

To: Council About Parochiaid
From: Cara Marie Dobie
Date: March 11, 2016
Re: Legislative Update

Legislature Seeks to Address Looming DPS Bankruptcy

With State Treasurer Nick Khouri predicting that the Detroit Public School system will run out of operating funds sometime in May, the House and Senate continue to work on legislation that would address the district's debt. The House and Senate are currently exploring separate packages of legislation that take different approaches to solving the crisis.

Some parts of the House and Senate legislative packages are similar. Both would break the current DPS district into two separate entities. The existing corporate structure would be charged solely with paying down the nearly \$700 million in debt, while a new structure, called the "Community District" would be responsible for operating the education system. However, the House and Senate bills have several key differences.

The Senate package, embodied in Senate Bills 710, 711, 819, 820, 821 and 822, would shift governance of the new Community District to a locally elected board by January, 2017 (however most major decisions would need to be ratified by the Financial Review Commission – the entity currently overseeing the City of Detroit's operations). The Senate bills would also transition employees and collective bargaining contracts from the existing DPS to the new Community District.

The House legislation (House Bills 5382-5387) transition to local control much more slowly, and would not have a fully elected local school board until 2024. The House package also contains bills aimed at, among other things, limiting collective bargaining rights and reducing pension benefits for DPS personnel. The House bills also contain reforms such as school letter grading, third-grade reading retention, and other educational priorities of the Republican caucus.

One key element that was part of Governor Snyder's initial recommendation, but has yet to be incorporated into either House or Senate package, is the creation of a Detroit Education Commission (DEC). This proposed entity would be an independent body appointed by either the Governor or the mayor of Detroit charged with determining siting issues for all public schools in the district – whether they be traditional public schools or charter schools. One of the issues that has dogged the district is the fact that schools are often sited not by geographic need but by other factors, leading to an overabundance of schools in some neighborhoods and a dearth in others.

The House and Senate have both stated goals of moving their own versions of the legislation soon, possibly within the week.

Executive Budget Recommendation Presentation

The Fiscal Year 2017 budget was released by Governor Snyder on February 10. Much of the presentation was focused on providing additional money to the city of Flint and Detroit Public Schools. The budget must still go through both chambers of the legislature and be signed into law to take effect in October of this year.

Statewide Issues:

- \$195 million to Flint for child care and nutrition needs, for water bill relief, for the replacement of lead service lines, for water testing, and for testing children under the age of 4 for lead exposure.
- \$72 million per year for 10 years from tobacco settlement dollars for Detroit Public Schools debt and startup costs to move to create a new school district, implementing SB 710 and SB 711 in anticipation of their passage.
- Increase of \$150 million for K-12 school districts, or a roughly \$60 to \$100 per pupil increase per district.
- \$61 million increase for public universities.
- \$165 million to help replace lead service lines in cities across the state.

Major Change Proposals:

- Integrate behavioral-mental health care with physical care under Medicaid.
- Create a one year, reserve fund for prescription drugs with unanticipated costs.
- 3.9% increase in Constitutional revenue sharing with cities, villages, and townships, but 2.3% decrease in statutory revenue sharing.

Senate Ed Makes Changes to Third Grade Reading Bill

Senate Education Committee Chair Phil Pavlov (R-St. Clair) has begun taking testimony on an amended version of the third grade reading legislation that passed out of the House. The House version aims to give schools more tools to help with literacy between kindergarten and third grade and to provide more opportunities for interventions and coaching for struggling students. By the 2019-2020 school year, students who haven't obtained a reading score that is less than one grade level behind couldn't advance to the fourth grade, with some exceptions.

Senator Pavlov's substitute would add three good-cause exceptions:

- 1). The parent requests an exemption for the student and the superintendent or district determines this exemption is in the best interest of the student.
- 2). The student was not continuously enrolled in his or her current school for two years prior and there's evidence the student was not provided with an appropriate reading improvement plan while at the previous school.

3). The principal and literacy coach agree that other evaluations besides reading demonstrate that the student is prepared for the fourth grade. Other changes include allowing a student to move to the fourth grade if they are proficient in all other subject areas in the state assessment and the student was provided intensive reading instruction until proficiency is achieved.

Several groups testified on these changes and others during the committee hearing Tuesday, and Senator Pavlov indicated he would continue taking testimony on the bill next week.

EMU Regents Vote Unanimously to Withdraw from EAA

The Eastern Michigan University (EMU) Board of Regents voted unanimously on February 5 to withdraw from the Education Achievement Authority (EAA). The board withdrew from the interlocal agreement between the university and Detroit Public Schools (DPS) in order to push Governor Snyder's DPS reform package. Due to conditions of the agreement, it will not take effect until June 30th, 2017. EMU Board of Regents Chair Mike Morris said he expects the EAA to cease to exist well before that date.

Education Board Approves Initial Strategies for Top 10 Plan

On February 9, State Superintendent Brian Whiston laid goals for making Michigan a top 10 education State within the next 10 years. The State Board of Education approved a report that outlined 44 strategies for meeting the seven goals that the Board approved at its December meeting. The plan calls for a review of the "educator pipeline" and to develop a teacher training system that would include novice, practicing and master levels. The plan also includes professional development programs coordinated between state and local programs, which would also align with state standards. Additionally, the plan calls for funding for programs starting at birth, including access to preschool for all four-year-olds by 2020 and for all three-year-olds by 2025. On the other end of the spectrum, the plan would allow students to earn up to 60 college credits while in high school.

The strategies were developed based on input from stakeholders and public comment. Mr. Whiston said the goal now is to keep these groups behind the implementation of the strategies. Senator Geoff Hansen (R-Hart), chair of the Senate Education Committee, praised the plan for giving guidance to future reforms. "It was a huge help for us as we look for where we want to go," he said of the plan.

State Ed Board Grades Whiston High, Extends Him To 2019

The State Board of Education extended State Superintendent Brian Whiston's contract through June 2019 after unanimously giving him "high marks" in his first evaluation.

"Brian has certainly gotten us started on a path to lift education in Michigan in a new and dynamic way, in a collaborative way, and in a straight-forward way," said SBE President John Austin.

The evaluation was based on Whiston's alignment with the SBE; work with the education community, Governor Snyder and the Legislature; management of the Michigan Department of Education; technical leadership on education issues and policy, and progress towards goals set by the SBE on moving education indicators toward student achievement gains.