but would not know until August how much of the additional funding they would receive.

The initial budget hearings are, of course, overviews of the Governor's recommendations, and subcommittees are currently meeting to review these recommendations and begin to take input.

Dual-Enrollment Package Also Reported Out

The dual-enrollment package, SB's 622, 623, 709, and 710, which are all sponsored by Senator Judy Emmons (R-Sheridan), were reported out of the House Education Committee as well. The bills would give high school students the ability to enroll in college courses at the expense of their local school district. Specifically, students could take up to two college courses during their first three years in high school, and up to three courses their senior year.

Rep. Rudy Hobbs (D-Lathrup Village) brought to the committee's attention schools like Cranbrook, which has a large amount of students from out of state. Parents of out-of state or even international students aren't paying local or Michigan state taxes to support those public school districts. An amendment was then passed by the committee to ensure that at least one parent of a dual-enrolling student resides in the state of Michigan.

Cyber School Bill Reported out of House Committee

Earlier in February, SB 619 (Sen. Patrick Colbeck, R-Canton Twp.) was reported out of the House Education Committee. The bill, as it passed the Senate, lifted the cap on the number of students who could enroll in the state's two cyber schools, and also removed the cap on the number of cyber schools allowed in the state. Some of the Republican committee members worked on amendments and agreed upon a version that they believed would level the playing field by allowing traditional (brick and mortar) public schools to offer types of cyber learning programs. The bill that was reported out did not totally eliminate the cap on cap as did the Senate version but increased the cap on the total number from the current 2 to 15 by the end of 2013 and 30 thereafter.

The bill was reported out of committee mostly along party lines, with Rep. Kurt Heise (R-Plymouth) voting "pass" and Rep. Tom Hooker (R-Byron Center) voting "no". Rep. Heise was looking for tighter restrictions on the number of students a cyber school could enroll, while Rep. Hooker wanted to see a full two years of data on the success of cyber schools before expanding their number. Democrats on the committee had offered a number of amendments that were not adopted, mainly focusing on transparency and accountability, and agreed with Rep. Hooker and the MDE that two years of data should be available before the number was expanded.

Charter School Bill Signed into Law

Before the New Year, the Michigan legislature passed Senate Bill 618, a bill that would lift the cap on the number of charter schools allowed to operate in the state from 150 to 300 through 2012 and to 500 through 2014. The bill- now Public Act 277 of 2011- will go into effect on March 28, 2012, and will do a few things, including creating property tax exemptions for charter schools. Local property tax revenues will be reduced and, assuming public school enrollment declines due to transfers to new charter schools that are opened, funding to local schools from the per-pupil foundation allowance will also be reduced. In addition to these changes, P.A. 277 will also remove a requirement for school district-authorized charter schools that formerly required employees to be covered by a collective bargaining agreement similar to that of other employees in the same district. In FY 2010-11, charter school pupils accounted for approximately 7.5% of the total public school pupils in the state.