



# SCHOOL EQUITY CAUCUS

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

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January 4, 2012

- Re:**
- 1. Charter Schools Cap**
  - 2. Cyber Schools Cap**
  - 3. 2012-13 School Funding**
  - 4. MPSERS Reform**
  - 5. Caucus General Membership Meeting**

## **1. Charter Schools**

The Governor signed **HB 618** into law just before the Christmas break, expanding and eventually removing the cap on the number of charter schools. The allowable cap will be expanded to 300 in 2012, to 500 by 2014 and in 2015 the cap will be completely eliminated.

This essentially politically motivated legislation was forced through in spite of a lack of evidence that unlimited charter schools would improve the educational opportunities for most Michigan public school students—and in the face of strong evidence that it would not.

The charter expansion legislation could eventually swamp the state with a revolving series of low-performing “public” schools; open→ fail→ close → reopen in a year or two under a different name. A future legislature will almost certainly have to reinstitute some kind of cap or provide additional controls to protect the state from the very negative consequences of this legislation.

## **2. Cyber Schools**

It is expected that next up on the legislature’s school reform agenda is the cyber school expansion legislation (**HB 619**). In many ways this legislation could have an even more negative affect than does lifting the charter school cap.

The cyber school expansion proposal would have many of the home-schooled, the private/parochial schooled, and their cyber school providers taking millions of

dollars from the SAF with very little oversight, transparency, or controls. Providers from Michigan and from all over the country, many with unambiguous records of poor results, are already lobbying hard to get this legislation passed.

### **3. 2012-13 School Funding**

The Governor recently said that he expects no further cuts to schools in the 2012-13 budget. Schools have already seen debilitating Foundation cuts, categorical and program roll-backs, SAF transfers to community colleges and higher education, and other financial setbacks.

Yesterday, the Senate Fiscal Agency reported that the 2010-11 state budget closed with a \$1.29 billion surplus in the General and School Aid Fund, of which about \$645 million is in the SAF. The Agency also projected current year revenues to be as much as \$393 million over the forecasts from the May Revenue Estimating Conference and suggest that 2012-13 revenues will continue to grow.

The news of the surplus and better than expected current year revenues has set off a flurry of interest groups proposing how to spend it. If the early projections are accurate, schools and their representatives in Lansing should be at the front of the line to push hard for restoration of some of our lost revenues. And even if the projections are overly optimistic—we should still push for restoration of school's revenues in the next budget.

The Revenue Estimating Conference is scheduled for January 13<sup>th</sup>, at which time the Senate Fiscal Agency, House Fiscal Agency, and Treasury will reach consensus on the numbers to be used in planning the 2012-13 budget. Expect a Caucus Information Alert on the results of the Estimating Conference on the afternoon of January 13<sup>th</sup>.

### **4. MPSERS Reforms**

Speaker Bolger said on Tuesday what we all expected; that MPSERS reforms would be near the top of the legislature's 2012 agenda. The Speaker said that MPSERS \$17.6 billion pension and \$28.6 billion healthcare unfunded liability is sufficient impetus for legislative action this year.

Most expect the eventual legislation to propose no changes for those already retired. However, by looking at the changes in the state employee system, currently working school employees could see some pension options with relatively new and future employees likely having a cap on retirement benefits and a greater obligation for their own health care costs. Savings from the eventual MPSERS reforms could significantly drive down and stabilize the school contribution rate, now growing exponentially.

5. **General Membership Meeting February 1<sup>st</sup>**

The Caucus will once again combine our mid-winter General Membership Meeting with Michigan Small and Rural Schools. The meeting is scheduled **11:30-1:00, Wednesday, February 1<sup>st</sup> at the Detroit Marriott Hotel in the Renaissance Center.**

A limited number of lunches will be provided by Hutchinson, Shockey, Erley & Co. free of charge to members and guests who contact the Caucus office. ***Watch for a Caucus email notice this week with instructions for signing-up.***

Even if you are not having lunch I encourage that you attend anyway to listen to, question, and discuss the latest on a variety of current school topics and find out why some have described our meeting as the best session of the conference. Plan now to attend the School Equity Caucus, Michigan Small and Rural Schools General Membership meeting.

Sincerely



Gerald Peregord  
Executive Director