

Karen Hill

From: Charlie Glaes
Sent: Friday, May 11, 2012 3:20 PM
To: Karen Hill
Subject: FW: MASB News from the Capitol

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Sent: Friday, May 11, 2012 3:04 PM
To: Charlie Glaes
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News From the Capitol

Government Relations



MASB New from the Capitol
Week of May 7–11, 2012

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Personal Property Tax Bills Pop Out of Senate

After months of testimony and speculation, the Senate drastically changed legislation directing how local governments and schools would receive reimbursement in exchange for curbing the personal property tax (PPT).

The key changes would reinstate the PPT to its current form if future legislatures failed to reimburse local governments and schools for lost revenue as a result of reducing the tax. This means that if a future legislature decides against funding the replacement revenue, the tax would be reinstated. Although short of a constitutional guarantee, it would require legislators to eliminate the repealing language, fund the replacement or reinstate the tax.

Other changes address local government and school concerns about how reducing PPT revenue would affect bonded indebtedness, lack of reimbursement between 2013-15 and the amount of funding local governments must lose before they become eligible for reimbursement.

The changes require the state to cover the payment for all bonded indebtedness for

the three years prior to the original 2016 reimbursement mechanism. Under the new substitute, the Department of Treasury will reimburse local governments for their debt mill loss beginning in 2013.

Although this compromise represents a great deal of progress, MASB still has serious concerns over an expected loss of \$60–\$100 million of school aid. This equals approximately \$40–\$66 per pupil in lost revenue for school districts. We're hopeful that progress can be made in the House to fully restore and guarantee lost revenue.

MPSERS Changes Delayed Until Next Week

After passing changes to the PPT, the Senate declined to take up a watered down version of SB 1040. The new version of the bill eliminates savings gained from a retroactive premium grade for current employees and allows for retirement-eligible retirees to collect health care at any time. The original bill included a requirement that the retiree be at least 60 years of age to collect health benefits.

The new version includes lowered employee contribution rates for the pension system. Remaining in the bill is a requirement that all pensioners, current and future, contribute 20 percent of their premium. Currently, retirees contribute 10 percent. There's ongoing discussion about prefunding health care costs. This might include a lump sum payment of school aid dollars to lower the rate. This might result in a lowered foundation, but payments required back to MPSERS would be lower, so it would actually be a net gain for districts and the system.

It also includes provisions to start prefunding health care for retirees, which is a noble endeavor, but one that could actually cause our rates to increase rather than decrease as we were anticipating.

MASB continues to meet with legislators on this issue. The Senate would like this issue put to rest alongside the budget, but the House is less certain on its timeline.

Work on Teacher Certification Begins Next Week

A subcommittee of the House Education Committee is scheduled to meet next week to discuss the issue of teacher certification. The issue centers around what the state can do to change the process of teacher certification, legislation to alter the certification process and new teacher certification rules coming from the Department of Education.

Scheduled presentations regarding new teacher certification rules:

- Lisa Hansknecht, director, Office of State and Federal Relations and Dr. Sally Vaughn, deputy superintendent and chief academic officer, Michigan Department of Education
- Dr. Patricia Reeves, associate professor, Education Leadership, Western Michigan University
- Dr. Susan Wilson, chair, Department of Teacher Education and director, College of Education's Center for the Scholarship of Teachers, Michigan State University

School Bond Loan Fund Bills Shaking Loose Soon

It's expected that bills to drastically alter the School Bond Loan Fund will be kicked out of the Senate Appropriations Committee sometime next week. MASB strongly opposes these bills, as they'll effectively stall school construction for 30 years in many areas of the state. We've continued to urge legislators to look at a long-term solution to infrastructure funding, rather than a knee jerk, speculative solution that does nothing to address the multi-billion dollar infrastructure need in Michigan.

Revenue Estimating Conference Wednesday

The May Consensus Revenue Estimating Conference is Wednesday, May 16 at 9 a.m. in the House Appropriations Hearing Room in the Capitol. This semi-annual meeting of key state officials provides legislators with the final revenue numbers they use to solidify the budget.

Once this conference certifies its estimates, legislators can begin work on the final versions of the general and school aid fund budgets. Legislators continue to assert that the budgets will be finished by June 1 as they expect to leave town for the summer recess by June 15.

Contact MASB

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