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

MPSERS Bill Signed Into Law as PA 300

On Tuesday this week, Governor Snyder signed SB 1040, now PA 300 of 2012, into law. Late Tuesday afternoon, Judge Rosemarie Aquilina ruled that the October 26th deadline for MPSERS members to make choices under SB 1040 is no longer in effect—at least until she or another court determines otherwise. In a separate order, the judge also ruled that if the legislation is ruled unconstitutional at some future date, then the elections made by members will be void.

The impacts of PA 300 include:

- Higher costs for MPSERS healthcare for retirees.
- Increased contributions for employees hired before July 1, 2010 (pre-“hybrid”).
- Employees continue to pay 3% into retiree health care, unless courts rule otherwise.
- Members hired after September 4, 2012 may choose to switch from hybrid to DC plan.
- Employer rate 24.46% of payroll, rather than 27.37%
- Requires two studies that may lead to further legislation—universities, CEO and DC.

The independent third party study is to be completed by November 15, 2012. The bids to complete the study were due by September 5th. The study must include advantages and disadvantages of benefit design changes including benefits adequacy, long-term retention of employees, investment return and other risk, and economic impact of DC and hybrid plans.

School Aid Act Rewrite

A group has been appointed by the governor to rewrite Michigan’s School Aid Act and is headed by Richard McLellan, a former advisor to Governor John Engler. The current act is over 30 years old and is revised every year; many believe the time for a cleaned up rewrite is now.

The goal is for a shift towards allowing financing to be based more on helping each child individually rather than focusing on funding school districts. This could accommodate more flexibility for students in a time of changing educational needs, and would not technically be a voucher system, which is clearly prohibited in the Michigan Constitution.

Another attempt at change will include an eye toward performance funding rather than seat time-based funding. The overarching goal is to redistribute the current dollars, and to not add anything to the system, though a number of school organizations would like to have discussions on additional funding be on the table.

Complete transparency is a stated goal of the entire rewrite process. Bill Rustem of the Governor's office is the liaison between the group and the governor's office, and Peter Ruddell of Wiener Associates will be the principal drafter of the rewrite. The Oxford Foundation will sponsor the rewrite and has further aspirations of creating a Michigan Education Finance Act of 2013.

A statewide conference and review of the rewritten act is planned for October, and will also be given to the governor and legislature for review. The governor has not said if he will support the rewrite in his upcoming budget, in part or in full.

Separately, members of the Board of Education met with House Appropriations subcommittees on School Aid and the Department of Education in May to discuss the growing need for education funding reform. Several key issues were brought up in the discussion, including the necessity of keeping class size down, adding funding to public schools to help them compete with charters, and adding state funding to the Department of Education. More recently, State Superintendent Flanagan has stated that "if the state has extra revenues, they should be putting it into schools."

November 2012 Candidates

With the primary election over, campaigns for November's general election are in full swing. For an official listing of candidates for the upcoming election, please visit the election section of the Secretary of State's website at:

<http://www.michigan.gov/sos/0,4670,7-127-1633---,00.html>

Six Proposals Set for November Ballot:

Of the seven potential ballot proposals voters could have seen this November, all but one made the final cut. On Wednesday, the Michigan Supreme Court (MSC) ruled a proposal to allow eight new private casinos was fatally flawed because it failed to include wording in its ballot petitions about how the guaranteed liquor licenses the casinos would have been granted

altered the powers of the Liquor Control Commission (LCC).

- Repeal of PA 4, Emergency Financial Managers, called “Stand Up for Democracy.” This will appear on the ballot as Proposal 1 since its petitions were filed first.
- Protect Working Families (previously called “Protect Our Jobs”)—re collective bargaining. The state Supreme Court ruled on Wednesday allowing the collective bargaining to appear on the November ballot as Proposal 2 since its petitions were turned in second.
- Michigan Energy/Michigan Jobs Initiative (25/25 Renewable Energy Standard). This will be Proposal 3 on the ballot.
- Citizens for Affordable Quality Home Care- re. Proposal 4, will amend the constitution, and provide consumer information, training of providers, and limited collective bargaining rights.
- Michigan Alliance for Prosperity, which would require 2/3 vote on any new taxes or expansion of tax base was disapproved by Board of Canvassers, but the state Supreme Court is now allowing the two thirds legislative vote on the ballot as Proposal 5.
- The People Should Decide (anti-“bridge to Canada”). A challenge to block this has been filed and Board of Canvassers did not approve, but the state Supreme Court also ruled that the public vote on an international bridge will be allowed as Proposal 6 on the November ballot.

Education Budgets Passed This Summer

The legislature finalized the Fiscal Year (FY) 2012-13 budget when it wrapped up the Education Omnibus budget on June 5. The Senate adopted the Conference Report, with Dems voting against the bill, and it was then sent to the Governor to be signed.

One of the more highly debated topics of the \$12 billion school aid budget portion on the Senate floor was the issue of best practices. In FY 2012-13 the State of Michigan will fund best practice grants at \$80 million- a decrease of \$74 million from 2011-12. In order to receive funding, a district must meet 7 of 8 best practice requirements:

- Hold policy on medical benefit plans (if directly employed by district);
- Obtain competitive bids for the provision of 2012-13 non-instructional services;
- Accept applications for enrollment of non-resident pupils under Section 105 or 105c;
- Monitor individual pupil academic growth in each subject area at least twice during the school fiscal year using competency based online assessments;
- Support opportunities for pupils to receive postsecondary credit while attending secondary school;

- Offer online instructional programs or blended learning opportunities to all eligible pupils;
- Provide a link on district's home page to the url for the MiSchoolData portal or provide data elements on website consistent with the MiSchoolData tables;
- Provide physical education consistent with the 2003 state board policy on quality physical education, or provide health education consistent with the 2004 state board policy on comprehensive health education.

Governor Snyder was extremely pleased with the results of this year's budget, and has said funding for school will rise next year for those districts who continue to meet best practice requirements.

Session Dates

The Michigan State Legislature will be in session for the month of September on its normal days, Tuesday through Thursday, starting on September 11th and ending on September 27th. Two exceptions are Tuesday, September 18th for Rosh Hashanah and Wednesday, September 26th for Yom Kippur. The Legislature will be off for all of October for the election, with the exception of session on Wednesday, October 17th. In the month of November, there is one session date for Thursday, November 8th before normal session days of Tuesday through Thursday resume for the final week of November, starting on Tuesday the 27th. Normal session days continue for the first week of December, the 4th through the 6th. The House has normal session days continuing for the 11th through the 13th with the following week of the 18th through the 20th being tentatively scheduled, while the Senate has both weeks – the 11th through the 20th – being tentatively scheduled before the holidays with a new session beginning in January.

House schedule: <http://www.legislature.mi.gov/documents/2011-2012/sessionschedule/House/pdf/2012-HSS-1.pdf>

Senate schedule: <http://www.legislature.mi.gov/documents/2011-2012/sessionschedule/Senate/pdf/2012-SSS-1.pdf>