



# SCHOOL EQUITY CAUCUS

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

121 W Allegan • Lansing, Michigan 48933  
www.schoolequitycaucus.org  
schoolequitycaucus@gmail.com  
517.227.0774

July 31, 2015

Dear Colleague:

## **1. Welcome, New School Leaders**

The School Equity Caucus represents about 200 traditional Michigan public school districts, most at or near the Minimum Foundation level. More than 30 Caucus member districts have a new or relocating superintendent. For some, this may be your first look at the *Caucus Newsletter*.

As a member of the School Equity Caucus you should expect to receive a Caucus Newsletter at least monthly - sometimes more frequently when things in Lansing are moving fast. In it you will find discussions of Caucus operations, reviews of pending legislation with a focus on the impact to lower funded districts, and highlights of other topics of interest to school leaders. The Newsletter is written in plain, straight forward language. Most superintendents find it helpful to share the Newsletter with their board, staff, and sometimes even their community.

The Newsletter, as-needed *Information Alerts*, and other Caucus communications come to you via your email account. We are in the process of converting data lists to a new system and as much as we try to keep our membership email addresses up to date, occasionally an email or superintendent change will escape our attention.

***Please let me know by “reply” click if (and to what) the name or address on this email should be changed.***

I look forward to communicating with and helping keep you informed throughout the year. Always feel free to contact me at any time with questions, comments, and concerns about the Caucus, legislation, or any other topic.

## **2. The Caucus Has Moved to New Offices**

After more than a half-year of looking for an ideal situation and in recognition of our growing influence, the Caucus has established its new office in the Karoub building, next to the Senate office building and less than a block from the Capitol, House, and Governor's offices. Please make note of our new address to which all future membership invoices and other communications should be sent.

**School Equity Caucus  
121 W. Allegan  
Lansing, Michigan 48933**

Since the 2015-16 Membership Invoices were sent with the temporary post office box address, we will maintain the PO Box through the remainder of the school year. Our phone number, email addresses, and web sites will remain unchanged.

### **3. Board of Directors Holds Elections and Plans for the Coming Year**

The Caucus Board of Directors met July 8<sup>th</sup> and, among other things, elected officers and appointed at-large members and representatives for the coming year:

#### **Officers:**

- **President - John Deiter**, DeWitt / Region 6 (second year of the 2-year term).
- **Vice President – Mike Shibler**, Rockford / Region 3 (one-year term).
- **Secretary – Mark Haag**, Onsted / Region 8 (one-year term).
- **Treasurer – Bob Colby**, Lewis Cass ISD / Region 7 (one-year term).

#### **At-Large Board Members:**

- **Dave Schulte** – Shiawassee RESD / Region 6 (2-year term).
- **Mary Anne Ackerman** – Frankenmuth / Region 4 (remaining year of a 2-year term).

#### **MASA Legislation Committee Representative:**

- **Wayne Wright** – Lake Fenton / Region 5 (one-year term).

The Board generally meets monthly to oversee Caucus operations, discuss and set positions on legislation, and plan Caucus activities. The Board spent considerable time reviewing goals for the year and expects to approve *Targeted Goals* within the next couple of weeks - in time for the return of legislators following their summer break. The Targeted Goals are critical and guide our legislative activities for the year.

### **4. School Equity Caucus, Small and Rural Schools Joint Summer Conference**

There is still time to register for the Equity Caucus and Michigan Small and Rural Schools joint membership informational meeting held during the MASB Summer Conference; **11:00 a.m-3:15 p.m., Thursday, August 13<sup>th</sup> at the Boyne Highlands Resort, Harbor Springs.**

Agenda topics include a legislative update, review of the new Early Warning legislation and its implications for you, a look at educational adequacy, a legal update, and trends in labor negotiations.

You can register for the meeting at the MASB homepage under the *August 13, 2015 Small and Rural Schools Conference* title.

## **5. Make Plans to Participate in the Caucus Fall General Membership Meeting**

The Caucus and Michigan Small and Rural Schools will once again host our joint General Membership Meeting, Wednesday, September 23<sup>rd</sup> in the Grand Traverse Resort, Traverse City, during the MASA Fall Conference. Doors will be open at 11:00, lunch served at 11:15, followed by a school legislation informational discussion at 11:30. We will conclude by 1:00 - in time for the first MASA General Session.

Watch near the end of August for the invitation to sign-up for our meeting. A free lunch will be provided by our business associates. Last year 136 superintendents and other education leaders participated.

## **6. Brief Review of Legislation and other Issues**

### **a. Early Childhood Redistribution**

Early childhood (GSRP) slot allocations were made for the 2015-16 school year once the budget was finalized. Superintendents soon saw that there was a whole new slate of GSRP winners and losers.

One ISD saw its allocations increase by 122 percent and others saw double-digit increases, however, some had decreases of over 40 percent. Most felt that the allocations had little correlation with demonstrated need. We subsequently learned the imbalance was caused by an old, no longer valid, allocation formula used by the Department.

In an effort to more fairly balance the distribution of GSRP slots, several school organizations began working with the ISDs. Many that were thought to be over-allocated have voluntarily reduced their slots to help increase slots for under-allocated ISDs. Our lobbyist, Don Olendorf, who is working on the reallocation, reports that the slots are about half-way to being more appropriately balanced and that progress continues to be made. We expect that the allocation of slots will be better handled in the next budget.

### **b. Road Funding**

There remains no clear path forward for funding the state's roads and highway infrastructure. House and Senate legislators remain divided on their own plans and each has a quite different approach to a possible solution.

The problem for schools, of course, is that while both the House and Senate leaders claim that their bills will protect school funding, recent history tells us to be wary. The long list of transfers out of the SAF clearly demonstrates a willingness to use the SAF as the state's piggy bank whenever the General Fund is insufficient for the programs it once funded. As one prominent representative said to me, "It's all the people's money so what difference does it make where it's spent."

**c. Evaluations**

Key differences in teacher and administrator evaluation legislation continues to slow progress. There is still no agreement on several key points; including standards of quality, the percentage that student assessment will contribute to the overall score, and training.

However, we do expect the legislation to be taken up again when legislators return next week and that some form of evaluations will see action later this summer or in the fall.

**d. Early Warning**

Although the recently approved early warning legislation passed with several important concerns unresolved, it seems superintendents are adjusting to the new requirements. In a very informal survey of districts that are immediately affected and those that could soon be affected, I heard superintendents say they have already moved beyond the concerns with the legislation and are now preparing for the reality of dealing with its requirements.

**e. Third Grade Reading Literacy**

A new attempt at a third grade reading bill (**HB 4822**) will be launched when the legislature returns later in August. It reflects many of the principals established by the bipartisan third grade reading workgroup. While not including the mandatory retention that scuttled the version floated in the previous legislative session, it nevertheless would provide that if a third grader is a full grade level behind, they cannot be enrolled in fourth grade until one of two things are shown;

- A third grade reading level on the state or alternate assessment, or
- A third grade reading level demonstrated by a pupil portfolio and work samples.

As a way past the retention issue, the bill would provide that a pupil not enrolled in fourth grade due to these requirements, but is proficient in math, science, writing, or social studies, could take those classes in a fourth grade setting while still receiving enhanced reading services designed to overcome reading deficiencies.

A form of parental opt-out would exist by allowing exemptions created in cooperation with the parent and teacher, approved by the school principal and superintendent.

**f. MPERS**

Last week the House Fiscal Agency (HFA) presented a review of the MPERS system to several school organizations, including the Caucus. House Fiscal associate director and analyst, Bethany Wicksall, detailed current MPERS facts, benefits, plans, and related funding deficiencies.

As of September 2014, there were 199,674 current employees in the MPERS system, 204,512 retirees and beneficiaries receiving pension benefits, and 148,473 retirees receiving health benefits. MPERS carries an unfunded accrued liability of \$25.7 billion and a health benefit unfunded accrued liability of \$11.2 billion.

MPSERS costs account for nearly 25 cents out of every dollar of school payroll. Since lower funded districts must spend a proportionally higher percentage of their revenues on salaries and benefits than do higher funded districts, the impact of MPSERS costs to local districts is as a significant equity issue as is the Foundation gap.

Next week, we will meet with representatives of Office of Retirement Services (ORS) to discuss how MPSERS might be reformed to create a stable, reliable, and adequately funded system. A copy of the HFA MPSERS power point presentation is included as a separate attachment.

**g. Charter School Editorial**

In a July 26, 2015 editorial, the Detroit Free Press says that in spite of their 2014 widely discussed and often acclaimed eight day series on charter schools, no further meaningful reforms were enacted and most charters still perform no better - or worse - than their local traditional school districts.

The Free Press once again calls on the Governor and legislators to deal with the widespread charter school deficiencies and create greater oversight, accountability, and transparency.

**h. Moody's Report**

Moody's Investor Services, an internationally recognized fiscal analyst, says that Michigan's school funding increases are insufficient. In a June 26, 2015 analysis, Moody's reports:

*"Although, the increase in funding surpassed inflation in fiscal year 2015, the minimum basic funding allowance was \$65 lower per pupil than the previous peak funding in fiscal 2009. In addition, total student enrollment across the state decreased by 12.5% from fall of 2004 to fall 2014, while the number of districts, driven by more charters, rose by 9%. As such, many districts have faced financial stress due to stagnant per pupil funding, inflationary expenditures, declining enrollment across the state, and increased competition for the remaining students."*

I hope that your preparations for the coming school year proceed as smoothly as possible. The Caucus and our lobbyists in Lansing will do everything feasible to positively influence legislation and Department rulemaking, recognizing the often greater negative impact on the lowest funded districts and their students.

*Jerry*

Gerald Peregrin  
Executive Director