

From: Charlie Glaes
To: Hill, Karen
Date: 11/4/2010 9:20 AM
Subject: Fwd: October Newsletter
Attachments: Newsletter 10 21 10.doc

While outdated, there are some noteworthy items in this School Equity Caucus newsletter:

- #1. See Rick Snyder's Education Plan for clues to what the future may hold for K-12.
- #2. As stated in the newsletter, the School Aid Fund is doing better than expected. The new Governor and legislature will very quickly have to grapple with what has been estimated to be a \$1.4 Billion deficit on the General Fund side without any more one-time federal dollars, and that is likely to spill over and impact schools. The House Fiscal Agency, for example, has recently made recommendation to pay \$300 million for community colleges out of the SAF next year, which would have a huge impact on K-12.
- #3. Please see the last two paragraphs of this section, which may be good news.
- #4. Just a reminder that the legislature has yet to resolve the distribution of EduJobs money, which is likely to be slightly beneficial for us.

>>> "School Equity Caucus" <caucus@att.net> 10/21/2010 11:34 AM >>>
Dear School Equity Caucus Member,

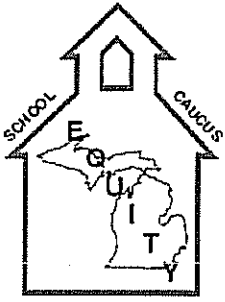
Attached is the October newsletter.

Thank you,

School Equity Caucus

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SCHOOL EQUITY CAUCUS

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Dear Colleague:

October 21, 2010

1. Bernero and Snyder; Their Plans for Michigan Education

The November 2nd elections will bring Michigan a new governor, many new legislators, new legislative leadership, and perhaps a change in the political party setting the agenda in Lansing. After years of legislative stalemate, term limits and voters will end the political careers of many in Lansing, giving a new bunch a chance to wrestle with Michigan's economic, social, and educational challenges.

Gubernatorial candidates Virg Bernero and Rick Snyder offer clear contrasts in their views on what the state needs and agree on little regarding schools and education, beyond that education is a priority. Bernero's education plan is called; *Education IS Economic Development* and is available online at votevirg.org. Snyder calls his education plan; *Reform Michigan's Education System* and is available online at rickformichigan.com. While their plans for Michigan's schools and students are light on details, some of the main points of each follow:

Virg Bernero's Education Plan:

- Improving Michigan's schools will be a top priority of his administration.
- There should be universal pre-school and full-day kindergarten.
- *Right Track Academies* available for disruptive and truant children.
- Establish more before and after school programs.
- Graduation requirements for prisoners.
- Overhaul Proposal A and school funding.
- Form a statewide task force to create a 5-year Michigan education plan.
- Schools should better stretch the funding they already have.
- Incentivize consolidation of services.
- No mandatory competitive bidding for non-instructional services.
- Fewer public school districts, although consolidation is not a priority.
- Merit pay for teachers only if it's not mandated and is based on more than just test scores.
- Maintain current teacher tenure laws.
- Let school districts ask their voters for additional millage.

Rick Snyder's Education Plan:

- Improving Michigan's public schools will be a top priority of his administration.
- Debate is too focused on money; it's neither the problem nor the solution.
- Schools should operate more efficiently, focus on better outcomes.
- State should better collect data, establish benchmarks, and hold educators accountable.
- Eliminate oversized, inefficient, and wasteful structures within the education system.
- Generate smart solutions based on performance outcomes and incorporate innovative measures from other states.
- No changes to Proposal A.
- No local millage increase options.
- Expand shared services, restructure school services delivery model.
- Mandate competitive bidding for non-instructional services.
- Consolidation of districts is not a priority.
- Adopt a system of merit pay and corrective actions for teachers and administrators.

Snyder remains about 20 points ahead of Bernero with less than two weeks to the election. Unless every poll is wrong he will be the state's next governor. Therefore, we can watch for details in Snyder's education platform for a glimpse of what at least the next four years will look like. Rick Snyder is a successful businessman. It is probably rationale to conclude that most of his ideas for "fixing" education in Michigan will be based on a business model.

2. School Aid Fund / Deficit

Michigan's economic forecast looked a bit better last week when it was announced that preliminary numbers showed the 2010-11 General Fund and School Aid revenues exceeded the May Revenue Conference projections by more than \$200 million. While this news is positive remember revenues remain far short of what is needed to close the state's huge funding gap.

The unexpected increase in revenues should lessen the pressure on the next governor to make mid-year budget adjustments in school funding. The Education Jobs Act funds, once distributed, cannot be prorated. However, nothing prevents a proration of the existing SAF dollars the state provided schools for the year. I felt all along a mid-year adjustment was very unlikely. The positive revenue collections will help make our case against proration a little easier.

3. Lame Duck

The November election results will bring celebration or gloom, depending on your interests and points of view. Legislators will reconvene to complete the legislative session after post-election activities quiet down, probably after Thanksgiving. The weeks between the election and the end of session are known as Lame Duck, a time fraught with danger, yet providing some opportunity.

Throughout the two years of this legislative session legislators and their supporters have proposed hundreds of new laws. You are aware of some of them because they have been argued, passed, and enacted. You know of others that have been widely debated but still have not moved to a vote. You have never heard of most, though, because they have stalled and stagnated at the early stages of the development process.

Lame Duck danger comes because legislators sometimes dust off their stalled legislation and trade votes for another legislator's stalled legislation. So while many proposals may have appropriately languished - sometimes for nearly two years - they can see renewed life in Lame Duck.

On the other hand, Lame Duck sometimes offers an opportunity for worthy legislation that may have been idled for purely political reasons to see the light of a new day. The challenge is to determine if the legislative proposals are worthy or unworthy and then work to suppress the unworthy and to elevate the worthy to a vote.

If Republicans take the governor's office, flip the House, and keep the Senate it is very unlikely that anything will happen in Lame Duck. Republicans will just wait until January when they have complete control to begin moving their agenda. If, on the other hand, Democrats retain control of the House and Republicans fail to gain a substantial advantage in the Senate, we could see a lot of Lame Duck trading of legislative proposals.

The Caucus and other school organizations will be doing our best during Lame Duck to insure that misguided legislative proposals stay buried and legislation that would benefit schools and students gets another chance to move forward.

4. Education Jobs Act

The question of the Education Jobs Act funds distribution remains unresolved. Last week I reported that the US Department of Education ruled that **HB 5872** failed to comply with federal guidelines, causing the governor to veto the part of the bill that would have restored to every district the \$154 per pupil Foundation Allowance cut.

Although the governor attempted to prod it to action, the legislature seems to be in no hurry to rectify the problem. We may see enacting legislation in *Lame Duck* or it is possible we may have to wait until January when the new governor and legislature are in place. Nevertheless, I think the straight 2X plan will be the eventual distribution method.

Under the straight 2X plan, some districts – those at or near the Foundation top - would receive as little as \$110 per pupil, leaving them \$44 per pupil short of the full restoration of the Foundation cut. However, districts at the Minimum Foundation level would see \$220 per pupil, fully restoring the Foundation cut with an additional \$66 per pupil. ISDs would have \$4.5 million of their cut restored.

5. Other Legislation and Proposals

- a. **Sinking Fund Expansion (HB 4313)** – Legislation to expand the use of sinking fund dollars is not yet dead (see Item #3, *Lame Duck*). A few legislators are again looking at the bill and evaluating possible support for passage. When the legislation was first introduced, the Caucus strongly advocated for sinking funds to be used for any purpose for which the state allowed debt bonding. When it became obvious that there was insufficient legislative support for that, I agreed to support a bill that would expand the allowable use of sinking funds to include transportation and technology. I think there is a chance for the legislation to move during *Lame Duck*.

The Caucus supports this bill. While there remains a giant chasm between schools' infrastructure needs and the state's nearly non-existent infrastructure assistance, this bill will help some districts.

There remains however, the matter of unequal abilities to pass sinking fund proposals, wildly unequal taxable base revenue production, and the state's abdication of its responsibility to provide safe school buildings, in good condition, and capable of supporting today's educational requirements. As demonstrated by the Caucus' and other studies, many schools in Michigan fall short, having facilities that range from less than ideal to poor condition - and their numbers grow yearly.

- b. **Consolidation Commission (HB 6488)** – This bill would create a school consolidation commission made up of a variety of appointed state officials. The Commission and its process would be modeled after the federal "Military Base Closing Commission." Once formed, the School Consolidation Commission would have 18 months to consider every aspect of every school district's non-instructional services delivery. Where, in its opinion, consolidations would save money, districts would be forced to act on those findings as soon as possible. The Commission could also recommend the consolidation of districts, but only if district boundaries were unaffected.

Intervention by the legislature within 45 days of the Commission's findings would allow districts to avoid the "recommended" non-instructional consolidations.

The Caucus opposes this bill. Districts have every reason and all the motivation necessary to find ways to cut costs. Another layer of state bureaucracy and accompanying mandates will only muck up the service and district consolidations already being considered or in process.

- c. **MDE Consolidation Proposal** – The Department of Education has come up with its own incentive-driven consolidation plan. The Department's proposal would allocate \$50 million – perhaps from the SAF - for grants to be awarded to districts for sharing or consolidating services and/or consolidating districts.

The Caucus opposes this proposal, at least until there are assurances that the \$50 million will come from some source other than the SAF and will not require some transfer of dollars that will somehow affect the SAF.

6. General Membership Meeting

About 40 members and several guests participated in the September 22nd School Equity Caucus General Membership Meeting during the MASA Conference in Traverse City. Those in attendance heard a description of our collaboration agreement with the ESA Legislative Group (formally the Van Buren Legislative Consortium). The ESALG, and now Caucus, lobbyist Don Olendorf was introduced and provided a brief overview of his qualifications and experience. Don then reported on several pieces of legislation making their way through the House and Senate that would affect schools and students.

The longest and often most energetic discussion involved the 2010-11 School Aid budget, the looming 2011-12 school funding abyss, the distribution of the Education Jobs Act dollars, and the effectiveness of our leaders in Lansing. Members in attendance were very clear with their opinions regarding the adequacy and equity of school funding, the failure of the state to address the approaching funding catastrophe, and the pros and cons of other pending legislation.

While the meeting lasted only a couple of hours, discussions on these and other subjects continued throughout the rest of that day and during the remaining days of the conference.



Gerald A. Peregord
Executive Director