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In This Update

- Summary
 - [Budget: What Changed This Week?](#)
 - [House Debates School Aid Fund Reduction](#)
 - [This Week's Introduced Bills](#)
 - [For MI Kids, For My Schools](#)
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Summary

This week in Lansing was a **big one for the budget process**, with both House and Senate Education Committees taking the week off as legislators focused on the budget. **In both chambers, the respective Appropriations Committees advanced budgets from the full Appropriations Committee to the chamber floors**, including the K-12 budget.

We've summarized everything you need to know below!

As always, please [contact MASA](#) with any questions or concerns.

Budget: What Changed This Week?

Last week, the Senate released details of its K-12 budget. This week was the House's turn, and we sent you a detailed [special legislative update](#) with the important items that you need to know. If you missed that, you can find a copy of that information [here](#).

On Wednesday and Thursday, **both versions of the K-12 budgets went through the Appropriations Committee process**, where the School Aid Subcommittees considered amendments that would change their budgets, and then ultimately voted to send the bills to the full Appropriations Committees. Once there, there was again an opportunity for legislators to add additional amendments to the bills. Finally, **both full Appropriations Committees voted and sent the budget bills to the full chambers for consideration**. All these steps were accomplished by both the House and Senate this week.

On Thursday, Senate Appropriations Chairmen Senator Jim Stamas (R-Midland) told reporters he feels that the **Legislature is on track to complete all budgets by the end of June or early July**. If you recall, last year, School Aid was the only budget completed by the July 1 deadline. The remainder of the budgets were not finished until September.

It is **anticipated that the House and Senate will pass their respective budgets next week**. The Legislature will **then debate internally until the May Consensus Revenue Estimating Conference (CREC)** on May 20. Recall that CREC is that twice-annual event where officials from the House, Senate, and Executive Branch get together to hear from experts and estimate the amount of revenue the state has available to spend. These numbers will be used to **craft the final budget bills, which typically come from negotiations between the House, Senate, and State Budget Office in Conference Committees**.

Below is a quick summary of the budgets as they stand right now:

House Version: HB 5795

- During House Appropriations committee, the ISD General Operations Funding (Sec. 81) was amended to **require ISDs to include PSAs on their email distribution lists and listservs**. (Note: This was also included in the Senate version.)
- The House included **\$6.8 million to Oxford Community Schools** for a psychologist, family school liaison, mental health director, school resource officer, safety and security assessments, public relations consulting, private security summer school, insurance copays, and legal services; as well as for one-time costs, including physical repairs, a third-party review, a mass notification system, and security cameras. (Note: The Senate did not include this section.)
- There currently is **no increase in Sec. 31n(6)**, the vital section that provides funding to ISDs for mental health and support services for general education pupils. Further the House did not include any additional funding for mental health services elsewhere in its budget.
 - Appropriations Chairmen Rep. Thomas Albert (R-Lowell) stated that the House intends to amend the bill to add in mental health-focused funding. Further, he mentioned that the **School Safety Taskforce will inform what will be proposed in the budget**.
- Boilerplate language is included stating that **in order to receive state aid, districts or ISDs are required to adopt a policy that prohibits boys from competing in girls' athletic activities**. (Sec. 166c).

Additionally, **the House has prepared its budgets to allow for a \$1 billion dollar tax cut**.

Senate Version: SB 832

- Sen. Wayne Schmidt (R-Traverse City) reiterated his sentiments from last week during the full Appropriations Committee hearing, stating that

this is a **“start” for the K-12 budget and “there will be more money, people just need to relax a bit.”**

- An amendment was added this week to Sec. 97d, which is a **new section that includes \$10 million (GF/SAF) for school security building mapping**, clarifying that nonpublic schools are eligible for funding.
- Another amendment clarified that in Sec. 35a(10), the LETRS: Professional Learning Early Literacy training, if funding is left over after PK-3 teachers have applied, then other staff are eligible. The list of eligible recipients are additional elementary school educators and PK-12, certificated special education personnel with endorsements in learning disabilities, emotional impairments or speech and language impairments.

House Debates School Aid Fund Reduction

The House Local Government Committee met to **discuss a package of bills that aims to create local tax incentives to increase affordable housing**. This four-bill package, outlined below, makes various changes to allow for local governments to provide tax credits and exemptions for the development or rehabilitation of housing. This package is being pushed by the Housing Michigan Coalition which is a group led by the Grand Rapids Chamber, Michigan Municipal League, and Home Builders Association of Michigan.

Unfortunately, this package of bills **has the potential to significantly reduce the School Aid Fund**. According to the Senate Fiscal Agency, these bills would **reduce revenues for local property taxes, income taxes and the State Education Tax**. Also, any revenue reduction at the district level from property taxes is made up by the School Aid Fund to keep that district at its specified per-pupil allowance, which means **the entire state would see a reduction in funds available as those districts are made whole**.

While there certainly is a need for affordable housing in our state, **this legislation creates incentives at the expense of our school districts.** Supporters of the legislation pushed back on our SAF concerns, arguing that it is difficult to quantify the impact for schools. They further stated that this legislation would attract families to move to our state, and therefore that would increase our student population. This claim was not supported by data.

[SB 362](#): Establishes the Attainable Housing and Rehabilitation Act that would permit a qualified local governmental unit, by resolution of its legislative body, to establish one or more attainable housing districts within its jurisdiction. Qualified property owners would be exempt from standard ad valorem property taxes and instead would pay a specific tax, the attainable housing facilities tax.

- **School Aid Impact:** This bill would **reduce state and local property tax revenue** by an indeterminate amount for those local units of government that authorize an attainable housing district under the bill. **Where school operating mills are reduced on eligible properties, costs for the School Aid Fund would increase**, assuming the foundation allowance were maintained. State property taxes would be reduced via the state education tax (SET).

[SB 364](#): Amends the Neighborhood Enterprise Zone Act to allow any city, village, or township to designate a neighborhood enterprise zone (NEZ) under the act. Currently, only county seats and certain distressed communities can.

- **School Aid Impact:** This bill would **reduce state and local property tax revenue** by an indeterminate amount. Additionally, **school operating mills would be reduced on eligible properties**, costs for the School Aid Fund would increase. State property taxes would be reduced by the SET.

[SB 422](#): Establishes the Residential Housing Facilities Act which would allow a city, township, or village to establish one or more residential housing districts. Qualified property owners would be exempt from standard ad valorem property taxes and instead would pay a specific tax, the residential housing facility tax.

- **School Aid Impact:** The bill could **reduce state and local property tax revenue** by an indeterminate amount for those local units of government that authorize a residential housing district under the bill **where school operating mills are reduced on eligible properties, costs for the School Aid Fund would increase** assuming the foundation allowance were maintained. State property taxes would be reduced via the SET.

[SB 432](#): Amends the State Housing Development Authority Act to exempt from ad valorem property taxes a workforce housing project that has been approved for exemption by the city, village, or township where it is located. The owner would have to pay an annual service charge for public services in lieu of taxes (PILT) to that city, village, or township, which would distribute it to applicable taxing unit. A local unit receiving PILT must distribute them to the various units levying the general property tax in the same proportion as in the previous calendar year. However, the amount of PILTs to be distributed to a local school district for operating purposes would not be distributed to the district but would instead have to be credited to the School Aid Fund.

- **School Aid Impact:** The bill would **reduce state and local property tax revenue** by an indeterminate amount for those local units of government that authorize a housing project for workforce housing under the bill. **Where school operating mills are reduced on eligible properties, costs for the School Aid Fund would increase** assuming the foundation allowance were maintained. State property taxes would be reduced via the SET.

This Week's Introduced Bills

[HB 6048 \(Paquette\)](#) Requires public disclosure of closed sessions for negotiations of collective bargaining agreements.

[HB 6050 \(Beson\)](#) Requires local and intermediate school districts to audio record each meeting and post the full unedited version on their webpage within 2 business days.

[HB 6051 \(Beson\)](#) Requires public school employers to audio record each meeting it conducts with a bargaining representative that is related to the negotiation of a collective bargaining agreement and post the full unedited version on their webpage within 2 business days.

[SB 1022 \(VanderWall\)](#) Modifies requirements concerning taxes levied for area career and technical education programs.