

From: Charlie Glaes
To: Hill, Karen
Date: 2/11/2011 8:58 AM
Subject: Fwd: School Aid Fund Balance Sheet
Attachments: FY 11-12 SAF Balance Sheet.pdf

For Bd legislative

>>> "masa-supt" <masa-supt@listserv.melg.org> 2/1/2011 5:44 PM >>>
Members-

Attached, please find a one page School Aid Fund (SAF) balance sheet which incorporates the cost of restoring the foundation allowance, the potential MPSERS rate increase, and health insurance premium increases. It also takes into account the costs of potential revenue reductions (Michigan Business Tax & Personal Property Tax repeal) and additional raids on the School Aid Fund (backfilling the general fund portion of the community college and higher education budgets).

As lawmakers begin developing the FY 2011-12 budget, it is important they understand that the supposed surplus in the School Aid Fund does not account for the increased costs incurred by local school districts or even maintaining current year funding levels. As you communicate with your legislators about the budget, please feel free to use this document as a reference and distribute it as you see fit.

Bob Kefgen (517-899-0367 or rkefgen@gomasa.org) and Brad Biladeau (517-281-5733 or bbiladeau@gomasa.org)

You are currently subscribed to masa-supt as: cglaes@vicksburg.k12.mi.us.

School Aid Fund Balance Sheet

(Dollars in Millions)

ESTIMATES OF REVENUE	FY 2010-11 YTD	FY 2011-12 YTD
ESTIMATED SCHOOL AID FUND REVENUE		
Beginning Balance	\$272.6	\$523.8
Revenue Estimate (May 2010)	\$10,832.9	--
Revenue Estimate (Jan 2011) CREC	<u>\$146.2</u>	<u>\$11,193.7</u>
Subtotal	\$11,251.7	\$11,717.5
ESTIMATED OTHER SCHOOL AID REVENUE		
General Fund/General Purpose (GF/GP) Grant	\$18.6	\$18.6
Treasury Reforms	\$2.3	\$2.3
Tax Amnesty	\$26.1	(\$11.2)
Liquor Reforms	\$0.9	\$0.9
Federal Ed Jobs Funding (PA 205/HB 5872 and PA 217/HB 5887)	\$316.3	\$0.0
Federal State Fiscal Stabilization Funds (ARRA)	\$184.3	\$0.0
Federal Aid	<u>\$1,677.8</u>	<u>\$1,677.8</u>
Subtotal	\$2,226.3	\$1,688.4
TOTAL REVENUE	\$13,478.0	\$13,405.9
ESTIMATED EXPENDITURES		
ESTIMATED EXPENDITURES		
YTP Appropriations (2011) / Current Baseline (2012)	(\$13,134.2)	(\$12,733.2)
Estimated Adjustments (Jan 2011)	<u>\$180.0</u>	--
TOTAL EXPENDITURES	(\$12,954.2)	(\$12,733.2)
HFA ESTIMATED YEAR-END SCHOOL AID FUND BALANCE	\$523.8	\$672.7
Foundation Allowance Restoration (\$170 pp & Sec. 81)		(\$279.6)
MPSERS Rate Increase for 2011-12 - to 26.76%* (\$374 pp)		(\$579.5) **
Health Insurance Premium Increase - 8%*** (\$100 pp)		<u>(\$154.4)</u>
ACTUAL YEAR-END SCHOOL AID FUND BALANCE		(\$340.8) ****
POTENTIAL REVENUE REDUCTIONS		
Michigan Business Tax Elimination (\$477 pp)		(\$739.0)
Personal Property Tax Elimination (\$194 pp)		(\$301.0)
POTENTIAL COST SHIFTS		
Community Colleges GF Cost Shift (\$191 pp)		(\$295.9)
Higher Education Budget GF Cost Shift (\$996 pp)		<u>(\$1,543.4)</u>
YEAR-END BALANCE WITH REVENUE REDUCTIONS AND COST SHIFTS		(\$3,220.1)

* Based on ORS presentation on rate influencers; MSBO Financial Strategies Conference 1/18/11 (26.76-28.26%; \$579.5-\$722M); MASA 25% or \$412.3M – 9/25/10

** Assumes \$95 million cost per 1 percent increase in MPSERS rate. Based on ORS presentation on rate influencers; MSBO Financial Strategies Conference 1/18/11

*** Source: Kaiser Family Foundation, *Employer Health Benefits 2010 Annual Survey*

**** Does not account for \$208.4 million in revenue loaned to the General Fund by the School Aid Fund in the FY 2010-11 budget.

From: Charlie Glaes
To: Hill, Karen
Date: 2/11/2011 9:02 AM
Subject: Fwd: State Board of Education Press Release
Attachments: SBE Educ Improvement and Reform Prior.pdf; SBE Press Release February 8, 2011.pdf

For Bd legislative

>>> "Ackley, Martin (MDE)" <AckleyM@MICHIGAN.GOV> 2/8/2011 5:46 PM >>>

[cid:image001.jpg@01CBC7B7.ED19BA60] News Release

Contact: Martin Ackley, Director of Communications

Phone: 517.241.4395

State Board Approves Reform Priorities

Makes recommendations to Governor for needed actions in

school re-design, teacher quality improvement, and school finances

Takes action to raise bar on student learning standards,

and revise accreditation system

February 8, 2011

LANSING - With bi-partisan support, the State Board of Education approved today several measures to dramatically move Michigan education forward, including a package of school reform priorities in anticipation of Governor Rick Snyder's special message to the state legislature on education, slated for April.

The Board also gave approval to improve the passing scores for the MEAP and Michigan Merit Exam state assessments to better reflect a student's college and career readiness; and agreed to an improved state accreditation system of data transparency and accountability.

In the unanimous adoption of its reform priorities, the Board made recommendations to re-organize schools to improve education performance, including linking part of the state's education foundation funding to student achievement growth.

"Our goal is a performance-driven education system," said Board President John Austin, "where Michigan's students advance at grade-level or faster, and graduate from high school with the skills needed for post-secondary learning without needing remedial work. Our recommendations lay the foundation for this results-driven system in Michigan."

The Board also unveiled a comprehensive approach to support and enhance teacher quality, including teacher tenure reforms that link teacher licensure with the ability to increase student achievement; and new plans to reward "master" teachers, and enhance teacher career paths.

"The actions taken by the State Board today are bold and progressive," said state Superintendent of Public Instruction Mike Flanagan. "They displayed great leadership and steadfastness in doing what is

right for the children of this state."

The State Board's reform priorities address the needs of both students and educators, said Board Vice President Casandra Ulbrich.

"Helping all students master the challenging content we now require in Michigan is dependent on the skills, ability and motivation of the teacher in the classroom," said Ulbrich. "That is why we must advance policies that ensure new teachers are prepared to teach Michigan's tough curriculum to all students, receive mentoring opportunities and that they get the ongoing professional development, performance evaluation, and career rewards needed to be effective in advancing student achievement."

The State Board also reiterated the call it made in its May 2010 Reforms, Restructuring and Revenues Report, for Michigan to make difficult changes to legacy health and pension systems, along with school organization and service delivery, in order to fully finance the "core elements" of education-universal pre-school and kindergarten, K-12, and support for post-secondary degree attainment for all Michigan citizens.

One of the focal points in the reform priorities is the development of key partnerships between public and private institutions, including universities and key education stakeholders.

"If we are to truly address the needs of students and educators in these Board-supported reform measures, it is imperative to enter into public-private partnerships at a local level," said Nancy Danhof, State Board Secretary. "This will help provide assessment of professional and student needs, followed by a robust system of professional mentors, resources, consultants, and professional learning, paired with the needs in each of Michigan's more than 4,000 schools."

The Board also took action on several of its priority recommendations at Tuesday's meeting-raising the scores needed for proficiency on the MEAP and Michigan Merit Examination to match national benchmarks for college and career readiness, and making changes to the Michigan School Accreditation System (MI-SAAS) to better identify chronically underperforming schools that need intervention. As intended, the MI-SAAS plan will be sent to the state House and Senate education committees for their review.

The Board also called for creating efficiencies and improving performance by consolidating Michigan's 80 early childhood initiatives in a new Department of Education-housed Agency for Early Childhood Education; and exploring whether similar efficiencies could be found by combining duplicative youth mental health agencies and services.

#

The State Board of Education's approved "Education Improvement and Reform Priorities - Recommendations to Governor Snyder and the Legislature" is attached.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

February 8, 2011

MEMORANDUM

TO: State Board of Education

FROM: John C. Austin, President

SUBJECT: Approval of Michigan State Board of Education – Education Improvement and Reform Priorities – Recommendations to Governor Snyder and the Legislature

The attached revised *Michigan State Board of Education – Education Improvement and Reform Priorities – Recommendations to Governor Snyder and the Legislature* is being presented to the Board for approval.

It is recommended that the State Board of Education approve the Michigan State Board of Education – Education Improvement and Reform Priorities – Recommendations to Governor Snyder and the Legislature, as attached to the President's memorandum of February 3, 2011.

Approved by State Board of Education February 8, 2011.

STATE BOARD OF EDUCATION

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NANCY DANHOF – SECRETARY • MARIANNE YARED MCGUIRE – TREASURER
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**Michigan State Board of Education
Education Improvement and Reform Priorities
Recommendations to Governor Snyder and the Legislature**

The State Board of Education believes Michigan's education policies must be organized to incent and reward performance on educational outcomes, not educational inputs. We also reaffirm the vision and principles of Universal Design for Education as the appropriate framework to encourage education excellence for all students.

The performance focus we must have is this:

- Significantly more (goal of 90%) students graduate from PreK-12 with the academic, critical thinking, and creative skills (consistent with Michigan Merit Curriculum) needed to enter post-secondary education without remediation
- graduates successfully obtain post-secondary credentials that ensure they are well-equipped with skills for work, self-support, starting a business, and contributing to the common good
- all Michigan residents engage in lifelong learning, and are well prepared for a life as active citizens in our democracy

This goal is consistent with the Governor's "dashboard" targets for education of:

- 3rd Grade reading proficiency
- Performance on the Michigan Merit Examination at a level to ensure college/career readiness
- Increase Michigan residents with a postsecondary degree or credential

To realize these goals, the State Board of Education (SBE) and Michigan Department of Education (MDE) are currently making the following their priorities. We recommend the following reform and restructuring priorities for the P-20 system to the Governor and Legislature:

Priority 1. Reimagine the Pre-K-12 Educational System in Michigan

Provision of an excellent education starts in the home with engaged parents who expect a lot from their children, create conditions to foster learning at home, and are active in their children's schools. Nevertheless, there is much the school can and does control. Every public school must organize itself to best support learning and educational performance. An education system restructured and organized to achieve performance includes the following actions and reforms:

High learning expectations for all students:

- Implement the Common Core College and Career Ready Standards
- Adopt the Common Core College and Career Ready Assessments developed by the Smarter Balanced Assessment Consortium.

Align incentives to improve outcomes and performance:

- Every school is expected to help students make yearly progress, and graduate students without need of remediation in the first year of postsecondary education
- Every student should be able to accelerate at his/her own pace, and realize early post-secondary learning opportunities (dual enrollment, early college, Advanced Placement, technical and career learning). Eliminate the current financial disincentives for these opportunities
- Ensure districts wishing to incorporate distance or blended learning have access to the widest possible range of quality programs, including the ability to develop programs themselves with appropriate partners with quality evaluation by MDE or its designee
- Every school should have an equitable base funding amount, a base foundation grant, along with a part of the foundation grant that rewards student growth and performance; schools have flexibility to apply resources (towards professional development, small class size, technology, expanded learning opportunities) as they determine to deliver performance and outcomes

Provide accountability – track and report student progress:

- Implement revised Michigan School Accreditation and Accountability System (MI-SAAS); (SBE action at February meeting to revise MI-SAAS without AYP, but with other measures that support subgroup achievement level growth)
- With full participation by state institutions, implement a pre-K, K-12 and higher-education Statewide Longitudinal data system that can track individual learner performance through post-secondary degrees and include K-12 student growth measures

Change outcomes for students in lowest performing schools:

- Clearly identify, and support successful interventions among lowest-performing schools. Support school turnaround by applying needed resources including school improvement grants to implement models that have demonstrated success.
- Ensure effective school choices are available to all parents and students, and as one strategy encouraging local districts to charter their own schools, thereby fostering innovation and keeping resources
- Engage in legislative review and revision of Public Act 72 to ensure clear academic and financial accountability. Clarify roles and responsibilities of emergency financial managers and school elected governing body for schools in financial emergency

Priority 2. Ensure Excellent Educators

Every body of research and education reform of the moment, including Race to the Top, confirms that the most significant contributor to improved educational outcomes is the ability of the teacher to effectively deliver content and inspire student learning. Evidence indicates that this is particularly true among under-achieving, low-income and minority students. All school personnel, administrators, teachers, and support staff create conditions that directly impact learning outcomes. Michigan's SBE/MDE has increased rigor and made newly transparent and accountable the performance of teacher preparation institutions, increased administrator certification and accountability, and now advance a continuum of educational reforms to ensure excellent educators in every building and classroom. Priorities for Governor and Legislature to

embrace and advance, working with Michigan's teachers, administrators, and education stakeholders include:

Reform Michigan's teacher preparation institutions: reform programs and share models that focus on effective classroom teaching linked to increased student achievement, including the pedagogy, clinical experience, and cultural competencies needed to support success for all Michigan students

Revise Michigan's teacher professional development requirements to include professional development for all administrators and teachers, and link professional development to education and skills that increase student learning, instead of relying on the acquisition of a Master's degree or the current continuing education requirements.

Change the Tenure Act to accommodate the following:

- Award tenure based on proficiency level rather than number of years of teaching.
- Require ongoing demonstration of teacher proficiency based on multiple measures, including at least 40% based on student achievement growth
- Make sure all teachers are equitably evaluated annually by qualified administrators (as required by current law)
- Streamline the process to discharge ineffective teachers

Implement a 3-tier teacher certification system that includes enhanced new teacher mentoring, recognition and opportunities for increased recognition and compensation based on demonstration of proficiency and earning of 'master teacher' credentials, (such as National Board Certification).

Develop State guidelines for teacher compensation that reward quality teaching: a statewide professional salary and health care benefits schedule that supports attractive career ladders, recruits the "best and brightest" into teaching, retains the best teachers in classroom settings, reward teaching in high-priority schools, and provides opportunities for master teachers to play mentoring and instructional leadership role.

Implement administrator certification and training to ensure Administrators are well prepared, routinely assessed, demonstrate ongoing proficiency (including at evaluating teachers) and are provided ongoing professional development for effective educational leadership.

Public-private partnerships to deliver reforms. SBE recommends building public-private partnerships involving ISDs, universities and key education stakeholders to deliver needed mentoring, professional development support, coaching, and consultancies to affect the teacher and administrator quality reforms.

Priority 3. Reforms, Restructuring and Revenues

The SBE restates our support for critical components of a *comprehensive Pre-K through Higher Education* policy as articulated in our May 2010 report *Recommendations to Better Support Michigan's Education System: Reforms, Restructuring and Revenues* and welcome the Governor's call for a "pre-natal-to lifelong learning" education system.

Threshold elements of the P-20 system: SBE restates our recommendation that the key, threshold elements of the P-20 education system needed in Michigan to provide individual opportunity and economic success are:

- Universal preschool available for all three- and four-year-olds families
- Mandated (preferably all-day) kindergarten for all children
- K-12 State Aid at funding level sufficient to provide quality instruction
- Post-secondary education financial support for all citizens to reach a new minimum threshold consistent with two years of postsecondary education or technical training (as defined by Lt. Governors Commission on Higher Education and Economic Growth [2004].)
- Higher Education operational support for Michigan's universities and community colleges at a level consistent with peer states

Paying for the needed education system: To put in place the education services we need, we must make the most effective and efficient delivery of education services; maximizing the impact of every dollar invested. To achieve this needed level of investment, a combination of cost-saving reforms, and changes to the way revenues are raised and spent is required. The State Board of Education strongly endorses a balanced approach.

The SBE recommends that we pay for the needed education system by:

- Finding efficiencies through school consolidation and shared services
- Better integrate and align the 80+ Michigan early childhood initiatives and budgets within an MDE-housed Agency of Early Childhood Education
- Changes to school legacy costs such as pension and health care systems
- Re-allocating budget priorities within state government
- Integration of school mental health services with departments (mental health, education, human services, juvenile justice) potential redundancy elimination and a coordinated approach, potentially lowering administrative overhead and finding cost savings while providing better educational, health and mental health outcomes
- State Constitution requires the Board to make recommendations on the financial requirements for education – pursuant to that mandate we recommend requisite changes in education service delivery to find savings to implement the needed education effort. And finally, and only if necessary, recommending additional State revenues to fund Michigan's schools



News Release

Contact: Martin Ackley, Director of Communications
Phone: 517.241.4395

STATE BOARD APPROVES REFORM PRIORITIES

Makes recommendations to Governor for needed actions in school re-design, teacher quality improvement, and school finances

Takes action to raise bar on student learning standards, and revise accreditation system

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