



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

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Dear Colleague:

1. Caucus Board of Directors are Selected

School Equity Caucus members have determined their board representatives for the coming school year. Since there were no contested seats in any region, ballot elections were not necessary. Two seats remain open; Region 9 and one At-Large seat. If you are interested in serving on the Caucus Board, contact the Caucus office email (schoolequitycaucus@gmail.org) or phone (517-482-5110).

2014-15 School Equity Caucus Board of Directors:

- **Region 1** Dan Reattior (Eastern UP ISD)
- **Region 1** Steve Paliewicz (Stephenson)
- **Region 2** Brent Holcomb (Alpena)
- **Region 3** Mike Shibler (Rockford)
- **Region 4** Tom House (Harrison)
- **Region 5** Wayne Wright (Lake Fenton)
- **Region 6** John Deiter (DeWitt)
- **Region 7** Joe Lopez (Branch ISD)
- **Region 8** Mark Haag (Onsted)
- **Region 9** (Open)
- **At-Large** Bob Colby (Lewis Cass ISD)*
- **At-Large** (Open)
- **At-Large** Terry Boguth (Coloma)

** Bob Colby will complete a 2-year At-Large term, June 30 2014. He was nominated to serve another term and is expected to be approved by the Board at the July 9th Annual Meeting.*

Thanks to everyone who participated in our board selection process, to these superintendents for accepting this important role representing their region in the effort to bring equity to every Michigan public school student, and to their districts for facilitating their participation.

A special thanks to our outgoing Board members: Jeff Bartold (Region 9, Dearborn #7), Terri Mileski (At-Large, Concord), and Dick Syrek (Region 4, Saginaw ISD) for their years of dedicated service to the Caucus and the schools and children we represent.

Board officers will be elected at the July 9th meeting and a Caucus Board directory available afterwards.

2. Budget Conference Committee is Preparing to Reconcile Proposals

The Governor, legislative leaders, and many legislators are at the Detroit Regional Chamber of Commerce Conference on Mackinac Island this week. Of many others, one of the hottest topics of discussion is the upcoming Conference Committee work to reconcile the 2014-15 budget proposals—including the School Aid Fund Budget—presented by the Governor, Senate, and House.

The Conference Committee participants have been named. Their first task is to agree on budget targets, which as of Wednesday night had not yet been done. Next week, the Conference Committee will begin to reconcile the various budget proposals and present a compromise that the House and Senate will approve and the Governor will sign.

In the April 30th *Caucus Newsletter* and the May 15th Consensus Revenue Estimating Conference *Information Alert* I reported that anticipated state revenues had significantly declined since the January Revenue Conference. Since then, however, passage of the Health Insurance Claims Assessment (HICA) bills (**SB 893, S-3** and **SB 913, S-2**) are expected to infuse new money into the School Aid Fund.

The House and Senate Fiscal Agencies estimate that the SAF will see up to an additional \$86.8 million in the current year and \$193.4 million in 2014-15. Further, an additional annual revenue increase of about \$29.8 million to the General Fund beginning in 2014-15 will help reduce the pressure to take SAF dollars for General Fund programs.

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Many of the contacts I've received recently involve questions regarding the 2014-15 budget and a "best guess" about Foundation amounts, Categoricals, and MPSERS rates. While I'd like avoid speculation, there are a few tentative "guesses" that can be made based on assembling the bits and pieces of info gleaned from various informed sources. The 2014-15 School Aid Budget could include:

- Straight Foundation Allowance increase of between \$50 and \$75 pp.
- 2X element that will bring the Foundation increase to between \$100 and \$150 pp for Minimum Foundation districts.
- Slight chance of an additional one-time Equity payment.
- MPSERS UAL offset to maintain the current rate of 19.76 percent.
- Increased early childhood revenues and slots.
- Increased At-Risk revenues; perhaps with strings attached.
- Financially distressed districts Early Warning system (see Item 3, below).
- Slight chance Performance and Best Practices will be changed, reduced or eliminated.
- Unsettled student assessment instrument.

Conference Committee members meet behind closed doors, but leaks and consultations with other legislators are routine and part of the process. It is very important that school organizations and school leaders keep in contact with their legislators and remind them constantly of the affects of budget decisions on their constituent schools, children, and communities.

3. Early Warning Bills Could Move this Summer

A series of bills (**SB 949-957**), promoted (written?) by Treasury and seemingly supported by many legislators could create havoc for otherwise stable districts with a declining yet adequate fund balance.

The bills remain a work-in-progress, but as currently written they would affect every district with a fund balance below 10 percent. At that level or lower, districts would be placed into an Early Warning system overseen by Treasury that would require voluminous, complicated, and constant reporting.

Districts that for whatever reason experience even temporary fund balance declines below the 10 percent level would see increased Treasury interventions, up to and including state management or dissolution if bank accounts get too low.

Districts with declining enrollment, a diminished central office, sometimes less experienced staff, and too-small fund balance, would find costs in terms of staff time, record keeping, reporting, and outside help to be extensive and in itself lead to further fund balance declines.

While there are districts that are unable or unwilling to make the hard choices necessary to balance their budget, it is nevertheless, not too difficult to draw a straight line between more than a decade of inadequate and even dwindling state support of schools and the current fiscal plight of so many. Schools and their students are reaping the consequences of years of dubious state school funding and tax policies.

The School Equity Caucus supports state intervention in schools where no other reasonable options exist. However, the current Early Warning bills go too far, set warning and action triggers too high, and prescribe processes too expensive and onerous to be acceptable.

The Michigan Business Officials and other school organizations are working hard to fix these bills. The bills, however, still have a long way to go before being an acceptable response to districts with diminishing resources.

4. Transfer Student Assessment to Treasury is Proposed

The battle between the legislature and Department of Education for control of Michigan's schools is accelerating. While many of us have reasonable concerns about some of the Department's decisions and practices, few if any would rather have legislators or the Governor in direct oversight of schools.

The most recent and ongoing difference of opinion between the legislature and Department involves student assessment. The Department wants Smarter Balance, citing it best reflects the content of the Common Core and therefore best assesses student learning. Legislators are not so sure, and have so far proved unwilling to approve or fund Smarter Balance and are now talking about a revised MEAP for the next two years.

The legislature's efforts have now produced a bill (**SB 945**) that would move state oversight of student assessment from the Department of Education to Treasury, thereby providing actual control by the Governor. Treasury briefly had oversight of student assessment in former Governor Engler's final term. It was returned to the Department in former Governor Granholm's first year.

The Caucus opposes the move of any aspect of student assessment from the Department to Treasury. As much as districts may have occasional issue with the Department, it is still the best place to provide the appropriate oversight of schools and their operations.

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We are in a time of increasing influence of Treasury over many aspects of state governance, including schools. It is not too surprising given the many years of budget challenges due to poor state and national economic performance, declining population, and eroding tax base and revenues. Treasury necessarily sees the world through a bottom-line prism and reacts accordingly to bottom-line problems.

Schools, however, are not and should never be bottom-line operations. Sure, budgets need to balance and school districts and their leaders held accountable when they don't, but from the perspective of Treasury and advocates of their greater oversight and control, decisions made *in the best interest of students* have little value in their calculus.

We need to do a better job of showing legislators that the business of providing education is not the same as the business of providing products. Right now, too many legislators fail to see that difference.

5. Caucus and Small and Rural Schools to Host Joint Summer Conference

The last two summers the School Equity Caucus and Michigan Small and Rural Schools hosted one-day conferences, dealing with the critical issues facing school districts and their leaders. The level of participation and follow-up evaluations by those attending indicated the conferences were successful, deemed valuable, and recommended that they be continued.

The Caucus and Small and Rural Schools plan to again host a summer conference. Watch for information the next couple of weeks and make plans to attend. We expect to address the issues most important to you by the people who best know them and who can provide in-depth, thoughtful information and answers to your concerns and questions.

Sincerely,

Jerry

Gerald Peregord
Executive Director