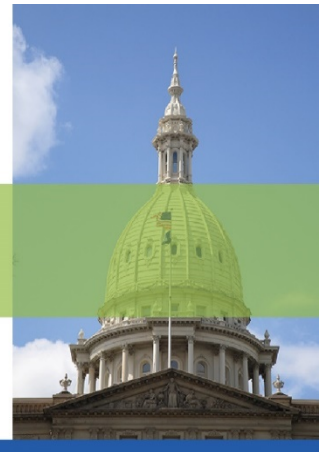




Policy Brief



updated: Feb. 14, 2018

Educational Savings Accounts

Bill Number(s): Senate Bills 544-548, House Bill 5428 (as reported from committee)

Status: House Floor

MASB Position: **OPPOSE**

What does it do? [Senate Bills 544-548 and House Bill 5428](#) would create the "Enhanced Michigan Education Savings Program." The program would allow parents to set up an educational savings account, similar to the MESP accounts, to be used for any noncore educational expenses at public schools. The bills also create an income tax deduction for anyone who contributes to an enhanced MESP.

Under the proposal, MDE would determine which public school services and programs would be eligible to receive funds from these accounts. It would also be able to designate other organizations as eligible to receive funds.

How does it affect public schools? School districts would be required to create a complete list of all services and the costs for providing each service, as well as additional reporting to MDE and the Department of Treasury if the district wanted to receive funds from the educational savings account. Districts would face unknown increased costs to comply with this new reporting and processing of students who may choose to purchase those services. If parents used the funds from these accounts for eligible services, some of those costs would be offset.

The [Senate Fiscal Agency analysis](#) says that this package will have a "significant fiscal impact" on the state and local school districts. It estimates that creating this new system could cost between \$60-100 million plus ongoing administration costs. Finally, it states the bills would reduce revenue to the state's General Fund and the School Aid Fund due to the income tax deduction created. The amount is unknown but "potentially significant."

Why is MASB Opposed? MASB opposes the bills for many reasons, not the least of which are the reporting requirements and overall costs to districts, the state and the School Aid Fund. It also could create further inequities in education between wealthier families and poorer ones, as not all parents would have the means to participate in the program. The sponsor has stated this is a creative way to help fund public schools, however, asking parents to pay for public education is not good policy.