



STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



JENNIFER M. GRANHOLM
GOVERNOR

MICHAEL P. FLANAGAN
SUPERINTENDENT OF
PUBLIC INSTRUCTION

September 10, 2010

MEMORANDUM

TO: State Board of Education

FROM: Michael P. Flanagan, Chairman 

SUBJECT: Adoption of Resolution Regarding School District Reform and Fiscal Stability

At the State Board of Education Retreat held on August 25, 2010, the Board and staff discussed the deficit elimination plan submitted by the Detroit Public Schools and approved by the Department of Education, what happens after contract with the Emergency Financial Manager expires, and how the State Board of Education can be supportive to Detroit Public Schools and other school districts in the state.

There was consensus to have staff draft a resolution for the Board's consideration at its September 14, 2010 meeting, that supports the efforts of local and intermediate school districts to consider and approve sustainable reforms, efficiencies, and consolidations; and encourages school districts operating with approved deficit elimination plans to reduce and eliminate the deficit and operate with a positive fund balances.

It is recommended that the State Board of Education adopt the resolution attached to the Superintendent's memorandum dated September 10, 2010, regarding School District Reform and Fiscal Stability.

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RESOLUTION

School District Reform and Fiscal Stability

WHEREAS, Article VIII, Section 3 of the Michigan Constitution provides, in part, that the State Board of Education shall "serve as the general planning and coordinating body for all public education, including higher education, and shall advise the Legislature as to the financial requirements in connection therewith"; and

WHEREAS, the State Board of Education has adopted as its 2010-2011 Goal "Significant and meaningful improvement in the academic performance of all students/children with major emphasis on the persistently lowest achieving schools and students"; and

WHEREAS, the State Board of Education recognizes that it is imperative for local school district administrators and boards to engage the district staff, as well as the community in the development of rigorous academic plans and budgets that attract and retain students, and also make the tough decisions, including money-cutting decisions to avoid state involvement, including determining the existence of a serious financial problem and its resolution, and possible appointment of an Emergency Financial Manager; and

WHEREAS, the State School Aid Act states that "a district or intermediate district receiving money under this act shall not adopt or operate under a deficit budget, and a district or intermediate district shall not incur an operating deficit in a fund during a school fiscal year"; and

WHEREAS, the State School Aid Act also states that "a district or intermediate district having an existing deficit or which incurs a deficit shall not be allotted or paid a further sum under this act until the district or intermediate districts submits to the department for approval a budget for the current school fiscal year and a plan to eliminate the district's or intermediate district's deficit not later than the end of the second school fiscal year after the deficit was incurred"; and

WHEREAS, the State Board of Education is aware that as of June 30, 2009, there were 41 school districts in Michigan operating in deficit with approved deficit elimination plans; and

WHEREAS, the State Board of Education believes stability in leadership is an important component of effective support for teachers and administrators, it also believes that it is important for Detroit Public Schools to know that the school district will likely remain under state financial emergency management unless and until they can agree upon and implement an academic program that helps keep and attract students (and in so doing contributes to financial stabilization), and make the tough budget decisions necessary to balance their budget and maintain that balanced budget; and

WHEREAS, the State Board of Education believes that in many districts significant change, including consolidation of services/districts and the structure of program delivery, is necessary in order to eliminate deficits and to improve the academic achievement of students; now therefore be it

RESOLVED, that the State Board of Education supports the efforts of local and intermediate school districts in Michigan as they consider and approve sustainable reforms, efficiencies, consolidations, and changes to their education program delivery system to make it more effective and efficient; and be it finally

RESOLVED, That the State Board of Education encourages those school districts in Michigan operating with an approved deficit elimination plan to continue to work with the Michigan Department of Education to reduce and eliminate the deficit and operate with a positive fund balance.