

October 2009

The End of 20J

All summer, I was involved in negotiations on the state budget with Appropriations members from the House and Senate and the Governor's office. During those meetings it was clear that state revenues were plummeting, and that the budget would be in deficit.

There are two basic ways to address that problem. You can cut, or you can raise revenue. There was a general agreement that significant cuts would have to be made, but never a meeting of the minds on revenue as an option.

During the course of those meetings, we considered the option to cut everything. We discussed the drawbacks of cutting everything equally. While equal across the board cuts seem fair and are easy to explain, they often aren't the best policy approach. Usually some programs have a higher priority than others, and some programs are so small that it doesn't make sense to continue running them if you can't afford the minimum they need to function.

So the option of cutting everything evolved into the idea that no one should escape the cuts, because everyone had to feel pain, but that some areas would feel more pain than others. In that spirit, I offered up a 10% cut to Section 20J school districts. Every school district in the state gets at least \$7316 in per pupil funding, but some get more. Some get as much as \$12,000 per pupil, based on a community's willingness to tax themselves with a higher millage at the time of Proposal A.

In 2000, at the height of the economic boom, there were a couple of years when low inflation and large increases to schools resulted in 39 districts with the highest per pupil funding being ineligible for the minimum increase all other schools were getting. The lowest schools got a bonus payment, and everyone else got the minimum. Except 39 schools got less than the minimum.

Wanting every school to get at least the minimum increase, the legislature created section 20J payments to give these schools the difference between the lower inflationary increase, and the higher minimum foundation increase.

For nearly 10 years, 20J existed as a \$51 million line item in the budget.

But now it is gone.

The Governor vetoed the funding, based on anticipated shortfalls in state revenue collections each month.

I appreciate that cuts have to be made, but I hate to see the 20J schools lose their entire funding in one blow, or about \$200 per pupil, especially when the budget also cut \$165 per pupil and a proration cut another \$127. So while I am willing to take my share of the cuts, I hate to see one group bear a disproportionate share of the burden.

So do my colleagues who have 20J districts within their borders. When the Governor issued her veto, a bipartisan group of legislators considered our options for overriding the veto.

Unfortunately, rudimentary math showed us that 39 school districts comprise a distinct minority of the 552 districts in the state. I was surprised to learn that many members on both sides of the aisle were quietly glad that districts with higher foundations were losing money.

It is a sad commentary on human nature that the misfortune of our friends is sometimes not displeasing to us.

Undaunted, my colleague Senator Pappageorge (R-Troy) introduced a resolution asking the House to overturn the veto. The bill has to go to the House first, and I and several Democratic

colleagues cosponsored the resolution, which cause some consternation among fellow Democrats and the administration. But those guys don't elect me.

You do.

When we went to the committee, a bipartisan coalition passed the resolution, 10-5, in front of a packed crowd of 20J superintendents and supporters. It might have made them feel good for a day, but they would be mistaken if they thought this would fix the problem.

The resolution is not an override. And the votes probably don't exist in either the House or the Senate to override the veto, which requires a two-thirds vote.

So I made a motion to put Senate Bill 310 in front of the committee, a shell bill I introduced earlier just in case there was ever a majority to raise some targeted revenue to restore an unjust cut.

The resolution was largely symbolic, I argued, but passing this bill could actually restore funding for 20J. I even renewed my offer of funding just 90% of it, and identified four different sources to fund it. We could take our pick, mixing and matching, between freezing the increase in the personal exemption to the income tax (\$55 million), a sliver of the proposed 15% reduction in Michigan Business Tax credits (\$75 million), taxing cigarillos equal to cigarettes (\$7 million) or loose tobacco (\$38 million) or Alcohol sales at extended hours (\$14 million). Out of all these we only needed \$46 million to fund 20J at 90%.

Make me an offer.

After all, we just had a 10-5 vote to ask the House to restore the whole thing.

Committee Chair Senator Jelinek (R-Three Oaks), who is my best friend in the Senate, confessed that he was taken by surprise. Would I withdraw my motion?

I agreed that I had been completely surprised by a Doctor's Tax vote 2 hours earlier on the Senate Floor. Normally, you never want to surprise people if you want to build a relationship.

But that road has to go both ways. So I didn't withdraw my motion. Given the choice I preferred to go down fighting.

My 10-5 majority for symbolism melted when given the chance to put money where our mouths were.

The committee wanted to think about it, and temporarily postponed action on the bill.

I appreciate them even thinking about it.

But they couldn't very well vote me down with that big crowd in the room.

I can't say I am confident of success. If I were a 20J district, I would prepare for the worst.