

Legislative Update

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School Employee Retirement Stimulus – This issue has created a considerable stir in Lansing and has been one of the major topics on everyone’s mind for several weeks. We have a bill that will be introduced as HB 4285 on 2/17/09 with a Senate version expected on 2/18/09. The primary sponsors will be Rep. Fred Miller (D-Mt. Clemens) and Sen. Wayne Kuipers (R-Holland). Major provisions of the bill are:

- Increase the multiplier to 2% for those who retire during the designated window.
- The window to apply to retire is April 1, 2009 through March 31, 2010.
- The window to retire is from 30 days after application through June 30, 2010.
- The member must go directly from active employment to collecting a pension.
- The member must agree to have his/her pension suspended if s/he returns to work in a public school as a contract employee within two years.
- If the member is in a critical shortage discipline as compiled by the State Superintendent as of October 8, 2008, s/he may elect to continue work for up to one year past June 30, 2010 and receive the benefit. These people must apply in the same window as everyone else.
- The bill as introduced contains a cap on the total cost of the additional liability at \$1.5 billion. If more employees apply than can be accommodated within that cap the employees with the greatest amount of service credit worked in the system will receive priority.
- Employees who do not qualify because of the cap on the number who can take the stimulus will have their application automatically voided so they don’t get forced to retire at the 1.5% rate (they could re-apply at the lower rate if they choose to do so).

Budget 2009-10 – The budget was introduced on February 18 and referred to committee. This year the education budget bills will go through the House of Representatives first, then to the Senate, conference committee, final passage and then the Governor. As everyone knows, the initial Executive Budget proposal calls for \$164 million in specific cuts to K-12 in order to resolve the difference between projected SAF revenue and expenditures. A little over half of this comes from a \$59/pupil reduction in the foundation allowance. The rest comes from ISD operations and a variety of K-12 cuts. The total difference between the final K-12 budget for 2008-09 and the proposal for 2009-10 is about \$410 million to the negative.

Community colleges will receive the same funding as this year under the Governor’s proposal for 2009-10.

Public universities take a hit of 3% in the allocation for each institution. Combined with other cuts, higher education is reduced by a total of \$100 million when compared to this year.

Mandatory Attendance – Two bills have been introduced and reported to the full House of Representatives requiring mandatory attendance to age 18. They are HB 4030 sponsored by Douglas **Geiss** (D -Taylor), and HB 4132 sponsored by Lamar **Lemmons** (D – Detroit). The

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difference in the two bills is that HB 4030 would apply to all students as of the effective date while HB 4132 would apply to students who turned 14 years of age by December 1, 2007 or later. The MEA supported the bills in committee recognizing that additional work needs to be done developing programs to meet the needs of students who dropout of school.

Privatization – HB 4219, sponsored by Rep. Fred **Miller (D-Mt.Clemens)** would remove the prohibition in the Public Employment Relations Act against school employees having the right to negotiate over the issue of privatization of their services. This bill has been referred to the House Labor Committee. We also know that Rep. Doug Bennett (**D- Muskegon**) plans to re-introduce his bill calling for a cost benefit study prior to a decision to privatize and Rep. Rick Jones (**R-Grand Ledge**) plans to re-introduce his bill giving existing employees the right to bid on any work that is slated for outsourcing/privatization.

First Class School Definition – HB 4047 sponsored by Rep. Bettie **Scott (D-Detroit)** would change the definition of a first class school district to one that has at least 60,000 students. Currently the number is 100,000 students. This is important to the Detroit Democrats and is therefore important to everyone one because they may be willing to trade something else to get it.

Charter Schools - Related to the first class school issue is HB 4063 sponsored by Rep. Lamar **Lemmons (D-Detroit)**. It would remove the prohibition against community colleges issuing charters in a first class school district (Detroit), a provision that has been in the School Code since charters were first established in Michigan in the mid-1990s. It effectively allows Bay Mills Community College, a statewide Native American institution, to issue charters in every district except Detroit without regard to the overall cap on the number of charter schools in the State. Bay Mills has used this loophole to open over 30 charters in this decade. Under HB 4063 Bay Mills could also authorize charters in Detroit on the same basis as it does in the rest of the State.