



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

House Bill 4388 (Substitute H-3 as reported without amendment)

Sponsor: Representative Michael McCready

House Committee: Education

Senate Committee: Appropriations

### **CONTENT**

The bill would amend the Revised School Code to expand the allowable uses of sinking funds to include school security improvements and technology. For sinking fund millages approved by voters after the bill was enacted, the maximum allowable millage rate that could be levied would decline from the current 5 mills to 3 mills, and the maximum number of years to levy the millage would decline from the current 20 years to 10 years.

Section 1212 of the Revised School Code provides for the levying of sinking fund mills by local school districts (i.e., not intermediate school districts or charter schools) if approved by voters, with a maximum millage levy of 5 mills over 20 years. (After 20 years, the district has to seek voter approval for another millage.) The current allowable uses of sinking funds are restricted to the purchase of real estate for sites for, and the construction or repair of, school buildings. A sinking fund essentially is a savings account, and allows a district to accumulate funds to pay for real estate, construction, or repair of buildings without incurring debt service costs that accrue when bonding for capital projects.

The bill would expand the allowable uses of a sinking fund to include school security improvements and technology; however, sinking funds approved after the effective date of the bill would be limited to a maximum of 3 mills over 10 years. The bill would define "school security improvement" as any capital improvement or purchase designed to act as a deterrent to unauthorized entry onto school premises or to otherwise promote security. The bill specifies that "security improvement" would include metal detectors, locks, doors, cameras, and other items, including a mobile telephone application connecting school personnel with a 9-1-1 call center, but would exclude personnel costs or operation costs related to these capital improvements.

"Technology" would mean that term as defined in Section 1351a of the Revised School Code, namely hardware and communication devices that transmit, receive, or compute information for pupil instructional purposes; the initial purchase of operating system software or customized application software accompanying the purchase of hardware and communication devices; and the costs of design and installation of the hardware, communication devices, and initial operating system software or customized application software.

MCL 380.1212

### **FISCAL IMPACT**

As of the August 2016 State Aid status report information from the Michigan Department of Education, there are 173 districts (out of 544) currently levying sinking fund mills, raising an estimated \$134.5 million in sinking fund revenue for fiscal year 2015-16, with an average

millage rate of 1.367 mills. Of the 173 districts, 12 are levying an amount greater than the 3-mill cap proposed by the bill; had the cap been in place for the existing millages, the revenue raised from the millage in those 12 districts would have been \$2.5 million lower than what is actually being received. However, the cap would not apply to sinking funds already being levied, and would be prospective in nature.

Districts that in the future were looking to ask voters to approve a millage in excess of the proposed 3-mill cap would be restricted to asking for a lower millage levy, but the bill would allow for more uses of a new sinking fund levy. Therefore, the overall fiscal impact of the bill on local school districts, which would broaden the uses but lower the maximum millage rate, is indeterminate.

Districts that were using general operating funds to pay for security or technology improvements could see increased net revenue if they were to seek, and voters were to approve, a sinking fund for security or technology improvements. Districts that were planning to seek a bond issue for security or technology uses could instead seek a sinking fund levy; in this case, the mills could be the same, but the overall cost to voters would be lower under the sinking fund proposal due to the avoidance of interest costs associated with bond issues. Districts that, in the future, were planning to ask voters to approve a levy greater than 3 mills for the purchase of real estate or construction or repair of school buildings would be limited to the lower 3-mill cap, and would need to either "save up" for a longer period of time or dip into other fund sources to make up the difference.

The bill would have no fiscal impact on the State.

Below, Table 1 shows the districts currently levying sinking fund mills, the mills levied, and the estimated revenue generated from those sinking fund mills.

Table 1  
Districts Levying Sinking Fund Mills as of August 2016

<b>County</b>	<b>School District Name</b>	<b>Sinking Fund Mills</b>	<b>Estimated Sinking Fund Revenue</b>
ALGER COUNTY	SUPERIOR CENTRAL SCHOOL DISTRICT	2.5	\$179,374
ALLEGAN COUNTY	FENNVILLE PUBLIC SCHOOLS	0.5	\$169,121
ALLEGAN COUNTY	SAUGATUCK PUBLIC SCHOOLS	0.4997	\$277,977
ANTRIM COUNTY	ALBA PUBLIC SCHOOLS	0.5	\$25,959
ANTRIM COUNTY	CENTRAL LAKE PUBLIC SCHOOLS	0.45	\$112,581
ANTRIM COUNTY	ELLSWORTH COMMUNITY SCHOOL	1.5	\$131,279
ANTRIM COUNTY	MANCELONA PUBLIC SCHOOLS	0.4	\$119,230
BARRY COUNTY	HASTINGS AREA SCHOOL DISTRICT	1	\$554,206
BAY COUNTY	ESSEXVILLE-HAMPTON PUBLIC SCHOOLS	3	\$1,064,492
BERRIEN COUNTY	BENTON HARBOR AREA SCHOOLS	2	\$1,405,273
BERRIEN COUNTY	ST. JOSEPH PUBLIC SCHOOLS	0.9946	\$977,962
BERRIEN COUNTY	LAKE SHORE SCHOOL DISTRICT (BERRIEN)	1.4971	\$1,144,655
BERRIEN COUNTY	RIVER VALLEY SCHOOL DISTRICT	0.5	\$336,358
BERRIEN COUNTY	BERRIEN SPRINGS PUBLIC SCHOOLS	1	\$349,773
<b>County</b>	<b>School District Name</b>	<b>Sinking Fund Mills</b>	<b>Estimated Sinking Fund Revenue</b>
BERRIEN COUNTY	NILES COMMUNITY SCHOOLS	1	\$585,578
BERRIEN COUNTY	BUCHANAN COMMUNITY SCHOOLS	0.8	\$243,094
BERRIEN COUNTY	BRIDGMAN PUBLIC SCHOOLS	0.1	\$130,904
BRANCH COUNTY	COLDWATER COMMUNITY SCHOOLS	0.9744	\$767,756

BRANCH COUNTY	BRONSON COMMUNITY SCHOOL DISTRICT	2	\$421,326
BRANCH COUNTY	QUINCY COMMUNITY SCHOOLS	1.5	\$318,491
BRANCH COUNTY	UNION CITY COMMUNITY SCHOOLS	4.5	\$630,311
CALHOUN COUNTY	ALBION PUBLIC SCHOOLS	4	\$847,592
CALHOUN COUNTY	BATTLE CREEK PUBLIC SCHOOLS	2	\$1,571,180
CALHOUN COUNTY	MAR LEE SCHOOL DISTRICT	0.75	\$58,264
CALHOUN COUNTY	MARSHALL PUBLIC SCHOOLS	1	\$481,270
CALHOUN COUNTY	TEKONSHA COMMUNITY SCHOOLS	1	\$63,758
CASS COUNTY	CASSOPOLIS PUBLIC SCHOOLS	0.8379	\$371,103
CHARLEVOIX COUNTY	EAST JORDAN PUBLIC SCHOOLS	0.3943	\$139,471
CHEBOYGAN COUNTY	CHEBOYGAN AREA SCHOOLS	0.5603	\$318,610
CHEBOYGAN COUNTY	WOLVERINE COMMUNITY SCHOOL DISTRICT	0.6	\$57,510
CLINTON COUNTY	BATH COMMUNITY SCHOOLS	1	\$250,505
DELTA COUNTY	BIG BAY DE NOC SCHOOL DISTRICT	1.9	\$299,797
DICKINSON COUNTY	NORTH DICKINSON COUNTY SCHOOLS	1.9645	\$218,022
EATON COUNTY	GRAND LEDGE PUBLIC SCHOOLS	0.8	\$995,972
EATON COUNTY	POTTERVILLE PUBLIC SCHOOLS	4.984	\$637,061
EMMET COUNTY	MACKINAW CITY PUBLIC SCHOOLS	0.75	\$109,860
EMMET COUNTY	HARBOR SPRINGS SCHOOL DISTRICT	0.5399	\$558,233
EMMET COUNTY	ALANSON PUBLIC SCHOOLS	0.75	\$105,178
EMMET COUNTY	PUBLIC SCHOOLS OF PETOSKEY	1.3189	\$1,867,385
GENESEE COUNTY	FLINT, SCHOOL DISTRICT OF THE CITY OF	4	\$2,752,501
GENESEE COUNTY	GRAND BLANC COMMUNITY SCHOOLS	1	\$1,450,715
GENESEE COUNTY	MT. MORRIS CONSOLIDATED SCHOOLS	2.5	\$466,895
GENESEE COUNTY	BENDLE PUBLIC SCHOOLS	2	\$136,538
GENESEE COUNTY	GENESEE SCHOOL DISTRICT	1	\$41,680
GENESEE COUNTY	CARMAN-AINSWORTH COMMUNITY SCHOOLS	0.5	\$335,145
GENESEE COUNTY	FENTON AREA PUBLIC SCHOOLS	0.9362	\$724,655
GENESEE COUNTY	KEARSLEY COMMUNITY SCHOOL DISTRICT	3.3	\$928,105
GENESEE COUNTY	FLUSHING COMMUNITY SCHOOLS	0.7488	\$480,560
GENESEE COUNTY	DAVISON COMMUNITY SCHOOLS	1.4016	\$1,055,888
GENESEE COUNTY	CLIO AREA SCHOOL DISTRICT	2	\$934,789
GENESEE COUNTY	SWARTZ CREEK COMMUNITY SCHOOLS	1.8059	\$1,429,973
GENESEE COUNTY	LAKE FENTON COMMUNITY SCHOOLS	0.9982	\$514,279
GENESEE COUNTY	WESTWOOD HEIGHTS SCHOOLS	3.2	\$371,860
GENESEE COUNTY	LINDEN COMMUNITY SCHOOLS	1.3107	\$759,578
GOGEBIC COUNTY	WAKEFIELD-MARENISCO SCHOOL DISTRICT	1	\$103,604
GRATIOT COUNTY	FULTON SCHOOLS	3	\$440,828
GRATIOT COUNTY	ITHACA PUBLIC SCHOOLS	2	\$668,719
HILLSDALE COUNTY	CAMDEN-FRONTIER SCHOOL	3.5	\$433,078
<b>County</b>	<b>School District Name</b>	<b>Sinking Fund Mills</b>	<b>Estimated Sinking Fund Revenue</b>
HILLSDALE COUNTY	HILLSDALE COMMUNITY SCHOOLS	1.9988	\$617,809
HILLSDALE COUNTY	LITCHFIELD COMMUNITY SCHOOLS	0.75	\$84,726
HILLSDALE COUNTY	NORTH ADAMS-JEROME PUBLIC SCHOOLS	0.7	\$70,524
HILLSDALE COUNTY	READING COMMUNITY SCHOOLS	1.9	\$265,659
HILLSDALE COUNTY	WALDRON AREA SCHOOLS	1	\$66,510

HOUGHTON COUNTY	CHASSELL TOWNSHIP SCHOOL DISTRICT	0.1931	\$10,839
HURON COUNTY	BAD AXE PUBLIC SCHOOLS	0.8	\$179,562
HURON COUNTY	ELKTON-PIGEON-BAY PORT LAKER SCHOOLS	1	\$674,640
INGHAM COUNTY	EAST LANSING SCHOOL DISTRICT	1.286	\$1,330,235
INGHAM COUNTY	LANSING PUBLIC SCHOOL DISTRICT	1.5	\$3,335,270
INGHAM COUNTY	DANSVILLE SCHOOLS	1	\$182,520
INGHAM COUNTY	HASLETT PUBLIC SCHOOLS	2.0283	\$1,115,748
INGHAM COUNTY	MASON PUBLIC SCHOOLS (INGHAM)	1	\$659,092
INGHAM COUNTY	OKEMOS PUBLIC SCHOOLS	0.9919	\$1,156,974
INGHAM COUNTY	WEBBERVILLE COMMUNITY SCHOOLS	0.9807	\$120,728
INGHAM COUNTY	WILLIAMSTON COMMUNITY SCHOOLS	1	\$395,376
IOSCO COUNTY	OSCODA AREA SCHOOLS	1	\$586,726
IOSCO COUNTY	TAWAS AREA SCHOOLS	0.5	\$241,345
IRON COUNTY	WEST IRON COUNTY PUBLIC SCHOOLS	0.4447	\$115,593
JACKSON COUNTY	CONCORD COMMUNITY SCHOOLS	2	\$273,925
JACKSON COUNTY	HANOVER-HORTON SCHOOL DISTRICT	1	\$252,838
KALAMAZOO COUNTY	GULL LAKE COMMUNITY SCHOOLS	0.65	\$598,266
KALAMAZOO COUNTY	PORTAGE PUBLIC SCHOOLS	0.5	\$1,145,256
KALKASKA COUNTY	FOREST AREA COMMUNITY SCHOOLS	1	\$133,084
KENT COUNTY	GRAND RAPIDS PUBLIC SCHOOLS	1	\$3,793,926
KENT COUNTY	NORTHVIEW PUBLIC SCHOOLS	1.2056	\$687,856
KENT COUNTY	BYRON CENTER PUBLIC SCHOOLS	1	\$1,010,431
KENT COUNTY	CEDAR SPRINGS PUBLIC SCHOOLS	1	\$532,776
KENT COUNTY	COMSTOCK PARK PUBLIC SCHOOLS	0.9984	\$381,924
KENT COUNTY	EAST GRAND RAPIDS PUBLIC SCHOOLS	0.4801	\$311,770
KENT COUNTY	GODFREY-LEE PUBLIC SCHOOLS	1.9976	\$208,658
KENT COUNTY	GRANDVILLE PUBLIC SCHOOLS	1.4	\$2,039,450
KENT COUNTY	KENT CITY COMMUNITY SCHOOLS	1	\$191,152
KENT COUNTY	KENTWOOD PUBLIC SCHOOLS	1.6	\$3,252,960
KENT COUNTY	LOWELL AREA SCHOOLS	1	\$789,212
KENT COUNTY	SPARTA AREA SCHOOLS	1.15	\$535,741
LAPEER COUNTY	ALMONT COMMUNITY SCHOOLS	0.9989	\$304,618
LEELANAU COUNTY	LELAND PUBLIC SCHOOL DISTRICT	0.2975	\$161,962
LEELANAU COUNTY	SUTTONS BAY PUBLIC SCHOOLS	0.5	\$213,724
LENAWEE COUNTY	BLISSFIELD COMMUNITY SCHOOLS	1.75	\$523,015
LENAWEE COUNTY	CLINTON COMMUNITY SCHOOLS	1	\$226,824
LENAWEE COUNTY	MADISON SCHOOL DISTRICT (LENAWEE)	1.25	\$216,112
LENAWEE COUNTY	SAND CREEK COMMUNITY SCHOOLS	1.8454	\$220,858
MACKINAC COUNTY	ST. IGNACE AREA SCHOOLS	0.9747	\$143,967
MACOMB COUNTY	ARMADA AREA SCHOOLS	0.8394	\$380,982
<b>County</b>	<b>School District Name</b>	<b>Sinking Fund Mills</b>	<b>Estimated Sinking Fund Revenue</b>
MACOMB COUNTY	FITZGERALD PUBLIC SCHOOLS	3.1552	\$1,367,112
MACOMB COUNTY	ROMEO COMMUNITY SCHOOLS	1.2438	\$2,050,847
MARQUETTE COUNTY	NICE COMMUNITY SCHOOL DISTRICT	1.7438	\$419,829
MARQUETTE COUNTY	NEGAUNEE PUBLIC SCHOOLS	1.9926	\$506,735

MARQUETTE COUNTY	MARQUETTE AREA PUBLIC SCHOOLS	0.95	\$1,099,430
MARQUETTE COUNTY	ISHPEMING PUBLIC SCHOOL DISTRICT NO. 1	2.487	\$303,281
MASON COUNTY	MASON COUNTY EASTERN SCHOOLS	0.75	\$138,838
MASON COUNTY	LUDINGTON AREA SCHOOL DISTRICT	0.25	\$292,334
MECOSTA COUNTY	BIG RAPIDS PUBLIC SCHOOLS	0.75	\$310,456
MENOMINEE COUNTY	MENOMINEE AREA PUBLIC SCHOOLS	2	\$650,163
MENOMINEE COUNTY	STEPHENSON AREA PUBLIC SCHOOLS	0.92	\$203,991
MISSAUKEE COUNTY	LAKE CITY AREA SCHOOL DISTRICT	1.5	\$445,678
MONROE COUNTY	MONROE PUBLIC SCHOOLS	1	\$1,762,582
MONROE COUNTY	JEFFERSON SCHOOLS (MONROE)	0.95	\$863,957
MONROE COUNTY	MASON CONSOLIDATED SCHOOLS (MONROE)	2	\$473,358
MONROE COUNTY	WHITEFORD AGRICULTURAL SCHOOL DISTRICT OF THE COUN	1	\$203,785
MONTCALM COUNTY	MONTABELLA COMMUNITY SCHOOLS	1.5	\$317,883
MONTCALM COUNTY	TRI COUNTY AREA SCHOOLS	1.5	\$557,668
MUSKEGON COUNTY	MONA SHORES PUBLIC SCHOOL DISTRICT	1	\$807,568
OAKLAND COUNTY	ROYAL OAK SCHOOLS	0.9966	\$2,395,684
OAKLAND COUNTY	BERKLEY SCHOOL DISTRICT	0.7269	\$669,212
OAKLAND COUNTY	AVONDALE SCHOOL DISTRICT	0.6	\$684,821
OAKLAND COUNTY	BLOOMFIELD HILLS SCHOOLS	0.7326	\$2,407,634
OAKLAND COUNTY	NOVI COMMUNITY SCHOOL DISTRICT	0.4932	\$1,021,255
OAKLAND COUNTY	HAZEL PARK, SCHOOL DISTRICT OF THE CITY OF	1	\$263,344
OAKLAND COUNTY	WEST BLOOMFIELD SCHOOL DISTRICT	1.2453	\$2,116,126
OAKLAND COUNTY	HURON VALLEY SCHOOLS	0.9487	\$2,226,725
OAKLAND COUNTY	OAK PARK, SCHOOL DISTRICT OF THE CITY OF	3	\$1,064,455
OAKLAND COUNTY	LAMPHERE PUBLIC SCHOOLS	0.5	\$335,469
OAKLAND COUNTY	WALLED LAKE CONSOLIDATED SCHOOLS	0.4985	\$2,139,055
OCEANA COUNTY	HART PUBLIC SCHOOL DISTRICT	0.85	\$300,666
OSCODA COUNTY	FAIRVIEW AREA SCHOOL DISTRICT	1	\$184,164
OTSEGO COUNTY	GAYLORD COMMUNITY SCHOOLS	1.1378	\$1,028,258
OTSEGO COUNTY	VANDERBILT AREA SCHOOLS	0.75	\$71,644
OTTAWA COUNTY	HOLLAND CITY SCHOOL DISTRICT	0.7422	\$885,733
OTTAWA COUNTY	WEST OTTAWA PUBLIC SCHOOL DISTRICT	0.2997	\$583,796
OTTAWA COUNTY	HUDSONVILLE PUBLIC SCHOOL DISTRICT	0.9983	\$1,289,297
OTTAWA COUNTY	ZEELAND PUBLIC SCHOOLS	1	\$1,444,792
PRESQUE ISLE COUNTY	POSEN CONSOLIDATED SCHOOL DISTRICT NO. 9	0.5	\$54,054
<b>County</b>	<b>School District Name</b>	<b>Sinking Fund Mills</b>	<b>Estimated Sinking Fund Revenue</b>
PRESQUE ISLE COUNTY	ROGERS CITY AREA SCHOOLS	1.1519	\$231,647
SAGINAW COUNTY	FRANKENMUTH SCHOOL DISTRICT	2	\$962,777
SAGINAW COUNTY	FREELAND COMMUNITY SCHOOL DISTRICT	1	\$377,815
SANILAC COUNTY	PECK COMMUNITY SCHOOL DISTRICT	1.5	\$103,132
SCHOOLCRAFT COUNTY	MANISTIQUE AREA SCHOOLS	1.5	\$429,558

SHIAWASSEE COUNTY	BYRON AREA SCHOOLS	3	\$562,822
SHIAWASSEE COUNTY	OWOSSO PUBLIC SCHOOLS	3	\$1,554,307
ST. CLAIR COUNTY	EAST CHINA SCHOOL DISTRICT	0.4	\$659,719
ST. CLAIR COUNTY	YALE PUBLIC SCHOOLS	1	\$390,426
ST. JOSEPH COUNTY	BURR OAK COMMUNITY SCHOOL DISTRICT	3	\$124,704
ST. JOSEPH COUNTY	WHITE PIGEON COMMUNITY SCHOOLS	3	\$986,202
TUSCOLA COUNTY	MILLINGTON COMMUNITY SCHOOLS	3.74	\$785,091
TUSCOLA COUNTY	REESE PUBLIC SCHOOLS	1.5	\$362,313
WASHTENAW COUNTY	ANN ARBOR PUBLIC SCHOOLS	0.9992	\$7,874,235
WASHTENAW COUNTY	CHELSEA SCHOOL DISTRICT	0.75	\$645,107
WASHTENAW COUNTY	SALINE AREA SCHOOLS	0.35	\$556,239
WAYNE COUNTY	CLARENCEVILLE SCHOOL DISTRICT	4.5	\$1,231,538
WAYNE COUNTY	DEARBORN HEIGHTS SCHOOL DISTRICT #7	4.6682	\$896,436
WAYNE COUNTY	GARDEN CITY PUBLIC SCHOOLS	2	\$1,006,830
WAYNE COUNTY	GROSSE POINTE PUBLIC SCHOOLS	1	\$2,583,890
WAYNE COUNTY	HAMTRAMCK, SCHOOL DISTRICT OF THE CITY OF	4	\$750,177
WAYNE COUNTY	LINCOLN PARK, SCHOOL DISTRICT OF THE CITY OF	1.4436	\$748,075
WAYNE COUNTY	LIVONIA PUBLIC SCHOOLS SCHOOL DISTRICT	1.12	\$4,619,015
WAYNE COUNTY	ROMULUS COMMUNITY SCHOOLS	0.75	\$592,880
WAYNE COUNTY	SOUTH REDFORD SCHOOL DISTRICT	2	\$898,393
WAYNE COUNTY	WAYNE-WESTLAND COMMUNITY SCHOOL DISTRICT	0.9922	\$1,830,078
WAYNE COUNTY	GIBRALTAR SCHOOL DISTRICT	0.5	\$314,332
WAYNE COUNTY	GROSSE ILE TOWNSHIP SCHOOLS	0.75	\$430,023
WAYNE COUNTY	WOODHAVEN-BROWNSTOWN SCHOOL DISTRICT	0.9778	\$1,004,337
WAYNE COUNTY	NORTHVILLE PUBLIC SCHOOLS	0.9937	\$2,693,774
WAYNE COUNTY	VAN BUREN PUBLIC SCHOOLS	1.13	\$1,681,228
	<b>Estimated Statewide Total</b>		<b>\$134,495,803</b>

Date Completed: 9-19-16

Fiscal Analyst: Kathryn Summers

Floor\hb4388

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.