



Legislative Update

March 2025

Roads

- Dedicates sales tax on fuel to roads - a loss to the SAF
- House plan which passed this week backfills \$755M
 - Based on estimates, we believe this is actually an increase in SAF revenue in the short term
- Part of the discussion: prohibiting Higher Ed from the SAF to give long term security to General Fund pressures
- HJR H was introduced this week by Rep. Kelly

Roads

- Eliminate the sales tax on gas
 - Includes a provision to earmark existing sales tax revenue to offset the School Aid Fund reduction (\$755M)
- Increase the gas tax by 20 cents
- Remove gas from sales and use taxes
- Increase the aviation fuel tax to 8 cents
- Sunset and reallocate funds for SOAR and housing development earmarks (set to expire at the end of the next fiscal year)
 - The new \$2.2B earmarked distribution would allocate 50% to counties, 40% to cities/villages, and 10% to the state trunk line.
- Changes adopted to HB 4187 in Committee will dedicate \$95M from Michigan's sales tax revenue specifically for local government revenue sharing, which would hold local government harmless, similar to how sales tax revenue is being prioritized for the School Aid Fund, as well

House Budget Bill

- **Per-pupil: \$10,025** (increase of \$417 from \$9,608)
 - **Cyber school per-pupil: \$10,025** (increase of \$875 from \$9,150)
 - **31aa mental health and school safety: \$350M** (increase of \$50M)
 - **Special education: \$2.7B** (increase of \$127.3M)
 - **MPSERS: \$2.1B** (reduction of \$232.2M from current-year funding levels)
- Left 5B on balance sheet
- Meant to be a back up in case negotiations break down.

Recently Passed Bills

[HJR E \(Schuette\)](#) Proposes a constitutional amendment to have State Superintendents appointed by the Governor, with Senate approval, starting January 1, 2027 (reported from Committee)

Teacher certificates and endorsements:

- [HB 4150 \(Tisdel\)](#)

Eliminates all fees for teaching certificate applications, endorsements, and permits. MDE would be prohibited from charging fees for:

- Application submission
- Application evaluation
- Issuance, renewal, or reinstatement of certificates, licenses, endorsements, and permits

- [HB 4151 \(Martin\)](#)

Requires MDE to issue an additional subject area endorsement to a teaching certificate if the holder passes that subject on the Michigan Test for Teacher Certification (MTTC).

Recently Passed Bills

- [HB 4153 \(DeBoer\)](#) Authorizes public schools to issue local teaching certificates for up to five years. The bill includes a sunset provision, ending the issuance of local certificates after July 1, 2035.
- [HB 4060](#), introduced by Rep. VanderWall (R), allows ISDs to share contracts and streamline resource sharing to expand students access in underserved areas. The bill now moves to the Senate for further consideration.
- [HB 4147 \(Steele\)](#) Allows state consolidation grants to be used for the study of consolidation of administrative and service functions, including roles such as superintendents, in an effort to increase efficiency and reduce costs in school administration.
- [HB 4149 \(Kuhn\)](#) Enhances transparency for LEAs, ISDs, and PSAs by requiring a direct link to the MI School Data parent dashboard be posted on their websites to allow for easier access to school performance data.

Changes to PA 152

Nine bills from last session remain unsigned due to an unspecified "legal review."

HB 6058 (Xiong), amending the Publicly Funded Health Insurance Contribution Act (P.A. 152), is among the stalled bills.

Democratic-led Senate sued Speaker Matt Hall, arguing the Michigan Constitution mandates presenting passed bills to the governor within 14 days.

Judge Sima Patel ruled against Hall, affirming his duty to send the bills but declined to force action.

House GOP leadership responded with HR 41 (Smit), directing the Clerk to present only bills passed in the current session.

Federal Update - Freeze

- No federal grants or programs should be impacted during that time, pending further legal developments.
- In either situation:
 - Current-year Title funding will not be affected.
 - Head Start is explicitly excluded from the freeze.
 - The potential effect on school meals or Impact Aid is still unclear.

Federal Update - EO's

- “Expanding Educational Freedom” would direct the Education Secretary to look at supporting school choice through the federal formula funding model and prioritizing educational freedom in federal grants.
- “Ending Radical Indoctrination in K-12 Schooling” would eliminate Federal support and funding for “illegal and discriminatory treatment and indoctrination in K-12 schools, including based on gender ideology and discriminatory equity ideology.”
 - Protects parents rights.

OCR Guidance

- Warns schools potential federal funding loss for “treating students differently on the basis of race to achieve nebulous goals such as diversity, racial balancing, social justice, or equity,” asserting that such actions violate SC precedent. The letter further directs educational institutions to:
 - Ensure compliance with existing civil rights law.
 - Avoid using proxies or indirect methods to circumvent race-based decisions prohibitions.
 - Stop relying on third-party contractors, clearinghouses, or aggregators to bypass restrictions on race-based practices.

OCR Guidance

- The letter itself acknowledges that its guidance “does not have the force and effect of law and does not bind the public or create new legal standards.”
- Legal challenges are expected, as the guidance may go beyond interpreting existing law and court rulings.
- OCR follows a structured complaint process and offers institutions resolution agreements before imposing any funding consequences.

Department of Ed

- Executive Order abolishing Department officially unveiled and signed this week.
- President Trump seemed to concede that a vote from Congress would be needed to dismantle the Department by referencing his hope that Congress would act. It's also important to note that the Order does not purport to eliminate any Federal funding programs.
- Approximately half of the Dep. of Ed. staff has been eliminated
- Michigan and several other states are suing to stop the cuts

Federal Budget

GOP-led Congress to pursue a sweeping fiscal package that includes **\$4.5 trillion in tax cuts** and **\$2 trillion in spending reductions**.

The proposal would cut approximately **\$880 billion from Medicaid** and cut another **\$220 billion from agriculture programs**, including the **Local Foods for Schools Program** and the **Supplemental Nutrition Assistance Program (SNAP)**, which provides food assistance to low-income families.



Questions?