



**Michigan
Parents
for Schools**

MIPFS Legislation Brief Deficit School District Package

SB 951 (S-3), SB 952 (S-2), SB 953, SB 954, SB 957 (S-5) — Modify and strengthen state powers over school districts in deficit

Introd. by Sens. Walker and Kahn, all but SB 957 reported from the Appropriations Cmte.; analysis as of 11/17/2014

Why this deserves your attention:

This bill package is the latest move to enhance state control over local school districts and undermine local control by voters. The bills presume that the only cause of school district deficits is poor local management or weak board leadership, ignoring all the financial pressures the state has placed on local districts. Specifically, the bills give sweeping new authority to the state Department of Treasury to impose conditions on local districts, and fast-track the Emergency Manager process if the district does not comply.

What the bills would do

The bills represent a complex re-writing of the rules that apply to school districts that have any sort of fund deficit. (Technically, they could apply even to deficits in small funds, such as food service.) Some of the most important provisions:

SB 952 expands the punitive steps the MI Dept. of Education can take to force a school district to comply with an existing deficit elimination plan (DEP). This can include permanently taking funds from the district if revised budgets, etc. are not posted on its web site by the end of the year. MDE can also insist on an “academic plan” as part of a DEP. **This bill also creates a whole new class of enforcement tools, called “Enhanced DEPs,” which are under the authority of Dept. of Treasury rather than MDE.** Treasury can force any district with “rapidly deteriorating financial circumstances, persistently declining enrollment, or other indicators of financial stress” likely to cause deficits to agree to and implement an enhanced DEP. **Preservation of programs is not the goal of a DEP or enhanced DEP.**

Possibly the most important provisions are in SB 953, which allows Treasury to fast-track a district to be taken over by an Emergency Manager if it does not get its enhanced DEP approved or if it fails to comply with it completely. **This provision skips even the modest requirements of the current EM law for consultation, review and even a court challenge.**

SB 954 allows MDE to withhold funds from districts to “incentivize” them to adopt a DEP or eDEP. SB 957 layers multiple reporting requirements on districts in deficit, including posting a ‘scarlet letter’ on its web site if its budget assumptions were deemed by state authorities to have been unrealistic.

OUR TAKE

This bill package highlights the Legislature’s current view of local school districts, and their elected boards, as weak, incompetent and captured by “special interests.” The enforcement provisions in the bills range from the devastatingly punitive to the petty.

- The bills are based on the idea that school districts only have themselves to blame if they get into financial trouble. They effectively deny any responsibility of the state to adequately fund education (while individual districts are prohibited from raising their own funds). They also deny the notion that inadequate state funding may be responsible for these problems.
- Nowhere do the bills give anything but a perfunctory nod to maintaining educational services. Budgets are to be cut and balanced by any means necessary, and any effort to protect students from consequences is seen as mismanagement.
- The measures that can be used to justify state intervention, especially by Treasury, are very broad and could potentially catch half of Michigan’s school districts in the “enhanced” deficit elimination plan net. The “fast track” to EM takeover gives tremendous power to Treasury, and also applies only to local school districts, not charter schools.

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