

Legislative Update

2021-22 Education Budget and COVID Relief Supplemental Budget



From Andy Neumann, MEA Public Affairs – UPDATED May 5, 2021

Over the last two weeks most of the focus at the Capitol has been over the budget, both supplemental appropriations dealing with COVID relief funds and the full 2021-22 education budgets.

COVID Relief Supplementals

Yesterday, House Appropriations reported a supplemental bill, [HB 4421](#), allocating \$4.82 billion for schools and community colleges, from both the most recent federal American Rescue Plan Act (ARP) as well as the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) passed in December 2020.

\$3.3 billion of this is ESSER III grants from ARP, to be distributed based on the federal Title I formula. Districts may use these funds as designated in ARP, including the provision that 20% of must be reserved to address learning loss.

Much like the last round of federal relief, lawmakers wanted to add funding for districts that did not get significant Title 1 funding. In HB 4421, \$362 million of discretionary federal funding is made available to districts that get less than \$1,093 per pupil from the \$3.3 billion above – so long as they offer 20 hours of in-person instruction per week to all students by May 10 (using the same flawed language they used for a similar provision in HB 4048). In looking at the legislative language (contrary to how some lawmakers were talking about it during committee yesterday), the 20-hour incentive for in-person learning only applies these funds, not the full ESSER III funding. Please see this [breakdown from MEA labor economist Tanner Delpier of which districts would be eligible for this equalization funding](#) (and would be subject to the 20-hour requirement).

This supplemental also appropriates the remaining \$840 million in ESSER II formula grants from December's CRRSA, but still tie-bars those dollars to vetoed HB 4049, a bill that would have prohibited the Director of the Department of Health and Human Services from closing a school to in-person instruction during an epidemic. (We're unclear on how they can tie-bar something to an already vetoed bill – but that's what the language currently says.) *Combined with the latest in-person deadline, this is a continuation of the GOP strategy to make political demands on distribution of desperately needed funds, which is why MEA will continue to call on everyone to contact lawmakers and urge that funding be sent immediately and without strings (see www.MiSchoolRelief.com).*

Also in HB 4421 is \$45 million in grant money for heating, ventilation, and air conditioning (HVAC) Systems updates to improve air quality in schools, as well as funding for attendance recovery and adolescent health centers. For community colleges, there's a combined \$6 million for remediation programs.

There is also \$10.0 million in a voucher-like program for parents or legal guardians whose child(ren) are enrolled in summer programming in 2021. An eligible parent or guardian receives \$50 per enrolled child plus reimbursement for expenses incurred, not to exceed an additional \$200 per child. A similar provision was line-item vetoed from the last supplemental by Gov. Whitmer.

Later in the day, Senate Appropriations came out with their own Education Supplemental, [SB 261](#). With less than \$1 billion in school funding, the Senate Supplemental primarily appropriates the held over ESSER II dollars (appropriated by the federal government under the CRRSA Act). It does nothing with the new ARP federal money. While the Senate supplemental did not have requirements for in-person learning or tie-bars to bills restricting the Governor's authority, it did have the same voucher-like program as the House supplemental for summer school.

2021-22 K-12 Education Budgets

Both the House and the Senate took time over the last few days to make their recommendations for the coming year's education budgets. The House recommends a \$16.34 billion School Aid budget and the Senate recommends a \$15.77 billion budget -- the Governor recommended a \$15.85 budget in [her initial proposal in February](#).

In the State House, [HB 4407](#) would give K-12 schools between \$50 and \$100 more per student. With the Senate under [SB 83](#), schools would receive between \$125 and \$250 more per student next year.

Both the House and the Senate want cyber schools to receive the same amount of state aid as traditional schools, while the Governor wants a 20% cut. Neither chambers' proposal supports the Governor's \$200 million recommendation for schools with declining enrollment.

The House put money into new programs, such as: \$152.4 million into special summer programs, high school recovery programs, and other initiatives to help students catch up after COVID-19.

With the House budget there is also \$50 million more for rural bussing based on a new formula. There's \$5 million more for before- and after-school programs, \$25 million for year-round schooling, \$20 million for special education, and \$10 million for school safety grants.

The House also supported dropping \$102.3 million into a special School Aid rainy day fund, which neither the Governor nor the Senate did.

On other big-dollar items, the Senate agreed with the Governor's \$32.5 million increase to the Great Start Readiness Program (free pre-school for 4-year-olds from low-income families) while the House only OK'd a \$5 million increase.

Below is a table comparing the Governor's, the Senate's, and the House's recommendations for the 2022 Budget:

	Governor's 2022 Budget Recommendations	Senate 2022 Budget	House 2022 Budget	Notes
Total	\$15.85 billion	\$15.77 billion	\$16.34 billion	
Max Foundation	\$82 increase	\$125 increase	\$50 increase	Gov.'s budgeted foundation is higher, but eliminates 11d. When including 11d, House budget appropriates more flexible per pupil revenue.
Basic Foundation	\$164 increase	\$250 increase	\$100 increase	
Cyber schools	Foundation allowance 80%	Foundation allowance 100%	Foundation allowance 100%	Reducing the foundation for cyber charters is consistent with a proposal by Gov. Snyder.
11d Per-pupil payments	Eliminate \$65 per pupil	Eliminate \$65 per pupil	Increase to \$115 per pupil	Originally meant to be a one-time per-pupil payment in FY 2021. Gov. wants to incorporate back into foundation. House wants to keep separate.
School aid stabilization	0	0	\$102 million	
MPSERS	Increase by \$145 million	Increase by \$145 million	Increase by \$442 million	
At-Risk funding (31a)	Increase by \$12.5 million	No change from 2020	No change from 2020	
GSRP	Increase by \$32.5	Increase by \$32.5 million	Increase by \$5 million	
Declining enrollment sub	\$200 million	0	0	Would reimburse districts for 70% of the decline in enrollment between 2021 and 2022.

The budget process is far from over. Following the next Consensus Revenue Estimating Conference on May 21, the House and the Senate will have to vote on these bills on the Senate Floor and House Floor, then both chambers will have to come to an agreement, and then the House, Senate, and Governor will have to come to an agreement on spending.

2021-22 Higher Education Budgets

For universities and community colleges, the Governor recommended a 2% increase, while the Senate (in bills [SB 93](#) and [SB 94](#)) offered no increase in spending for Higher Ed or Community Colleges.

The House increased university funding by \$484,000 in [HB 4400](#); all operations funding would be allocated based on a new funding formula that is closer to a per-student model of funding. Even the Republicans are calling this a “radical shift” in how higher education is funded.

This would mean significant state funding cuts in the first year to the University of Michigan-Ann Arbor (13.4%), Michigan Tech (9.3%), Gogebic Community College (18%), and Southwestern Michigan College (12.4%) to name four.

However, it would mean significant state funding boosts in the first year for Oakland University (33%), Grand Valley State University (27.2%), University of Michigan-Flint, and University of Michigan-Dearborn (18.6%), and Washtenaw Community College (23.5%).

[HB 4401](#), a bill that funds community colleges, has a 2% increase in spending, but also has the new per-student model of funding formula. Projected funding changes for individual community colleges would range from 18.6% decrease in funding to a 23.5% increase in funding.

NOTE: All the 2021-22 K-12 and Higher Ed figures are dependent on the May Consensus Revenue Estimating Conference. Everything could change after the new revenue estimates are agreed upon at that time on May 21. Moral of the story – stay tuned.