

MINUTES

STATE BOARD OF EDUCATION

Ladislaus B. Dombrowski Board Room
John A. Hannah Building
608 West Allegan
Lansing, Michigan

February 17, 2010
1:00 p.m.

Present: Mr. Michael P. Flanagan, Chairman
Mrs. Kathleen N. Straus, President (via telephone)
Mr. John C. Austin, Vice President
Mrs. Marianne Yared McGuire, Treasurer (via telephone)
Mrs. Nancy Danhof, NASBE Delegate
Mrs. Elizabeth W. Bauer
Mr. Reginald M. Turner (via telephone)
Ms. Casandra E. Ulbrich
Ms. Niya Hardin, representing Governor Jennifer M. Granholm,
ex officio (via telephone)

Absent: Mrs. Carolyn L. Curtin, Secretary

Also Present: Mr. Rob Stephenson, 2009-2010 Michigan Teacher of the Year

COMMITTEE OF THE WHOLE MEETING

I. CALL TO ORDER

Mr. Flanagan called the meeting to order at 1:07 p.m.

II. PERSONAL PRIVILEGE – MICHAEL P. FLANAGAN

Mr. Flanagan said Kathleen Straus, President of the State Board of Education, was not present because she is being honored by the Federal Bar Association, Eastern District of Michigan Chapter, as the recipient of the 2010 Wade H. McCree, Jr., Award. He said the award honors individuals or organizations making significant contributions to the advancement of social justice. He said Mrs. Straus will be joining the meeting later via telephone.

Mr. Flanagan said that earlier in the day, he presented to the Joint Senate and House Appropriations Committee, Subcommittee on K-12, School Aid, and Education. He said he was invited to present on Race To The Top. He said Mrs. Bauer was also present at the Subcommittee Meeting. Mr. Flanagan said Rick Floria, Director of Financial

Management, will present the Department Budget to the same Joint Subcommittee on February 18. He said Mr. Austin and Mrs. Danhof will testify on behalf of the Board and Mrs. Bauer also plans to attend.

III. APPROVAL OF AGENDA AND ORDER OF PRIORITY

There was consensus to proceed with the agenda as written.

IV. INTRODUCTION OF STATE BOARD OF EDUCATION MEMBERS, DEPARTMENT STAFF, AND GUESTS

Mrs. Eileen Hamilton, State Board Executive, introduced members of the State Board of Education, Department of Education staff, and guests attending the meeting.

V. PUBLIC POLICY DISCUSSION REGARDING PLANS AND STRATEGIES FOR REFORM, RESTRUCTURING, AND FINANCIAL STRUCTURE FOR EDUCATION

Mr. Flanagan said the presentation is an opportunity to have a discussion with three individuals who each have a perspective on Michigan's school funding structure.

Mr. Austin introduced the presenters who discussed Perspectives on Restructuring Michigan's Budget and Education Investments:

- Mike Addonizio, Associate Professor, Education Leadership and Policy Studies, Wayne State University
- Tom White, Chair, Save Our Students, Schools and State
- Lynn Jondahl, Executive Director, A Better Michigan Future

PowerPoint presentations were shown by Mike Addonizio and Lynn Jondahl. Tom White provided a written handout.

Board member comments and *clarifications by Dr. Addonizio* included:

1. what is an appropriate level of funding in the aspirational funding piece that was put into law – *it would equalize per pupil funding at the level that has been called the maximum foundation allowance, which is \$8,700 per pupil; there may be reasons for differences, such as approximately 80 percent of the cost of running a school district is for personnel which can vary across the state; it deserves more debate;*
3. although we are contributing approximately \$1,000 per pupil to the Michigan Public School Employees Retirement System, it won't be enough money to cover the level of funding needed for the trust fund – *it is not a fully funded system;*

4. should Proposal A be changed – *would not recommend wholesale changes; tax laws and revenue are partially responsible; protect at risk funding for school districts that have high concentrations of low income children; consider reintroducing optional enrichment millage at the local district level; reform of the sales tax system to modernize it and bring it in line with the sectors of the economy that are growing;*

Mr. Turner joined the meeting via telephone at 1:50 p.m.

Board member comments and *clarifications by Mr. White* included:

5. there is disparity in pay; is Save Our Schools interested in discussing standardized pay – *Save Our Schools has taken no position on standardized pay, but there is interest and difficulties associated with standardized pay; some states have standardized pay, but they permit variation by region;*
6. what is the opposition to the expansion of the use of sinking funds – *some believe it will be misused to increase taxes; others say that is not a concern because people within a school district will decide by vote; could expand the gap between districts because property wealthy districts can raise more money on a mill;*
7. highest performing states in terms of academic achievement are also the highest performing in terms of economic standard; there may be ideas we could use from other states regarding funding of high academic achievement – *unaware that this has been looked at from a funding standpoint; some of the states are highly taxed;*
8. what is meant by the need to increase productivity in schools – *looking from an economic standpoint regarding how to save jobs and also get pay increases in an environment where funding is flat; examples are class size, and use of technology;*
9. shared sacrifice, reforms, and investment in education leads to prosperity; does Save Our Schools take a position on property tax enhancement – *with regard to the sinking fund, there would be support for a three mill enhancement that would be voted on locally; the three mills is auxiliary and will not be the long-term solution to funding schools; there needs to be a reconstruction of education and the funding system;*

10. how will the infrastructure needs of schools be addressed – *infrastructure needs to be addressed; there are large inequities in infrastructure among school districts in the state;*
11. infrastructure funding has not been addressed; need to have a recipe that says a certain percentage of the cost of educating a child is based on infrastructure;
12. it is difficult to establish a set percentage of a school budget that should be used for things such as infrastructure, staffing, and curriculum – *Bulletin 1014 data is available, and can be used for comparison among districts, but it is difficult to establish percentages;*
13. when will the Citizens Research Council study results be available – *the governance section was released two weeks ago, the finance piece is expected to be available in April; the objective was completion by the end of the year;*
14. is the Citizen's Research Council doing a comparative analysis of states – *that was not one of the purposes, but some of it may be done;*

Board member comments and *clarifications by Mr. Jondahl* included:

Mrs. Straus joined the meeting via telephone at 3:00 p.m.

15. makes sense to look at graduated income tax; if the state moves to a sales tax on services and luxury items, will it perpetuate the decline in the share of family income paid in taxes or will it level off – *it can be fashioned in a manner that does build in progressivity; need to be sensitive to the low and middle income populations;*
16. what is the driving juxtaposition that is taking money out of the tax system – *the big ones are personal exemptions and sales tax on food and drugs; Michigan's Business Tax Incentives is a report by the Anderson Economic Group that was commissioned by the Michigan Education Association and the National Education Association; the Michigan Department of Treasury also prepares an annual tax expenditure report;*
17. state government is smaller with fewer employees; many functions are being done at a hidden middle level; salaries on contract managements levels are huge and not accountable to county commissioners any more; there is a grip on state pay levels – *transparency allows for review; it would help to develop a process for review of expenditures;*

18. it would be helpful to know the federal tax burden since it is more of a graduated tax – *data should be available for federal tax burden overall;*
19. State Senator Buzz Thomas has introduced legislation that would cut tax expenditures by 1 percent across the board – *have not seen his specific proposal; it is a nondiscriminatory way to do it, by cutting all taxes cut across the board; and*
20. was there polling for public preference of any particular tax over another – *A Better Michigan Future did not do that polling; unsure if another organization may have done that.*

VI. EDUCATION STAKEHOLDER AND PUBLIC PARTICIPATION IN STATE BOARD OF EDUCATION MEETING

- A. Mrs. Mary T. Wood, Warren, Michigan, provided verbal comments on public school academies.

VII. COMMENTS BY STATE BOARD OF EDUCATION MEMBERS

There were no additional comments from State Board of Education members.

VIII. TENTATIVE AGENDA FOR NEXT MEETING

Mr. Flanagan said Board members may contact a member of the Agenda Planning Committee comprised of Mrs. Straus, Mr. Austin, and Mrs. Curtin with suggestions for agenda topics.

IX. FUTURE MEETING DATES

- A. Tuesday, March 9, 2010 (9:30 a.m. including a work/retreat session)
- B. Tuesday, April 13, 2010 (9:30 a.m.)
- C. Tuesday, May 11, 2010 (9:30 a.m.)
- D. Tuesday, May 28, 2010 (9:30 a.m. Retreat)
- E. Tuesday, June 15, 2010 (9:30 a.m.)

X. ADJOURNMENT

The meeting adjourned at 3:30 p.m.

Respectfully submitted,

Carolyn L. Curtin
Secretary