



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

May 5, 2016

Dear Colleague:

1. House and Senate Pass Their School Aid Budget Proposals

Last week the House approved its version of the 2016-17 School Aid Budget (**HB 5291**). The Senate approved its version (**SB 796**) Wednesday. The Governor presented his budget recommendation in February.

Soon, a conference committee made up of representatives of the Governor, House, and Senate will be named and the details and differences worked out. I expect the School Aid Budget to be completed by June.

All three budget proposals increase the Foundation Allowance by \$60 per pupil (pp) for Base level districts and \$120 pp (2X) for Minimum level districts. The Base Foundation would be \$8,229 and the Minimum would be \$7,511. It is very likely districts will see the \$60/120 increase in the final budget.

The House version would eliminate the M-STEP proficiency exam and replace it with a computer adoptive test. It also proposes to charge high school students for taking college entrance exams.

As approved, the House budget would remove the At-Risk (Sec. 31a) funding cap and make it available to all at-risk students, whether or not their school qualifies for At-Risk funds. The House would include \$1 million for private schools as reimbursement for the cost of complying with state regulations and mandates.

Democrats offered several amendments, including one that would cut the cyber charter school Foundation Allowance in half. It, and every other Democrat amendment, failed to garner sufficient votes to pass.

2. New Financial Troubles for DPS and House Approves a Bailout Plan

In the last couple of weeks Detroit Public Schools reported two situations that will increase its debt load. First, through a routine audit, the US Department of Education found that for several years DPS had failed to pass onto MPSERS funding provided by the USDE for DPS employees working in federal programs. While numbers remain sketchy, it appears as a result money owed to MPSERS by DPS could increase by as much as \$30 million. It is thought that instead of forwarding the money to MPSERS, the federal funding was used to help fill the ongoing operational debt hole.

The second likely debt increase comes with the discovery that DPS had not calculated the money owed to teachers and others for summer pay. Like almost every other Michigan school district, DPS allows employees who work less than 52 weeks to have their pay prorated so that their pay is deferred to cover the whole year, or 26 bi-weekly paydays.

In the recently passed \$48.7 million state supplemental, intended to see DPS through to the end of the current school year, everyone forgot that money would still be owed to those who had their pay spread beyond the end of the school year. Therefore, without additional dollars, many staff will have worked without pay. This issue resulted in DPS teachers conducting two “sick out” days this week in which a majority of schools were closed.

* * *

At about 4:30 a.m. Thursday morning the House passed its version of the DPS bailout. The House plan would use \$500 million in tobacco settlement funds to pay down the existing debt, \$33 million for an emergency loan, split DPS into an old district to pay down the debt and new district to provide educational services, and strengthen strike language. The House would not include the Detroit Education Commission to oversee the placement of traditional and charter schools in Detroit.

The House bill has been sent to the Senate where its future is uncertain. The Senate passed plan would use \$715 million in tobacco dollars and \$200 million for transition costs and includes other differences.

3. Other Legislation

- **Common Core (SB 826 and HB 5444)** would repeal the Common Core State Standards and replace it with standards and assessments used by Massachusetts – before Massachusetts adopted the Common Core in 2010.

The Caucus opposes the Common Core repeal bills for several reasons: they represent yet another change in direction *after* districts have spent several years preparing for the Common Core, Common Core has not been in place long enough to determine if it improves student learning, and the assessment tied to Common Core was not available until 2014, far to recent to have developed any baseline data.

- **Dark Stores (HB 5578)** would clarify the criteria for the Michigan Tax Tribunal during a property assessment dispute to “highest and best use.” The bill would address situations in which stores have lower property valuations because the property is valued on “comparable sales” of other properties instead of true cash value. Local governments and school districts have seen their tax revenues reduced by hundreds of thousands of dollars as a result of the “comparable sales” criteria. Hearings on the bill are ongoing in the House Tax Policy Committee.
- **Sinking Fund (HB 4388)** would allow sinking fund use to expand to include technology and security. The bill would grandfather a sinking fund that was approved prior to enactment of the legislation in terms of millage amount, length, and purpose.

Sinking funds approved after enactment would be limited to 3 mills for no more than 10 years. As currently written, districts would be unable to retroactively add technology and

security to existing sinking fund programs. The Caucus supports the expanded sinking fund uses and continues to feel the legislation will eventually pass.

- **Reading (HB 4822)** would require third graders to meet certain reading achievement standards before moving onto fourth grade. The bill, passed by the House and Senate, with variations, was submitted to conference committee to resolve the differences between the two versions. While the Caucus supports efforts to improve 3rd grade reading, we cannot support this bill as long as it includes mandatory retention, with little or no exemptions. We hope the conference committee result will more closely resemble the Senate version.
- **Common Calendar (HB 5193)** would codify the waiver process for districts requesting a pre-Labor Day start. The bill would require a public hearing before application for the waiver and describe instances when a waiver must be granted. The Caucus supports this bill and would support any effort to make school calendar and start dates a local decision. The bill has been reported from the Committee on Education.
- **Private School Funding (House Education Committee Resolution)** would require the state to pay for special education students who attend private schools, up to the state per pupil funding level. Since the Michigan Constitution prohibits public funding for private schools, the resolution would require a two-thirds vote of the full House and Senate and then voter approval. The Caucus opposes the use of state revenues to fund private schools - in any way.
- **Professional Development (HB 5156-5159)** Would amend the teacher professional development requirement from 5 days to 30 hours each school year and be delivered in not less than 45 minute increments. The bills would also require the Department of Education to develop guidelines for professional developments within 90 days of enactment.

The bills have been reported out of committee and have funding provided for in the Governor's budget recommendation.

4. Caucus Dues Rates Remain Unchanged for 2016-17

School Equity Caucus membership dues rates are based on a district's prior year student count. Rates for 2016-17, therefore, are based on the 2015-16 count. At the recent April meeting, the Board of Directors approved keeping the ISD and K-12 membership dues unchanged for the ninth straight year.

Your membership in the Caucus is critically important. In addition to the monthly *Caucus Newsletter* and published-as-necessary *Information Alert*, your membership makes our efforts on your behalf possible. The Caucus has helped set the tone for the school budget discussion by bringing to the legislative table the need and importance of school funding adequacy and equity and by insuring the 2X formula remains part of the Foundation.

Watch for your 2016-17 Caucus membership invoice coming to your office via postal mail in the next couple of weeks. If you are retiring or otherwise leaving your district at the end of the year, please consider sending in your Caucus invoice before departing. It's always easier to demonstrate the value of Caucus membership to new superintendents once they have received the Newsletters and Alerts and better understand our focus and activities.

5. Caucus Schedules 2016-17 Board of Directors Elections

The 13 member Board of Directors oversees the operations of the School Equity 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 during the Annual Organizational Meeting in July.

At this time each year we conduct elections for those members whose term expires June 30th and for those unable to complete the second year of their term. For the 2016-17 school year, one of the two **Region 1** Board seats (incumbent Dan Reattoir, Eastern UP ISD) and the seats representing **Region 2** (incumbent Brent Holcomb, Alpena), **Region 4** (incumbent Jan Amsterburg, Gratiot-Isabella RESD), **Region 6** (incumbent John Deiter, DeWitt), and **Region 8** (incumbent Mark Haag, Onsted) are up for election. The incumbent in each seat up for election plans to run again.

If you are a Caucus member superintendent in good standing and desire to be involved in Caucus governance by representing your region, contact the Caucus office (517-227-0774) by no later than May 13th, 2016. 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.

Jerry

Gerald Peregord
Executive Director