



Offering MEA members weekly updates of events and happenings in Michigan's Capitol.

# Capitol Comments

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Compiled by MEA lobbyists. Contact MEA Government Affairs Department at 800/292-1934.

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## HOUSE APPROVES \$190 MILLION IN K-12 CUTS

On Thursday, a majority of the members in the Michigan House of Representatives voted to reduce the K-12 State School Aid Budget for FY 2003-04, instead of finding the revenue to fully fund what had already been promised to Michigan's public schools. HB 4401 was approved by a 60-44 roll call vote.

*MEA's position is that we already have a FY 2003-04 budget approved by the Legislature and we believe it should be fully funded. A commitment was made to our K-12 public schools in PA 521 of 2002, and we believe the Legislature should expend the energy to find the funds they have promised rather than determine what programs and services will be cut.*

Even as we report the activity of the House, we caution you that it is **VERY EARLY** in the legislative budgeting process. It appears that it may be well after the current school year adjourns before we actually have a final budget signed by the governor. There is **MUCH WORK** yet to be done, as this is just one of the first steps on the Legislature's journey to keeping their funding commitment to our K-12 public schools.

With that in mind, we have included an overview of items from HB 4401:

While claiming to hold the per pupil foundation grant harmless with a \$6,700 base, the House proceeded to cut per pupil foundation grants for 26 districts that previously had the small class size grants rolled into their foundation grant. These proposed cuts are as high as \$324 per pupil.

By proposing to reduce the small class size grants by nearly 25%, the following districts will lose approximately the following PER PUPIL funding: Cheboygan [\$23], Wolverine [\$324], Flint [\$44], Alma [\$76], Lansing [\$42], Kalamazoo [\$49], Grand Rapids [\$40], Wyoming [\$7], Baldwin [\$52], Mt. Clemens [\$122], Kaleva-Norman-Dickson [\$134], Muskegon City [\$70], Muskegon Heights [\$41], Orchard View [\$15], Ferndale [\$9], Hazel Park [\$19], Oak Park [\$33], Hart [\$31], Shelby {[\$77], Bridgeport [\$100], Port Huron [\$26], Bangor [\$31], Hartford [\$77], Willow Run [\$47], Taylor [\$41], Westwood [\$80].

While HB 4401 proposes to reduce the state's obligation to public schools by \$190 million, it also proposes to greatly expand a pilot project program, Learning Without Limits, sponsored by the speaker of the House. The pilot project had been budgeted at \$3.5 million and was being tested at the sixth grade level in several locations throughout the state. It basically provides sixth graders with wireless

technology (typically laptop computers) for use at school and at home. HB 4401 proposes to expand this program to all sixth graders in Michigan by providing \$26.8 million in funding. \$18.76 million would come from federal funds while \$8 million would be restricted state funds. Additionally, HB 4401 expands the use of At-Risk Funds to include the Learning Without Limits program.

While the House proposes to keep the \$314,200 million funding level for At-Risk, the services allowed to be funded from that line item were expanded to include the following: tutorial services; programs that combine academic, enrichment and recreational activities; early childhood; English as a Second Language (ESL) programs; and Learning Without Limits.

Adult Education takes a huge hit in HB 4401, to the tune of a reduction in excess of \$57 million. This reduction amounts to over two-thirds of the funding provided in PA 521 of 2002. In an effort to lessen the blow in this area, the House moved \$8.2 million in Adult Education funding from the Department of Corrections budget. However, at \$28.2 million it is still less than half the funding originally committed to districts.

There also remains a question as to whether or not the Department of Corrections will now have enough education funds to meet the parole guidelines. (Prisoners in Michigan, in order to be paroled, must have at least

obtained their GED if they did not possess a high school diploma or GED when they entered the system. This guideline is the reason for Adult Education funding in their budget.)

Other noteworthy items from HB 4401:

- ❖ Retirement rate freeze at 12.99% of payroll
- ❖ 80/20 pupil count retained
- ❖ Eliminated funding for: \$15 million for Detroit Reform Board, Career Prep, PAL program, School Health Curriculum, Accreditation Assistance, Golden Apple Awards, and Autism Grant to Grand Valley State University
- ❖ Reduced Early Childhood Grants by 50%
- ❖ Established Parenting Program Grants for ISDs at \$3.3 million
- ❖ Reduced Gifted & Talented from \$5 million to \$1 million
- ❖ Reduced Vocational Education by 3.25%
- ❖ Reduced ISD Operations funding by 3.8%
- ❖ Reduced CEPI funding by \$1.9 million
- ❖ Renewed \$2 million contract with Standard & Poor's
- ❖ Reduced Michigan Virtual University funding to \$1 million
- ❖ Reduced Math & Science Centers by 51% and requires a 10% local match
- ❖ Included language for small declining enrollment districts - providing 3-year pupil count averaging in districts with less than 1,550 students and less than 4.5 students per square mile - including the Upper Peninsula
- ❖ Modified the proration language
- ❖ Modified the school consolidation and annexation language

The roll call vote on Final Passage on HB 4401 was as follows:

**YES:** Acciavatti, Amos, Anderson, Bisbee, Bradstreet, Brandenburg, Brown, Casperson, Caul, DeRoche, Drolet, Ehardt, Emmons, Farhat, Gaffney, Garfield, Hager, Hart,

Hoogendyk, Howell, Huizenga, Hummel, Hune, Rick Johnson, Ruth Johnson, Julian, Kooiman, LaJoy, LaSata, Meyer, Middaugh, Milosch, Moolenaar, Newell, Nitz, Nofs, Palmer, Palsrok, Pappageorge, Pastor, Pumford, Richardville, Robertson, Rocca, Shackleton, Shaffer, Sheen, Shulman, Stahl, Stakoe, Steil, Stewart, Taub, Vanderveen, VanRegenmorter, Voorhees, Walker, Ward, Wenke, Woronchak.

**NO:** Accavitti, Adamini, Anderson, Bieda, Byrum, Cheeks, Clack, Condino, Daniels, Dennis, Elkins, Farrah, Gielegheem, Gillard, Gleason, Hardman, Hood, Hopgood, Hunter, Kolb, Law, Lipsey, McConico, Meisner, Minore, Murphy, O'Neil, Paletko, Phillips, Plakas, Reeves, Rivet, Sak, Sheltrown, Smith, Spade, Tobocman, Vagnozzi, Waters, Whitmer, Williams, Wojno, Woodward, Zelenko.

**Not Voting and/or Excused for Session:** DeRossett, Jamnick, Koetje, Stallworth, Tabor.

Your MEA lobbyists continue to work on your behalf on a daily basis and will continue to do so throughout this very long process.

## REVENUE ESTIMATING CONFERENCE ANNOUNCED

It was announced this week that the next Revenue Estimating Conference will be held on Tuesday, May 13, 2003 at 9 a.m. At this conference, Michigan's treasurer and the Directors of the House and Senate Fiscal Agencies will hear testimony from some of the nation's leading economists. Using that information, as well as information produced within their respective departments, they will come to a revenue consensus for use by

the Legislature in completing their budget work for FY 2003-04.

Additionally, these revenue consensus figures will be used to determine whether or not any further adjustments are needed in the FY 2002-03 budgets.

In a related announcement, the Senate Fiscal Agency reported this week that gross income tax collections were down 3.8% from a year ago, and that almost two-thirds of the decline is the result of the January 1, 2003 cut in the income tax rate from 4.1% to 4%. The report also stated that "so far in FY 2002-03, net income tax collections are down 2.1% from last year's collections."

It could be that a portion of this report, which states "the rate of [revenue] growth will have to increase to 5.3% during the second half of FY 2002-03 in order to keep pace with the [January] consensus revenue estimate," is an insight into what awaits us on May 13. (The report referenced in this article is available on the Senate Fiscal Agency Web site at

[www.senate.michigan.gov/sfa.](http://www.senate.michigan.gov/sfa.))




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