



SCHOOL EQUITY CAUCUS

Making a difference for the public school children of Michigan

423 W. Ionia Street • Lansing, Michigan 48933
www.schoolequitycaucus.org
schoolequitycaucus@gmail.com
517.482.5110

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Dear Colleague:

1. Senate and House Approve Their School Aid Budget Proposals

Last week the Senate passed **SB 182**, while the House passed **HB 4227**, their respective versions of the 2013-14 School Aid Budget.

The Senate proposal *rolls back* the \$7,100 Minimum Foundation rebase (\$7,066 per pupil Foundation plus \$34 Equity payment) which, for a short time, we thought schools would get and for which the Caucus advocated during testimony before the Senate K12 Appropriations Subcommittee. However, the Senate does restore the \$155 million MPSERS offset the Subcommittee would have eliminated to pay for the Foundation increase.

The House plan would move \$12 million from the early childhood to Equity, to increase the Governor's one-time payment plan from \$34 to \$50 per pupil, and increase the Minimum Foundation to \$7,016.

The Senate eliminates the \$34 equity payment and instead increases the Base Foundation by \$9 to \$8,028 per pupil and the Minimum by \$18 pp (2X) to \$6,984. Both would continue to send \$400 million from the SAF to higher education.

With the Governor, House, and Senate all weighing in with their proposals, the process will now wait for the projections of the May Revenue Estimating Conference, May 15th. The bills then go to Conference Committee where the sides will negotiate the final outcome. Most observers feel that the state Budget, including School Aid, will be completed, voted on, and signed by the Governor by no later than June.

There remain many fiscal issues unresolved regarding the School Aid Budget and we will experience many ups and downs as rumors leak from the Conference Committee. I remain cautiously optimistic that the Revenue Estimating Conference projections and the school budget conferees will find a way to increase school revenues for the coming year and further close the equity gap.

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Another interesting and not insignificant outcome of the Senate proposal is the elimination of the placeholder (**Sec 98**) for information technology (IT) in the Michigan Virtual University budget. Most observers felt the provision could have been there to eventually fund the "value schools" proposal that was being formulated by an unofficial group self-named "skunk works" which included some employees from the state's Department of Technology, Management and Budget, including the chief information officer, and people from outside government.

The clandestine group, including Oxford Foundation folks, and technology company representatives, sought to create online schools that could have stripped local districts of students and funding.

It would have created a public-private partnership with a leading technology company for public and *private* schools. Students would be provided a coupon (voucher) to seek educational services from any authorized public, private, cyber, or other kind of school. The voucher dollars not spent for classes could be used for music, art, sports, and other extra-curricular activities. Public schools could in effect be forced to “bid” for students, competing with the reduced costs available to the privately supported and Internet based cyber schools.

The immediate and vehement objections of the public school organizations, some legislators, and many media sources along with the clumsy use of the *skunk works* name not only caused the Governor to distance himself from the group, but moved the whole IT learning development process to appropriately be transferred to the Department of Education, where Superintendent Flanagan promises a process of complete transparency, weighted towards educational interests, and devoid of any voucher inclinations.

2. A Transportation Tax Shift that Could Benefit Schools May be Stalling

Lines are being more firmly drawn between Republicans and Democrats as negotiations over a \$1.2 billion transportation tax shift seem to be breaking down.

This is important for schools because the original plan would have eliminated the current per gallon fuel tax, of which a majority goes to the school budget, and replace it with a sales tax increase. The deal is more complex than that description, but the end result could have been significantly increased dollars for the SAF and some guarantees to stabilize future school funding.

Democrats are hesitating because they feel some of their issues are not being addressed. It was once thought, and still may be, that the Republican controlled legislature could not pass the tax shift without Democratic support. Many Republicans dislike any plan that increases taxes and will not vote for the shift—hence the need for Democratic votes.

Now, however, Republicans are counting votes in the House and Senate and think it may be possible to pass the plan without Democrat support. Should that happen chances of schools seeing significant benefits begin to diminish.

3. Common Core Repeal Effort is Continuing to Generate Consideration

The ideological battle over the national Common Core Standards continues to escalate. Representative Tom McMillan introduced **HB 4276** which would prohibit the Department of Education from implementing curriculum based on the Common Core.

A couple of weeks ago the Department of Education put out *Common Core Standards Fact Sheet* which debunks many of the myths currently being used as rationale for the Common Core’s abolishment. Last week the Huffington Post wrote a defense of the national standards in, *The Common Core Standards: Truths, Untruths and Ambiguities*.

Nevertheless, Representative McMillan issued a response, *Myths Versus Facts—Common Core Standards*—seen by many as being largely a presentation of opinions over facts.

In 2010, Michigan joined 46 other states in adopting the Common Core. During the three years since, school districts have expended countless work hours and many thousands of dollars aligning their curriculum and assessment tools with the Common Core and Smarter Balanced Assessments.

I was never totally in favor of many aspects of the Common Core. But once the debate ended and it was adopted for Michigan's schools I encouraged districts to prepare for what was now settled law and the curriculum model for the future.

Now, however, in what can only be viewed as another confusing change in direction, some in the legislature are hoping to throw it all out and begin again. Meanwhile, students and their schools are again left waiting to see what new course is in store for school curriculum.

4. Legislators Consider MPSERS Current Operating Expenditures Plan

The contribution cost to MPSERS employers has increased from **13%** in 2003-04 to **27%** in 2012-13 (prior to the statutory rate offset), with the rate growth expected to continue due in large part to unfunded liability (stranded costs). Declining numbers of students, privatization, flat school funding resulting in low wage increases, and the increase in the number of charter schools all contribute to unfunded liability.

As a way to address the expansion of unfunded liabilities, House bill **HB 4190** would amend the MPSERS Act to revise the calculation method, changing it from a straight payroll to a payroll/current operating expenditure (COE) blend.

Under the plan, districts with high MPSERS payroll compared to their total COE would see cost reductions, while those with low MPSERS payroll compared to their total COE would see cost reductions. The overall fiscal impact on MPSERS costs would be unchanged, only redistributed, creating different winners and losers.

It is appropriate that the legislature look seriously at the financial drag unfunded liability places on the entire MPSERS system and its employer contributors. However, a fairer and economically sound solution would be for charter schools, private providers, and other educational operators to pay the unfunded liability portion of the MPSERS rate for every employee position removed from the system and thereby provide sufficient resources to maintain structural stability and keep school's retirement costs down.

5. Caucus Schedules Board of Directors Elections

The 13 member Board of Directors oversees the operations of the Caucus. Each voted member is elected to a 2-year term, with one-half of the Board being elected every year.

Ten Board members represent each of the state regions. Region 1 (UP) has two representatives and Region 10 (Detroit) does not participate. There are three at-large representatives, recommended by the Board president and approved by a vote of the elected Board members during the Annual Organization Meeting in July.

At this time each year we conduct the elections for those members whose term expires June 30th and for those who are unable to complete the second year of their term. For the 2013-14 school year, one of the two **Region 1** Board seats and the seats representing **Region 3**, **Region 5**, and **Region 7** are up for election. In each case, the incumbent intends to run for re-election. Further, the remaining year of the **Region 2** term is also up for election.

If you are a Caucus member superintendent in good standing and desire to stand for Board of Directors election in your region, contact the Caucus office (517-482-5110) by no later than **May 10, 2013**. Elections will be held in regions where there is more than one Board candidate. In regions where there is only one qualified candidate running, that person shall be considered elected.

Contact the Caucus office (517-482-5110) if you have questions or comments.

6. School Equity Caucus – An Education and Information Organization

Every couple of years someone in the media or legislature questions the appropriateness of school districts using part of their tax provided revenues to lobby legislators and policy makers. Legislators who dislike school lobbying sometimes proffer legislation that would prohibit or drastically limit the practice—and thereby, prohibit or reduce the opportunity for school leaders to participate in the public school policy development and funding processes.

Nearly every Michigan school district has Lansing representation either through their staff or any one of several school organizations, including the School Equity Caucus, Education Service Agency Legislative Group (our organization associates), and others.

While the Caucus does try to influence legislation—mostly for school funding and equity issues for low funded districts—our main purpose is to provide timely and accurate information about how what is happening in Lansing, and sometimes Washington, will affect your students and schools. Our IRS designation as a 501(c)(4) entity is based on that focus.

Therefore, if you are queried about your School Equity Caucus association, you can rightly respond that your membership is with an informational and educational organization that works on behalf of member's interests and is an appropriate and prudent use of district dollars.

A political system where the Governor, legislators, and bureaucrats can conjure and enact legislation, rules, and procedures for schools without the input and countervailing opinions of the school community, their organizations, and lobbyists is not in the best interest of students.

Sincerely,

Jerry

Gerald Peregord
Executive Director