

MICHIGAN PUBLIC EDUCATION FINANCIAL PROBLEMS AND THE IMPACT OF THE COST OF MEDICAL INSURANCE

By Dave Campbell, Superintendent of Olivet Schools

THE MAIN BUDGETARY PROBLEM

The purpose of this paper is to look comprehensively at a very complex topic, that being health insurance. More than any other issue, the rising cost of health insurance is leading to the elimination of quality programming for children in our public schools. Many school districts are having to lay-off teachers, thus increasing class sizes for their students. Quality programming such as block scheduling and middle school team teaching have to be cut in order to cover the rising cost of insurance premiums. Paraprofessionals, bus drivers, custodians, administrators, and secretaries are being laid off, which leaves fewer people to serve and educate our students. Many districts are cutting their budgets for technology upgrades, curriculum/textbook updates, facility maintenance, and school bus purchases. Many districts are charging fees to participate in athletics and other non-mandatory, but educational, programming. Many districts are negotiating insurance caps on their employees, which often leads to significant labor unrest, which can be very disruptive to the educational process. Obviously, budget cutting has a detrimental effect on school districts and the students they serve.

MICHIGAN'S ECONOMY

Many people in education believe that the only answer to this financial crisis is to raise taxes. Clearly, Michigan has been in a tax-cutting mode the last 12 years and now we have a structural deficit that cannot be solved merely by more budget cuts. Michigan needs to seriously analyze its tax structure and make some modest increases. However, we need to be very mindful that Michigan has lost more manufacturing jobs than any other state, so any tax increases need to be targeted away from employers, who are finding Michigan to be a very expensive place to conduct business. This is caused not only by taxation, but many expensive and inefficient labor, environmental, insurance, and occupational laws. All this needs to be analyzed and carefully acted upon before more jobs go overseas, or simply over the border into Indiana, as is so common now.

Many states are enjoying prosperity right now. Many states have found more efficient ways of doing business and attracting business. In fact, many Michigan services are outsourced to other states. Michigan needs to explore what these states do differently and replicate it. It is not a matter of not knowing what other states do to lower costs, it is a matter of whether we have the political will to make the changes to the labor, environmental, occupational, and insurance laws that will allow Michigan companies to compete with other states and nations. We need to be careful about this so we do not lower our standard of living too far, but clearly some adjustment is coming whether we like it or not.

The international economy and NAFTA makes this even more complicated. American companies have to compete against foreign competitors, many of whom do not have to pay for employee health insurance, so they can offer comparable products at cheaper

prices. The standard of living in the United States has grown to unsustainable levels and will, unfortunately, be lowered in the years to come for the first time in American history.

Simply raising taxes is not the solution. It is very unlikely to happen politically as many families in Michigan are experiencing a significant reduction in income caused by the reduction of overtime, or worse, the loss of employment. In addition, most know that higher taxes will only lead to more lay offs and plant closings, so it is unlikely that our legislators and governor will support such measures. The key to gaining enough public and legislative support to actually see some modest tax increases is the public employers (public education, higher education, and state government) to make significant concessions in the cost of their health insurance. Public education enjoys a significant amount of support in Michigan because we have so many fine educators. Michigan does support its public education system as evidenced by our higher than average per pupil spending. This hard-earned support could be lost very quickly if the public truly understood how lavish our medical insurance programs are and how much they cost and how little employees pay for them. It is inevitable that they will learn of it, as FOIA requests will become more common as Michigan's budget crisis intensifies and tax increases begin to get serious consideration. The public will demand (rightly so) to see where their money is going. How much can we expect people to pay when Michigan's unemployment rate is climbing and the loss of well paying manufacturing jobs is so prevalent?

LAVISH INSURANCE BENEFITS

The vast majority of employees in public education are insured by Blue Cross/Blue Shield through MESSA. MESSA offers excellent benefits to its' subscribers. Rarely does one ever complain about MESSA's service or quality. Most employees enjoy \$5 co-pays on prescriptions and very modest co-pays (\$5) for visits to the Doctor. Many even enjoy massages for \$5 if their chiropractor recommends it. Full and complete coverage of any major health complication is rarely questioned. These benefits are truly outstanding.

COST OF HEALTH INSURANCE

Historically, the philosophy of MESSA and public education is that employees may not be able to make much money in public education, but they will have the best benefits available. After nearly 15 years of pay increases that surpass the rate of inflation, few can say that Michigan public educators are grossly underpaid anymore, which is a good thing for public education and the students we serve. However, we now have a major disconnect in that the benefits have become so expensive that they threaten public education. Insurance rates have increased 10 times the rate of inflation in the last 20 years. In the late 1990's, MESSA kept their insurance rate increases to a manageable level (5 to 10%) by spending down their savings. The last four years, the average increase has been about 17%. Blue Cross/Blue Shield recently announced their rates will go up about 10% this year, which is lower than recent years. Unfortunately, the MESSA rates went up 14 to 20% depending on the region of the state. MESSA subscriber costs must be going up at a faster rate than other Blue Cross/Blue Shield customers. We must find out why, so it can be addressed. Insurance increases become exponential increases

as 17% of \$12,000 is certainly much more than 17% of \$5,000. At this time, our district pays \$12,500 for MESSA's Tri-Med insurance, which is actually cheaper than some of the other products they offer. MESSA added Tri-Med as a way to contain costs and it is an excellent program that has served its subscribers well. Unfortunately, there is no flexibility in negotiating higher co-pays or deductibles with Tri-Med, so negotiations cannot occur on that topic. This is true even if the employees wish to make concessions, so they could negotiate more salary. Since the rates have been going up by about 17%/year, a district needs to receive about an additional \$100/student/year just to keep up with the insurance increases. This sounds like a lot of money because it is. Most school districts spend over 10% of the annual budgets providing medical insurance for about 2/3 of their employees.

These numbers need to be compared to the cost of medical insurance in other parts of our nation. The Kaiser Family Foundation Employer Health Benefit Survey for 2003 indicated that the average cost of family health insurance in the nation is \$9,068. It also indicated that the average employee contribution is \$3,383/year for the insurance leaving the remaining \$6,656 for the employer to pay. Compare this to Michigan public education and you see that we are completely out of whack with the rest of the nation. Our policies cost about \$12,500/year (many are about \$15,000) and less than half of the school districts have employees paying for any portion of their insurance. It is no wonder that we face a budget crisis even though Michigan is well above the national average in per pupil expenditures.

Assuming that the annual insurance rate increases will actually go down to an average of 15% (though there is not a rational reason to think they will), we will pay the following amounts for a family medical policy (including dental, vision, and LTD) over the next ten years:

2004-2005	\$12,561
2005-2006	\$14,445
2006-2007	\$16,612
2007-2008	\$19,104
2008-2009	\$21,970
2009-2010	\$25,265
2010-2011	\$29,055
2011-2012	\$33,143
2012-2013	\$38,425
2013-2014	\$44,189

Clearly, we have an unsustainable system that will change. Employees would need to take significant pay cuts in order to sustain the current system. It is not reasonable to expect that to occur when inflation increases each year, so changes to the medical insurance system are going to occur.

REASONS FOR THE COST INCREASE

There are several reasons for the massive increases in the cost of medical care.

1. The cost of prescriptions is skyrocketing. This is partially due to the vast increase in pharmaceutical company advertising. That has led to patients demanding certain prescriptions from their doctors because they saw an ad on TV. Doctors, who want to please their patients (customers) out of fear of losing their business often give the patient what they want even if they are not convinced it is necessary. As Americans, I think it is fine to expect the newest medications, but there should be a higher level of ownership taken by the people who make such demands as these increased costs take away money from others.
2. Nearly one million Michiganders do not have medical insurance. As unemployment rises and employers scale back, more and more are losing medical benefits of any type, even catastrophic plans. Many of these people still need medical care, so those of us who do have medical coverage indirectly pay for it as the hospitals simply raise our rates to cover the loss. In addition, often healthy low income people drop their coverage, which means that fewer people are paying into the system therefore the costs get spread to fewer people, which raises our rates.
3. Michigan has one of the highest obesity rates in the US. Various unhealthy lifestyle choices cost all of us a great deal of money.
4. Michigan's malpractice insurance is much higher than many states due to the tort laws. This causes doctors to pass those costs on to us.
5. Our level of dependence on medical care has significantly increased in the last thirty years. Medical insurance was first instituted to protect families against bankruptcy in case of medical emergency. Over the last thirty years, it has evolved to the point where many people view insurance as a benefit that the employee has earned and that they may as well use it or they will lose it. Therefore, we are much more likely to go to the doctor and get a prescription than we used to be. This does not mean that we are bad or weak people. It just means that times have changed and that the cost of medical care is spiraling upwards and it needs to be paid for.
6. Medical technology is very expensive. Our expectations for medical care continue to demand newer technology closer to our homes, which means that many smaller hospitals buy very expensive equipment that is not used to capacity. These costs are passed on to us.
7. One of the great things about the US is that we lead the world in medical research. Our pharmaceutical companies spend a significant amount of money on research, which is wonderful, but expensive. This is one of the main reasons that Canada does not need to charge so much for prescriptions.
8. 50 years ago, America spent 5% of its Gross Domestic Product (GDP) on medical care. Now we spend 15% of our GDP on medical care. This will only increase as the baby boom generation ages.

POTENTIAL SOLUTIONS

Below are some potential solutions that could be explored. None of them are perfect or easy, but they are a start.

1. The simplest solution is for MESSA to offer insurance packages that are in line with the private sector in Michigan and the public sector in much of the rest of the nation. This means offering the flexibility in all of its policies to allow districts and its employees to negotiate co-pays and deductibles. They are unrealistically low and are the reason that the cost of MESSA's policies are over 20% higher than other policies. This will pass more cost on to individuals, especially those who are more medically needy. There is no way to avoid it given the current system of health care in America. Most Americans pay much more for prescriptions than we do. Most Americans pay something (often 10% up to \$5000) for medical care, but we do not. Raising deductibles and co-pays to reasonable and affordable levels would cut the cost for medical insurance by about \$2,500/policy. This would save hundreds of millions of dollars.
2. House Bill 5310 is a bill currently in the legislature that would compel MESSA to release the medical histories (not by name) of school districts if requested to competing insurance companies. This would bring competition to the industry. As we know, competition lowers costs and improves quality. If a public school district that has MESSA asks another insurance company to submit a bid to insure their employees, the insurance company has to bid very high since they do not know the medical histories of the employees. Therefore, MESSA has a form of a monopoly on medical insurance. HB 5310 is not a perfect solution, but one that may be necessary if more cost-effective options are not offered to school districts and their employees to negotiate.
3. The state could consider putting all public employees on a centralized medical plan similar in format as the retirees. This would take this most divisive issue away from individual school districts who need to spend their time educating students, not trying to understand and negotiate the intricacies of medical insurance. This would also create a large group of people among to spread the risk. Many have concerns that HB 5310 would allow insurance companies to "cherry pick" districts that have healthier than average staffs. This solution addresses that significant concern. The state could pay for this by cutting about 10% of the money that is sent to K-12 education.
4. Recent changes in federal law make it more feasible for employees to pay for their medical insurance on a tax-free basis. These options should be explored.
5. Many employers use self-funded systems and are able to provide their employees with quality health care at a lower price. All but the largest employers purchase an extra insurance policy that protects them from extremely expensive claims.
6. Blue Cross Blue Shield is MESSA's insurance provider. Many Michigan educators think they are insured by MESSA, but it is only the carrier or intermediary. Blue

Cross Blue Shield could provide the same coverage at a lower price by cutting out the middleman, which is MESSA. Districts that were able to get this arrangement many years ago with BCBS have about 20% lower premiums for the same benefits.

7. Health Savings Accounts is a new idea that has great potential for cost savings and transferring ownership of health care decisions to individuals.
8. Some think that Boards of Education implementing and/or negotiating insurance caps is the answer to this problem, but it is only a band-aid. Few districts have caps in which employees pay over \$1,000/year, so the cost savings is not significant enough.
9. At some point in time, our nation will inevitably deal effectively with this complex issue. That may lead us to a Canadian style system of socialized medicine or some other system, but change will occur because the differentiation between the haves and have nots in the country is growing and will become more and more unacceptable. That will lead to gains for the have nots and losses for the haves.
10. The massive increase in costs of MPSERS needs to be assumed at the state level. The state could cut the K-12 education budget by about 10% to help pay for this transfer of responsibility. Local districts do not have any ability to control this system; therefore it should not be up to local districts to pay for it.

THE NEED FOR CHOICE

Many public educators would prefer to have a cheaper medical insurance policy in which they have to absorb more of the cost of their medical care so that they can make a higher salary. Many see this even more clearly when they realize that their pension is based on their salary, not their total compensation, which is lowered because of the high cost of medical insurance. As the cost of prescriptions grow, we should feel more and more guilt paying only \$5 for a prescription, especially as we watch an elderly person on a fixed income in front of us in line write a check for \$175 for their prescriptions. Many educators would much rather protect their excellent programming and staffing levels that improve the working and learning environment in exchange for paying more of their own medical costs.

Choice is a time-honored American value. We have an immense amount of choice when purchasing auto insurance. We determine the amount of the deductible and whether we want to have collision insurance or free window replacements. We get to make and pay for our choices. The same principle should apply with medical insurance. Individual employees (or at least bargaining units) should have the right and ability to shop for the type of medical insurance that they want and hence pay for it. The current MESSA policies are akin to an auto insurance policy in which the owner pays \$5 for any and all work that needs to be done and not spending more than \$100/year regardless of the number of oil changes they need or how much they abuse their vehicle. We would not tolerate such a system for auto insurance, but we do for medical insurance.

IT IS TIME FOR RATIONAL DISCUSSION, NOT FINGER-POINTING

Confrontational approaches will prove to be unsuccessful because the size of the problem is unmanageable unless all parties work together to find solutions. The amount of labor unrest that could be created with old school confrontational approaches could literally bury public education in Michigan. Though labor unrest strengthens some member's commitment and loyalty to the associations, in the long run, public education will lose, as it will implode. Schools of Choice, charter schools, private schools and home schooling will benefit greatly if we approach these problems in a manner that the public perceives as greedy. The loss of the public trust will ensure little to no revenue increases and the rising cost of medical care (for current and retired employees) will cause public education to gut its' programming, cut the wages of employees, which will only cause the most marketable educators to leave their districts for greener pastures, which will be a great loss for Michigan's children.

GRIEVING PROCESS

Michigan public educators are just starting to go through a grieving process in some districts. As the financial crisis grows because of the rising cost of health care, that grieving process will become more obvious. We are seeing anger at the negotiating table and in many Boardrooms across the state and this will increase as will the amount of money paid to lawyers to negotiate contracts and arbitrators to settle contracts. We will move through the stages of the grieving process (anger, bargaining, depression, and acceptance) because there is no other choice. We will lower the standard of living we have come to enjoy for the first time in American history because it is unsustainable given the demographic and economic realities of the world in which we live.

MICHIGAN'S PUBLIC EDUCATOR'S RETIREMENT SYSTEM

By David Campbell, Superintendent of the Olivet Community Schools

CHANGE IS INEVITABLE

Michigan is starting a grieving process. The standard of living we have been able to sustain is unsustainable and will need to change to fit the new economic climate. Michigan ranks 50th in the nation in job growth and is one of the few states whose unemployment rate is actually going up. The economic recovery is avoiding us since we have systemic problems that make us a very unfriendly place to do business, so businesses go elsewhere. Michigan's business climate is unfriendly due to inefficient labor, tort, insurance, environmental, and tax laws. An unrealistically high standard of living and quality of life has been attained for many through the strong labor movement in the state, which is gradually waning due to market forces put in place by our global economy, NAFTA, and the interconnectedness of our world. When all this is coupled with the realities of our demographics, change becomes inevitable unfortunately. Demographically, there are simply not enough people under 40 years old to sustain many of the programs that were instituted when the number of working people significantly outnumbered the number of non-working people. As the number of non-working grows, the pressure on those left working will be too cumbersome to sustain. This will lead to changes in pensions, social security, and many other programs.

One of the many systems we have that holds Michigan back from economic recovery and providing better opportunities for our students is our public employee retirement system. I am very confident that the budget crisis in Michigan will cause the public education budget to get thoroughly scrutinized. Even with gentle scrutiny, one quickly discovers that Michigan's public schools spend about 10% of their money on the retirement system and another 10% insuring about 60% of our employees. I am sure that when legislators talk of fixing the structural deficits and inefficiencies, one of the many things that come to mind is MESSA and MPSERS. If it does not, it will soon because they are clearly the most inefficient consumers of public funds in public education. When the public sees how generous our pensions are and how little we pay into them, change will occur.

ORIGINAL PURPOSE OF THE RETIREMENT SYSTEM

Michigan's generous retirement system started as a way to recruit talented people to the teaching profession, which is a very noble goal. The generosity of the plan was designed when the cost of medical insurance and prescriptions were cheap and there were far more teachers teaching than enjoying their retirement, making the system sustainable, much like Social Security used to be. Salaries for public educators were not appropriate for the level of importance of the job. Fortunately, salaries have been significantly increased the last twenty years to make them quite competitive with private sector, which helps with recruitment of educators. It also makes it harder to justify very generous pensions and retirement benefits.

However, now that the number of retirees in MPSERS continues to swell due to the retirement of the baby boom generation, early retirements, and increased human

longevity, the system is showing itself to be unsustainable. This is especially true since the system became a “pay as you go” system in 1995.

STRATEGIES TO REIN IN THE ESCALATING COST OF MPSERS

The paper “Financing Michigan Retired Teacher Pension and Health Care Benefits” that was recently released by the Citizens Research Council offers many outstanding solutions to solve the current dilemma. Below are some potential solutions that should be examined, some of which are outlined by the Citizens Research Council:

1. Make MPSERS part of the state’s budget rather than school budgets. The state could cut school budgets by 10% to pay for it. This would take the burden off the students and staff of Michigan’s schools, so that important educational programs are not cut to pay for retiree pensions and medical benefits.
2. Close or modify the loophole that allows people to work 5 or 10 years in public education and become vested gaining medical insurance.
3. Raise the number of years an employee must work to qualify for a full pension and full insurance to about 35 years. One of the unfortunate consequences of our generous retirement system is that so many quality educators retire now at such a young age that it is becoming a true “brain drain”. At a time when experienced school leaders are needed more than ever, Michigan is losing about 10% of its superintendents each year.
4. Close the loophole that allows for post-retirement “double dipping”. Retirees who return to work in public schools after retirement are making exceedingly generous salaries, which ultimately all come out of the same pot of money. This loophole defies the fundamental purpose of a pension system, which is to provide security to employees who have served the public for many years.
5. Close or modify the loophole that allows employees to purchase service years early in their career while their wages are low.
6. Increase the number of years of average salary that is used to calculate the average compensation so school employees do not leave a district for a higher paying district in the last few years of their employment just to increase their pension. It is a mathematically unsound loophole that should be closed.
7. Significantly increase the amount that employees need to contribute to MPSERS. Better yet, cap the amount that public education has to pay into MPSERS to make it a “defined contribution” pension plan that is financially sustainable.
8. Consider putting a cap on the pension.

TIME FOR SOME TOUGH DECISIONS

Our legislators and governor have great deal of work to do to make Michigan a viable state for business to flourish, which is the only way revenues will increase. Our leaders will need to look at inefficient and antiquated labor, tax, environmental, tort, malpractice, and insurance laws to bring Michigan into the 21st century economy that is rapidly passing us by.

The World War II generation has been called the “Greatest Generation” by many, including Tom Brokaw, because they sacrificed so much to help so many people around

the world. The World War II generation is also known for believing that they should not be a burden to their children. The system we have created in this country, of which MPSERS is only a small part, is clearly a burden to the youth of today who will have to support a very large generation of people who will live a long time with generous pensions and medical benefits. These pensions will often exceed the incomes of the people paying the pension, who will be our children and grandchildren.

Due to term limits, many of our inexperienced legislators do not have enough background to know how to cut programs that minimize negative impact on people. Some advocate prioritizing programming and then cutting from the bottom up. It would be a mistake, in my opinion, to cut programs that still contain inefficiencies in the more highly prioritized programs, like public education, that could be cut. For example, the Adrian Training School that operates a successful treatment program for young pedophiles was nearly cut last year while tens of millions of dollars could be saved by simply raising public employee deductibles and co-pays a very slight amount.

Obviously, the leadership in Michigan has a great deal of work to do to restore financial stability to our state. Let's not waste too much time tinkering with relatively small issues, rather let's focus on the true budgetary carnivores, which are Medicaid, retirement, and insurance systems of public employees.

TEACHER TENURE REFORM EQUALS TRUE ACCOUNTABILITY

By David Campbell, Superintendent of the Olivet Community Schools

Public schools have been under scrutiny for many years, but that scrutiny has intensified during the last 20 years culminating in the passage of No Child Left Behind. The development and growth of charter schools, home schools, Christian schools, as well as schools of choice have caused public schools to examine themselves carefully and try to improve. Many good reform efforts (such as curriculum/assessment reform, improved school improvement processes, and the expansion of technology in the classroom) are under way in school districts around the country that will probably have a positive influence on students. However, one simple fact remains. ***All the reform efforts will have little positive effect on students if the students' teacher is unwilling or unable to implement them.***

The effect that just a few poor teachers can have on students and on a school is profound. "Students who have just one bad teacher have lower test scores two years later than do comparable students with solid teachers"¹, according to research done at the University of Tennessee-Knoxville. Not only do poor teachers have a negative impact on students but they do on other teachers as well. "It causes significant resentment among teachers who are working hard and shows those who aren't that there's no consequence to low performance, notes Kathy Christie of the Education Commission of the States."² As an experienced administrator, I can confidently say that sub-par teachers have a very negative influence on schools as their attitudes and incompetence can rub off on mediocre teachers. That is why it is so critical to address, and not ignore, the poor teacher. If the administrator chooses to ignore a teacher who is unable or unwilling to meet professional standards, than that teacher's low standard can become the new standard within a school, as other teachers tire of working very hard after several years. Even if the administrator chooses to do his/her job well, the poor teacher will have a negative impact on the school, as they demand an inordinate amount of time and energy from the administrator, which takes them away from other valuable work. The vast majority of the teachers I know care deeply about their students and are excellent professionals who I am proud to have teach my children. Many are embarrassed by the few who do not demonstrate high levels of professionalism.

In order to successfully terminate an incompetent teacher, it takes a great deal of proof, not only that the teacher is incompetent, but that the administrator spent a large amount of time communicating with the teacher in person and in writing about their performance, tried to help the teacher grow professionally, followed up in person and in writing on all complaints, not to mention evaluating the teacher. The process is very time-consuming and expensive. In my opinion, incompetent teachers are not the heart of the problem, because every employer in every industry has to find ways to deal with incompetent employees. ***The heart of the problem is that the tenure system and its' legal guidelines make firing an incompetent teacher so time-consuming and expensive that it is often not even attempted.*** As with most problems in education, the innocent victims are the children who are expected to lead our nation in the 21st century with the education they are now receiving.

TENURE LAW REFORM IN MASSACHUSETTS

After studying various tenure reform measures around the country, it seems that Massachusetts' tenure reform is the most meaningful reform package that any state has developed. The reform efforts addressed the timeline issue and made terminating a tenured teacher a much faster, thus much cheaper, system to implement. They also abolished the Board of Education hearing, as did Michigan, because they found it to be a long, expensive, and unnecessary step in the process. The Massachusetts Legislature focused on the area that, in my opinion, needs to be the center of all tenure reform efforts, that is "standards of evidence".

There was an effort to lower the standard of evidence needed to terminate an incompetent tenured teacher from "just cause" to "good cause". "Good cause" would allow a tenured teacher to be terminated for any reason put forth in good faith which was not arbitrary, irrational, unreasonable, or irrelevant to maintaining an efficient school system. The teacher's unions put significant pressure on the legislature so the "just cause" standard was left intact. However, the legislature was able to pass guidelines for arbitrators to follow such as their having to consider the *best interest of students in the district and the importance of elevating performance standards*. They also succeeded in adding several legal grounds for dismissal such as *inefficiency, incompetency, incapacity, conduct unbecoming of a teacher, and insubordination*.

With the new procedural process and timelines along with the fact that arbitrators have to consider what is best for students, there has been major progress in evaluating out poor teachers. The only problem is that some arbitrators are not considering the new guidelines in good faith so a district's success largely depends on whom they get as an arbitrator. This is an excellent example of the growing power of the judiciary. Despite this, there is a significant increase in the number of teachers brought up on tenure charges as Boards of Education are demanding that Superintendents use their new authority. There is also now a significant increase in teacher resignations because there is a feeling that it is not easy for tenured teachers to win a tenure hearing anymore. The attorney who wrote the cited article noted the fact that in the three years before the reform effort, she had handled one teacher dismissal case and in the one year since the legislation, she has handled six, settling on five. Massachusetts' reform package should be a model for other states to follow since their new law is actually having impact on how schools supervise and evaluate their tenured teachers, resulting in improved instruction for students.³

THE STANDARD OF EVIDENCE: THE BUCK STOPS HERE

One might ask, "What is the difference between 'reasonable suspicion' and 'just cause'?" This is an excellent question that is not defined clearly enough to satisfy many people's desire to know. 'Reasonable suspicion' is as it sounds: evidence that gives the person in authority a reason to suspect. Principals need 'reasonable suspicion' to search a student's locker, for instance. The standard of evidence always increases as the consequences of the suspected infractions increase, which is why criminal courts operate under the very high level of evidence of 'beyond a reasonable doubt' and civil courts

operate under a 'preponderance of evidence', which is a lower standard. 'Just cause' has not been clearly defined, but it is a higher standard of evidence than 'probable cause' or 'good cause' as Massachusetts tried to pass. Again, 'good cause' would allow a tenured teacher to be terminated for any reason put forth in good faith which was not arbitrary, irrational, unreasonable, or irrelevant to maintaining an efficient school system. This is much like the standard under which most private industries operate.

Certainly, there needs to be some reasonable protection for tenured teachers because teaching is the type of profession where people could be, and once were, terminated for outlandish reasons. If a standard of 'good cause' could not be mandated by the legislature, then they should *mandate that administrative law judges and the Tenure Commission thoroughly consider what is best for students when making their decisions and be less tolerant of teachers who refuse to cooperate with reform efforts.* If public education is going to survive the attacks that society is bringing against it, we are going to need a very qualified teaching force, which can only be achieved if the system of accountability is reasonable and affordable.

ENDNOTES

¹ Paul Glastris, "When teachers should be expelled from class," U.S. News and World Report 122 (June 2, 1997): 32.

² *Ibid.*, 32.

³ Naomi Stonberg, "Massachusetts," School Reform: The Legal Challenges of Change (Alexandria: National School Boards Association, 1996): 10-13 to 10-16.

A POTENTIAL FORMULA TO MAKE MICHIGAN'S PUBLIC EDUCATION SYSTEM MORE EFFICIENT AND MORE EFFECTIVE

INSURANCE REFORM

- Higher deductibles and co-pays is the best way to lower the cost of medical insurance.
- Tort Reform
- Consider centralizing health insurance packages at the state level.

RETIREMENT SYSTEM REFORM

- Eliminate or phase out exceedingly generous provisions.
- Modify pension and benefits to make it financially sustainable.
- Analyze all public sector retirement plans to restore fiscal stability.
- Implement strategies outlined by the Citizen's Research Council.

TENURE REFORM

- Lower the standard of evidence required by the Tenure Commission to terminate an incompetent tenured teacher from "just cause" to "good cause".
- Require that the Tenure Commission and Administrative Law Judges consider what is the best interest of students in the district and the importance of elevating performance standards when making decisions about terminating an incompetent tenured teacher.
- Expand the grounds for dismissal to include inefficiency, incompetence, incapacity, conduct unbecoming of a teacher, and insubordination.

TAX REFORM

- The loss of revenue from internet sales is significantly impacting state revenues. It is also a major disadvantage for traditional retail operations.
- The budget crisis is so large that tax increases may be inevitable. However, they need to be done in a manner that does not drive more businesses out of Michigan. Michigan already ranks last in economic recovery, so great care needs to be taken to not hurt the Michigan business climate.
- Much has been done to increase the quality of the teaching profession in the last twenty years. The more competitive salaries have made teaching a more attractive profession for highly capable professionals. Tax increases may be necessary to keep these high caliber professionals teaching our children, but that should only be considered after we have made the system more efficient by reforming medical insurance and the retirement system for all public employees in the state.