

To: Council About Parochiaid
From: Cara Marie Dobie and Courtney VanCamp
Date: March 11, 2022
Re: Legislative Report

Budget Update

A quick summary of Executive Budget and Majority-lead endeavors:

- \$120 million *more* into the \$240 million already in 31o (funding for school counselors, school social workers, and school psychologists); ongoing funding
- \$150 million 1-time funding for Transforming Research into Action to Improve the Lives of Students (TRAILS program); this requires ISDs to “develop direct partnerships with the TRAILS program”
- \$50 million more added to 31n
- \$11 million to expand school-based health clinics
- Senate and House Bills expected next week on the soon-to-be-renamed “Home Grown” scholarship/internship grant!

And that’s in addition to a new weighted per-pupil funding increase of nearly \$1 billion, which also includes:

- \$222 million increase to economically-disadvantaged students by fully-funding the line item (instead of pro-rating it)
- Increasing the reimbursements rate for Special Education students 5%, from 31% to 35%
- 5% increase to ESL and Rural/Isolated District support line item

The budget process is under way now, and we can hope to see the legislature’s response to the Executive Budget in two weeks (likely a month).

Fascinating Things if You Don’t Hate Politics

At long last, and only about 6 months late, the Michigan Independent Citizens Redistricting Commission has released their [final legislative maps](#). Following that link will take the reader to a dazzling display of multi-colored maps of districts that, legally, are “more competitive, more fair for balanced elections, and not ‘gerrymandered.’” To the novice and naked eye, the maps look perhaps the opposite, or perhaps like a very preoccupied kindergartener colored a couple maps of the state. Let’s together, and briefly, demystify these jiggly lines:

1. Based on the 2020 census and a few thousand people *not* filling it out for a number of reasons, from COVID to believing everything they read on the internet, Michigan will lose a Congressional seat – and thus some DC influence – for the next decade.
2. That 1-seat reduction is pitting 2 Democratic incumbents against one another: Hayley Stevens, and Andy Levin

3. 10 current State Rep seats will force colleagues to run against one another, or find a way out (vis a vis running for State Senate, or bowing-out of politics): 5 current Democratic-held seats, meaning 10 Democratic colleagues; and 5 current Republican-held seats, meaning, again 10 Republican colleagues
4. In the State Senate, it's 4 seats and 8 colleagues, split, again, and proving the point of the Commission regarding balance and fairness, evenly.
5. Current conventional lobbyist wisdom says Republicans will keep the MI House; Dems have an on-paper shot at flipping the MI Senate.

Moving on: this is a big election year, and we can expect all the brilliantly-conceived political maneuvering the closer we get to summer and the August Primary. In sum, this year, the lucky citizens of Michigan will exercise their constitutional right to vote for:

- Governor/Lt Governor
- Attorney General
- Secretary of State
- 2 MI Supreme Court seats
- All 13 Congressional delegates
- All 38 State Senators
- All 110 State Reps
- Innumerable local elections
 - School boards
 - County Commissions
 - City Councils
 - Villages, Townships
 - Local Judicial races

Neither of Michigan's 2 Senators are facing re-election this cycle, and we get to wait two more years before we deal with whatever is about to happen with the Presidency.

Tax Cuts

Of course, we couldn't have \$3 billion in Federal ARPA funds and a \$4 billion General Fund surplus without there being talk of tax cuts! And the amount of tax cuts that are proposed, of course, virtually wipe-out the surplus, and threaten to create the same structural deficits Michigan enjoyed around 2008, which lead to several consecutive years of billion-dollar cuts.

The Governor proposed, in the Executive Budget, a 4-year phase-out of Michigan's tax on pensions, instated in the early years of the Snyder Administration to deal with the structural deficit previously mentioned. The legislature calls her proposal, and raises it thusly:

- SB 768
 - \$20,000/\$40,000 single/joint pension tax exemption

- Personal income tax cut from 4.25% to 3.9%
 - \$500-per-dependent tax credit
 - Corporate income tax cut from 6% to 3.9% (since removed from the bill as it was sent to the Governor's desk)
- HB 5054
 - \$1.5 billion local pension rescue plan
 - In the Senate
- HB 5570
 - Pauses Michigan's gas tax for 6 months (April 1 – Sept. 30)
 - In the Senate

SB 768 and 5054 alone blow a \$4-billion structural hole in the budget below the current baseline, and may require repayment of about \$1.8 billion APRA funds. HB 5570 adds another \$750 million hole. Any and all of this, of course, threatens the progress made in the Executive Budget.