



# SCHOOL EQUITY CAUCUS

*Making a difference for the public school children of Michigan*

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Dear Colleague:

## **1. The House Introduces its School Aid Budget Proposal**

The House recently introduced its 2013-14 School Aid Budget proposal (**HB 4227**). In many regards it concurs with the Governor's recommendations. Like his proposal, the House version, among other things, decreases overall Foundation funding by \$2.3 million and maintains current per pupil Foundation levels—\$8,019 Basic and \$6,966 Minimum. Both include the one-time \$34 per pupil equity payment and MPSERS cap offset.

Both the Governor and House substantially increase Early Childhood funding. The Governor recommends a \$65 million increase with 16,000 more half-day slots while the House proposes a \$50 million increase with up to 11,800 additional slots. Both would increase per pupil allocations from \$3,400 to \$3,625.

The House proposal would change the membership blend to 80/20, reduce the cyber school calculation to 80 percent of the Foundation, and restore the Best Practices language to what is current, but not specify an amount (the Governor's proposal reduced Best Practices from \$52 to \$16 per pupil). The House would fund At-Risk at current levels, but prohibit preschool programs as an allowable use and reduce Small Class Size funding to 70 percent of each district's current year level.

The Governor and House maintain the required 1098 hours of instruction. The Governor requires at least 170 days while the House specifies 175 days beginning in 2014-15.

In addition to the increased Early Childhood transfers, both the Governor and House propose other transfers from School Aid to pay for programs not traditionally part of the Fund, including: \$197.6 million for community colleges, \$200 million for higher education, \$131.6 million for the School Bond Loan Program, \$6 million for cash flow borrowing, and \$39 million for Durant debt payments. Further, both proposals reduce the General Fund contribution to the SAF from \$282 million to \$230 million.

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A couple of weeks ago Senator Howard Walker, chair of the Senate Appropriations K12 School Aid Subcommittee, invited me to testify on Proposal A, school aid, and equity (copy of the testimony is included as a separate attachment).

Just as last year, at this point in the School Aid Budget process he wanted to remind the committee members of the history of school funding, the promises of Prop A, and the significance of the 2X equity formula.

I took the opportunity to also talk about the very negative consequences on schools of transfers out of the SAF, particularly those to community colleges and higher education, and of the unreasonableness of expecting similar student achievement results while providing broadly inequitable resources with which to accomplish those expectations.

I asked the Subcommittee to consider, at a minimum, four things:

- Maintain the 2X equity formula when the Foundation Allowance is increased or increase the Minimum Foundation base when the Foundation Allowance is not increased—like the \$120 per pupil Minimum increase for the current year.
- Avoid flat, across the board, funding increases or decreases, where low funded districts are always disadvantaged. Instead, employ the 2X formula for all increases and, to preserve equity advances, make necessary reductions at one-half (1/2X) for equity eligible districts.
- Cease further SAF transfers and restore those transfers already in place.
- Recognize that every funding bill, every piece of legislation that affects schools, and every state and federal rule and procedure for schools bears an equity burden and affects low funded schools more profoundly than they do schools with higher funding levels.

As the budgeting process moves to the Senate after spring break, we will continue to push for Foundation increases, including a 2X equity payment, and restoration of the categoricals that are most important to our member districts.

Please take every opportunity to talk to your legislators about how school funding and equity affect your students and their educational opportunities. Remember that last year we faced a similarly grim Executive budget recommendation but due largely to the contacts to legislators made by Caucus member superintendents, the final budget included a \$120 Minimum Foundation increase.

## **2. Education Achievement Authority Bill is Passed by the House**

Last Thursday, in spite of irrefutable contrary facts and substantial effort by all the school organizations, the House passed the Education Achievement Authority (EAA) bill (**HB 4369**). Many of the Representatives who told you they would be a “no” vote, succumbed in the end to party leadership pressure.

The version that passed incorporated several last minute changes, the most significant of which include an ISD option for districts deemed to be eligible for EAA inclusion, an attempt to address the MPSERS stranded cost consequence of moving current participants into the non-MPSERS EAA system, and a phase-in over several years of the 50 school cap.

While the changes may seem to represent some progress, they still fall far short of making the bill even remotely palatable. In the form passed by the House, the legislation continues to represent little more than an educational experiment with students as the subjects.

The EAA has no record on which to presume it will be successful if expanded, voids local control, and is an unwarranted and unnecessary expansion of big government. The battle now moves to the Senate where we hope the EAA expansion will languish, or at least be so substantially changed as to render it acceptable.

### **3. The Introduction of the School Aid Rewrite is on Hold**

The Oxford Foundation has rebranded its School Aid rewrite venture as the *Public Education Finance Project*, notwithstanding that the public launch of its proposal has again been delayed—perhaps indefinitely.

No clear reason has been given for the delay, there is only speculation that the Governor's office and legislative leaders worry about the certain backlash its release will produce. Some think the next we hear of it will be during the Governor's Education Summit, later this spring.

Nevertheless, whether or not the report is ever formally released, elements of its proposals are certain to appear, bit by bit, in new school reform legislation. The Governor's budget recommendation contains several aspects of what early drafts of the rewrite have proposed.

The Caucus and other school organizations are gearing up for either the report's full release or as increments of it are proposed in legislation. Responses will include media contacts and press conferences both statewide and local, legislative contacts by the various organization constituents, and grassroots efforts.

### **4. Transportation Tax Shift Would Impact Schools**

The Governor has suggested a transportation tax shift to help address the poor condition of the state's roads and bridges and to provide funding for future infrastructure development. In addition to being important to you as a consumer of the state's roads and bridges, it is important because the proposal would eliminate the current gas tax, of which the SAF receives annually about \$809.6 million (\$665.7M gas + \$143.9M diesel).

Supporters of the proposal recognize that another major hit to the SAF is very likely untenable, and that the lost gas tax funds would have to be made up via a new tax plan (perhaps increasing the sales tax by 1.0-1.5 cents) and restoring some of the current transfers out of the Fund. Further, it is presently thought that the school community would have to support the shift for it to gain eventual passage in the legislature and then by voters.

The Caucus and other school organizations have been working the proposal and have developed several points on which to base our support, which, among other things, would ask for a constitutional amendment to protect the SAF from transfers to community colleges and higher education, hold the SAF revenues harmless, pass the alternative tax plan *before* the current gas tax is repealed, tie bar the gas tax repeal to the alternative tax plan voter proposal, and provide additional revenues to schools to restore some of the cuts of recent years.

The Governor's transportation tax shift proposal may be a one-time opportunity for schools, if we are indeed necessary for its passage. It is important that superintendents and other school leaders understand the implications and be prepared to address the consequences

with your legislators. In the last several days, there has been some decline in support among legislative leadership. If this chance slips out of reach now, it may be a very, very long time returning.

## 5. MASA Launches a School Reform Committee

Several years ago someone authored an analysis of the accumulated Michigan public school service and college K12 education preparation experience represented by the state's teachers and administrators. The number came to many tens-of-thousands of years of experience and preparation.

The study then compared that number with the public school service and college education preparation experience represented by the legislators. Not surprisingly, the school folks soundly trumped the legislators. Why then, the analysis asked, do voters allow the legislators rather than educators to make profound educational decisions, affecting the lives of every child in the state?

The answer, of course, is complex; but one stark finding stood out: the school folks, with all their experience and preparation, actually do very little to propose reforms to advance education and learning—leaving the field clear for others and forcing the school people to play defense and to be rendered, simply reactive.

With the recollection of that study in mind, I applaud the recent announcement that the Michigan Association of School Administrators will sponsor a study of Michigan's education and governance structures. Named the *Systemic School Reform Committee*, its stated purpose is to, "... *proactively deliver a comprehensive plan that would create a more logical and effective system to deliver the best possible education to all the students in our state, regardless of zip code.*"

In other words, the SSR Committee could provide the public school establishment the tools with which to stop playing defense to the school reforms proposed by others and advance education, learning, and public school operations of our own volition.

I encourage every educator to support MASA President Elect Dave Campbell (Livingston ISD superintendent and Caucus member) in this effort. I am hopeful the result will be to move those with the experience and expertise to the front of the school reform line.

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*Alicia, Don, and I hope you will make time this weekend and coming week to rest, regroup, and spend some quality time with your family. Happy Easter.*

Sincerely,

*Jerry*

Gerald Peregord  
Executive Director