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MASB News from the Capitol

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News from the Capitol -- Week of Sept. 20-24

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Promise Tax Credits

The House Education Committee met on Wednesday to discuss several bills, including HB 6453. HB 6453 would create a refundable tax credit worth up to \$4,000 for individuals graduating from high school after 2006, completing a postsecondary degree or certificate after 2008, and receiving compensation in the tax year following completion of the degree/certificate as a full-year resident of Michigan. The amount of the tax credit would be reduced by any payment previously received by the taxpayer under the Michigan Promise Grant Act.

Originally, MASB opposed this legislation as it was described to have a great cost to the school aid fund. However, the Department of Treasury insists that the legislation will primarily cost the state general fund and that the SAF will be held harmless.

It's still worth noting that the House Fiscal Agency estimates that the cost of this program will eventually be \$160 million annually and the legislature doesn't identify a replacement stream of revenue. It's dangerous to continue to provide tax breaks that decrease the amount of general fund revenue available given the raid that took place on school aid dollars this year. The bill will go to the full House for consideration.

## Consolidation

The House Education Committee met on Thursday to discuss the issue of "consolidation of services and school districts." Although the bill hadn't been introduced in time for the hearing, discussion centered on HB 6488 introduced by Rep. Tim Melton (D-Auburn Hill). Rep. Melton is also the chair of the House Education Committee. The bill would create a 13 member commission tasked with analyzing non-instructional services for all local and intermediate school districts across the state. Within 18 months, the commission would be required to submit recommendations to the Department of Education that point out where consolidation or sharing of services would be beneficial educational and monetarily. These shared or consolidated efforts could be among local districts, locals and ISDs, regionally, statewide or any combination of the aforementioned.

The state superintendent would be required to order that these recommendations be implemented as soon as possible, or after the expiration of collective bargaining agreements that would prohibit the consolidation. The legislature could, but wouldn't necessarily have to, issue a resolution blocking the recommendations. MASB opposes this legislation as it walks all over the local efforts to share services or consolidate services to be more efficient. Not to mention, this committee will be charged with such a monumental task, that it will be near impossible to do correctly in the time spelled out in the legislation.

MASB testified to consolidation efforts already taking place across the state and mentioned some of our concerns with the legislation and a non-elected commission prescribing policy for districts and ISDs across the state. We will continue to work with Rep. Melton and the committee to try and craft legislation that helps districts and ISDs be more efficient while still respecting local control and the autonomy of locally elected boards of education.

## Senate Education Committee

The Senate Education Committee met on Thursday to take testimony and vote on two pieces of legislation. SB 1421 would require that a school psychologist be a member of the committee that designs the educational development plan (EDP) of students with disabilities. MASB opposes this legislation because it may be an unfunded mandate as many districts don't have a school psychologist readily available, in addition to the fact that a school psychologist might not necessarily need to be included on this committee. The bill did pass along party lines and will be taken up by the full Senate in the near future.

SB 1509 modifies the requirements passed under the Race to the Top (RTTT) legislation that requires teacher evaluations. The bill clarifies language that would allow districts to wait until expiration of current contracts before negotiating on teacher evaluations. MASB supports this legislation as this provision was an oversight in the original RTTT legislation.

#### Education Jobs Fund

Yet again, we wait for action on HB 5872, which appropriates \$312 million in federal dollars awarded to Michigan under the Education Jobs Fund. The holdup seems to be over what formula to use to appropriate the money -- the House version appropriates \$154 per pupil for all districts and then adds a bonus payment of \$17 for the higher funded districts and \$34 for the lowest funded districts. Others would like to see a straight 2X distribution equating to about \$111 dollars per pupil for the highest funded districts and \$222 per pupil for the lowest funded districts. Until this difference is resolved...we wait.

#### State Employees Retirement Program

The legislature passed SB 1226, the state employee version of the school employee retirement plan. This plan provides for a 1.6 multiplier (computed on up to \$90,000 of final average compensation (FAC)) for state employees currently eligible to retire, and a 1.55 multiplier (computed on up to \$90,000 of FAC) for employees with 30 years of service or a combined age and years of service of 80 or more. The bill also includes a provision that requires all state employees to pay 3 percent of their salary toward future retiree health care benefits. This additional contribution expires on Sept. 30, 2013. This sunset DOES NOT apply to school employees. It's expected that Gov. Granholm will sign SB 1226 as it's expected to save \$80 million this year and many of the passed and signed budgets rely on that savings.

Please feel free to contact Peter Spadafore, [pspadafore@masb.org](mailto:pspadafore@masb.org) or Don Wotruba, [dwostruba@masb.org](mailto:dwostruba@masb.org) with any questions.

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