

Legislative Update

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School Reform/Takeover Legislation – On April 2 a proposal was introduced by Rep. Tim Melton (D-Auburn Hills) to reform so called failing schools. The bill, HB 4787 is tie-barred to two other bills, HB 4788 and HB 4789 which were also introduced on April 2. The principal bill, HB 4787, makes numerous amendments to the School Code, while the other bills make technical amendments to the Public Employment Relations Act and to the State Aid Act. The major provisions of the package are:

- A failing school is defined as one that has been unaccredited for 4 consecutive years or failed to achieve the federal pupil performance standards (AYP) for 4 years AND the percentage of all pupils in the school who scored at least "proficient" in both math and English language arts on the most recent MEAP or MME was less than 35%.
- Failing schools shall be placed under the control and supervision of the new State School Reform/Redesign Officer, a position created in the bill and hired by the State Superintendent of Public Instruction.
- For each failing school a new turnaround school may be created within 4.9 miles of the failing school. These turnaround schools would be authorized by public universities, community colleges, ISDs or local boards of education. They would give preference to applicants for the failing school with which they are aligned. They would be operated by "qualified entities" which are entities with at least one contract to operate at least one charter school and whose charter school pupils MME or MEAP scores are at least 10% higher on average than the scores of students in the host district(s). After five years the contract may be renewed if at least 80% of the pupils graduate, the school has at least 80% average attendance and the average score is at least 18 on the college entrance exam portion of the MME.
- An evaluation team appointed by the reform/redesign officer will conduct an assessment of the reason the school is not succeeding and provide recommendations on measures that the reform/redesign officer should implement.
- The reform/redesign officer may order that the building be operated by an educational management organization, that a new principal be hired under a performance contract, OR,
- the reform/redesign officer may take control of the building and do one or more of the following: take control of the school or enter a memorandum of understanding with the local board and empower the principal to require that employee(s) be transferred out of the building, that employees be required to re-apply for a position at the school, that a contractual seniority system for the district not apply to the school, that other contract provisions or work rules may be negated by the reform/redesign officer. The reform/redesign officer will then have control over revenue of the school, curriculum, the educational goals and method of evaluation of them.

There are obviously areas where we continue to have concerns and on which we will continue to work for improvement or elimination of these sections. The two biggest of these concerns are that the bill calls for the expansion of charter schools, under the name "turnaround schools". It would allow one of these turnaround schools for each failing school. While there would be some restrictions on them greater than on traditional charter schools, these turnaround schools would

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essentially be an expansion of charter schools. We are also concerned that the state reform officer can remove any employee in a failing school from his/her position in the school and that the reform officer can negate any seniority system or other work rules in a local agreement as they apply to the failed school.

There are several areas of the bill where we believe that the intent is positive and the bill works in that directions. Particularly, the bill provides that no employees will be terminated is a school is taken over, that employees still have the right to bargain, that a state reform officer can take control of a building and force the local board/administration to make changes or face loss of control of the building. The definition of a failing school is that the school has not made AYP for at least four years AND that 35% or less of its students has scored proficient or better on BOTH math and English language arts on the latest assessment tests, a definition that would include about 38 schools today and a definition with which it is very difficult to disagree.

We will continue to work with the sponsor and leadership in an effort to make this package of bills acceptable. Failing that we will oppose them vigorously.

First Class School Definition – HB 4047 sponsored by Rep. Bettie **Scott (D-Detroit)** would change the definition of a first class school district. Current law defines a first class district as one that has 100,000 or more students. On April 2, 2009 the House passed the bill and sent it to the Senate. The bill redefines the definition to say that any district that met the definition on July 1, 2008 will remain a first class school district at least until July 1, 2010. This is important to the Detroit Democrats and is therefore important to everyone one because they may be willing to trade something else to get it.

School Dropout Age – HB 4030 sponsored by Rep. **Douglas Geiss (D-Taylor)** provides for mandatory attendance until age 18. The H-2 version of the bill passed the Michigan House of Representatives on March 4 and was sent to the Senate where it was referred to the Education Committee. This version provides that any student who turned age 14 on or after December 1, 2007 shall attend school until his/her 18th birthday except that the parents or guardian of the student can give permission for the student to stop attending school when s/he reaches age 16. The MEA supports the bill which would be a strong impetus for children to stay in school and be better prepared for a productive adult life. It would also result in approximately \$200 million additional for schools and several hundred jobs for educators.

A second attendance age bill is HB 4132 sponsored by Lamar **Lemmons (D – Detroit)**. The difference in the two bills is that HB 4030 would apply to all students as of the effective date while HB 4132 would apply to students who turned 14 years of age by December 1, 2007 or later. The MEA supported the bills in committee recognizing that additional work needs to be done developing programs to meet the needs of students who dropout of school.

BUDGET – On May 15 the May Revenue Estimating Conference was held. The consensus of the representatives present (State Treasurer, head of the Senate Fiscal Agency and head of the House Fiscal Agency) is that the school aid fund (SAF) revenue for 2008-09 will be down by an additional \$425.0 million from the estimate they made in January; while the SAF revenue for 2009-10 will be off by an additional \$732.8 million from the January estimate. By comparison, the SAF revenue in 2007-08 was \$11,512.9 BILLION. For 2008-09 the new estimate is \$10,943.7 BILLION, a drop of \$569.2 million or 4.9%. In 2009-10 the

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current estimate is for SAF revenue of \$10,563.0 BILLION, a drop of \$949.9 million or 8.25% over the two years from 2007-08.

At the same time, general fund (GF-GP) revenue has gone from \$9,538.7 BILLION in 2007-08 to a current estimate of \$7,435.3 BILLION for 2008-09, and \$6,949.7 BILLION for 2009-10. This is a drop of \$1.9234 BILLION or 20.55% from 2007-08 to 2008-09; and a drop of \$2.409 BILLION or 25.7% over the two years from 2007-08 to 2009-10. It is the GF-GP budget that funds higher education in the state, both at the university and community college level.

The revenue estimates are the figures on which the budget bills for next year will be based. They are also the figures that will be used in determining whether to make cuts in various budgets for this year. So far there seems to be a willingness to utilize federal stimulus money to plug the holes caused by these massive revenue drops. MEA will continue to support this position for this fiscal year and for the budget in 2009-10.

HB 4447 - K-12 School Aid Bill for 2009-10. It was passed by the House of Representatives on April 2 and forwarded to the Senate.

As everyone knows, the initial Executive Budget proposal called for \$164 million in specific cuts to K-12 in order to resolve the difference between projected SAF revenue and expenditures. A little over half of this comes from a \$59/pupil reduction in the foundation allowance. The rest comes from ISD operations and a variety of K-12 cuts. The total difference between the final K-12 budget for 2008-09 and the proposal for 2009-10 is about \$410 million to the negative.

- The version of HB 4447 that was adopted by the full House restored the foundation allowances to the 2008-09 level with no reduction, \$7,316 minimum allowance and \$8,489 basic foundation allowance.
- The bill also maintains Section 20j hold harmless amounts at the 2008-2009 level,
- Maintains declining enrollment at current levels,
- Maintains ISD operations funding at 2008-2009 level (Section 81),
- Maintains Great Start, Great Parents program and the Great Start 0-3 Secondary Prevention Services at current levels,
- Maintains Adult Education funding at current level with current program design,
- Restores other district-specific payments and other categoricals.
- Postpones for 2 years the implementation of new kindergarten hours requirements
 - Developmental K requirements take place in 2011-12
 - K hours at 60% of other grades by 2012-13 for full membership
 - K hours at 70% of other grades by 2013-14 for full membership
- The bill requires a minimum of 170 days of instruction, with a day defined as having at least five hours of student contact time. This is in addition to the current requirement of 1098 hours of instruction time per year.

Community colleges will receive the same funding as this year under the Governor's proposal for 2009-10. On April 2 the House passed HB 4435, the Community College appropriation bill for 2009-10, and sent it to the Senate. The funding for community college operations was frozen

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at the current level, the same as the Governor proposed. However, total appropriations were increased by \$97,000,000 through the addition of federal stimulus funds for job training programs.

Higher Education. Public universities take a hit of 3% in the allocation for each institution. Combined with other cuts, higher education is reduced by a total of \$100 million when compared to this year. On April 2 the House passed HB 4441, the Higher Education budget bill for 2009-10, and sent it on to the Senate. The bill restores university operations to the current year levels through use of a portion of the federal stimulus dollars.

School Bus Safety – HB 4362 sponsored by Rep. Tory Rocca (R-Sterling Heights) would prohibit the use of cell phones by school bus drivers while operating the bus or while students are boarding or exiting the bus. The bill, part of a package of bills regulating cell phone use while operating motor vehicles, has been referred to the House Transportation Committee where it is scheduled for a hearing on April 23, 2009.

Privatization – HB 4219, sponsored by Rep. Fred **Miller (D-Mt.Clemens)** would remove the prohibition in the Public Employment Relations Act against school employees having the right to negotiate over the issue of privatization of their services. This bill has been referred to the House Labor Committee. We also know that Rep. Doug **Bennett (D- Muskegon)** plans to re-introduce his bill calling for a cost benefit study prior to a decision to privatize and Rep. Rick **Jones (R-Grand Ledge)** plans to re-introduce his bill giving existing employees the right to bid on any work that is slated for outsourcing/privatization.

Charter Schools - Related to the first class school issue is HB 4063 sponsored by Rep. Lamar **Lemmons (D-Detroit)**. It would remove the prohibition against community colleges issuing charters in a first class school district (Detroit), a provision that has been in the School Code since charters were first established in Michigan in the mid-1990s. It effectively allows Bay Mills Community College, a statewide Native American institution, to issue charters in every district except Detroit without regard to the overall cap on the number of charter schools in the State. Bay Mills has used this loophole to open over 30 charters in this decade. Under HB 4063 Bay Mills could also authorize charters in Detroit on the same basis as it does in the rest of the State.

School Employee Retirement Stimulus – This issue has created a considerable stir in Lansing and has been one of the major topics on everyone's mind for several weeks. HB 4285 sponsored by Rep. Fred **Miller (D-Mt. Clemens)** and SB 255 sponsored by Sen. Wayne **Kuipers (R-Holland)** were introduced in late February and would have done the following:

- Increase the multiplier to 2% for those who retire during the designated window.
- The window to apply to retire is April 1, 2009 through March 31, 2010.
- The window to retire is from 30 days after application through June 30, 2010.
- The member must go directly from active employment to collecting a pension.
- The member must agree to have his/her pension suspended if s/he returns to work in a public school as a contract employee within two years.

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- If the member is in a critical shortage discipline as compiled by the State Superintendent as of October 8, 2008, s/he may elect to continue work for up to one year past June 30, 2010 and receive the benefit. These people must apply in the same window as everyone else.
- The bill as introduced contains a cap on the total cost of the additional liability at \$1.5 billion. If more employees apply than can be accommodated within that cap the employees with the greatest amount of service credit worked in the system will receive priority.
- Employees who do not qualify because of the cap on the number who can take the stimulus will have their application automatically voided so they don't get forced to retire at the 1.5% rate (they could re-apply at the lower rate if they choose to do so).

The agreement was that SB 255 would be taken up first in the Senate and, if it passed there, it would then be taken up in the House of Representatives. The Office of Retirement Services weighed in and provided cost figures that were prohibitively expensive resulting in a situation where there were not sufficient votes to move either bill. As of the end of March it was announced that the bills will not be taken up or moved to a vote. This effectively kills the bills.

Retiree Health Benefits - HB 4073 creates an IRS Section 115 irrevocable trust to hold the funding, prefunding, and/or health savings account monies for the school employee's retirement system, the civil service employee's retirement system, the state police retirement system, the judicial retirement system and the legislative retirement system. It is the same as HB 5913 from the previous session, and it has been passed by the House and referred to the Senate Appropriations Committee. MEA is neutral on this bill in its current form, as we participated in work groups during the drafting process to eliminate concerns. This bill does not provide for any type of prefunding of retirement health insurance benefits.

Health Care – HB 4466 sponsored by Rep. Bert **Johnson (D-Detroit)** would create a single payer health insurance system for citizens of Michigan. It would, if adopted, create a new insurance law to provide and define such a system. The bill was introduced on February 26, 2008 and referred to the House Committee on Health Policy.