

Legislative Analysis



ALLOW SHARED ISD-LOCAL SCHOOL SUPERINTENDENTS

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House Bills 4232 - 4234 without amendment

Sponsor: Rep. Matt Huuki

Committee: Education

First Analysis (3-15-11)

BRIEF SUMMARY: The bills would allow a local school district board to contract with its intermediate school district board to arrange for the intermediate superintendent, or another person, to serve as the local school district superintendent.

FISCAL IMPACT: The bills would have no fiscal impact on the state and an indeterminate fiscal impact for districts and ISDs. To the extent that the bills would allow districts and ISDs to reduce staff costs by sharing a superintendent, it could create local savings.

THE APPARENT PROBLEM:

School districts continue to experience significant fiscal stress. According to state calculations, nearly 10,000 teacher and other school professional layoffs were averted in 2010 in Michigan because of federal stimulus funding under the American Recovery and Reinvestment Act. In the current fiscal year--Fiscal Year 2011--there is little remaining federal stimulus funding that can be used to avert layoffs. Further, during the coming 2012 fiscal year school officials face significant funding cuts in their per-pupil foundation allowance--an estimated \$470 per student under the governor's proposed budget, but a cut that some say amounts to more than \$700 per student when the rising costs of retirement system are considered. Consequently, next month school district officials across the state will announced the layoffs of teachers and other staff--since union contracts generally require that they give 60-days-notice (via "pink slips") to those who may lose their jobs. More layoffs will likely occur despite the early retirement buy-out for 27,000 Michigan teachers during May 2010.

In Michigan, there are 545 traditional local school districts and 233 charter schools educating about 1.6 million students in more than 3,800 school buildings. Those local school districts are located within 57 intermediate school districts--sometimes called ISDs or RESAs (regional education services agencies). See **Background Information**. Customarily, local school officials coordinate services (professional development, information technology, career-tech and special education) with their regional ISD or RESA. In addition, many local districts also coordinate administrative and purchasing services.

Nearly every local and regional school district is headed by a school superintendent--in all, there are hundreds of school leaders in Michigan. The local school superintendents oversee both the business and educational operations of their districts, through a network

of school-building principals. In large districts, a school superintendent can be responsible for scores of school buildings, while in a K-8 district, a superintendent can be responsible for oversight of a single school building. The average salary of a Michigan school superintendent is \$137,000 plus fringe benefits.

One way that school districts can save money is to share a local superintendent, and a few do so. Another cost-saving measure that has helped very small rural K-6 or K-8 school districts stay in business is to contract with their regional ISD superintendent to provide operational oversight and leadership. State law allows local school districts to share a superintendent, and it also allows ISD superintendents to serve as local superintendents in K-6 or K-8 school districts. For example, the Copper Country ISD superintendent also serves as the local superintendent for three K-6 school districts within his region.

Although the law allows regional superintendents to also serve as local superintendents in K-6 or K-8 school districts, the law currently prohibits intermediate superintendents from also leading local K-12 districts within their region. That prohibition was put in place to avoid creating conflicts of interest, because all ISD superintendents are responsible for verifying by formal audit the pupil count in each of their constituent school districts. Then that audited pupil count then serves as the basis upon which to calculate each school district's per capita state aid payment.

Legislation has been introduced to allow an intermediate school district superintendent to simultaneously serve as local K-12 school district superintendent where that is feasible, or alternatively for the ISD to make another person available for the task.

THE CONTENT OF THE BILLS:

House Bill 4233 would amend the Revised School Code (MCL 380.1229) to specify that a school district board, instead of directly employing a superintendent of schools, could contract with its intermediate school district board to arrange for the intermediate superintendent, or another person, to serve as the local school district superintendent.

House Bill 4232 would amend Public Act 566 of 1978 (MCL 15.183), which prohibits the holding of incompatible public offices, to specify that this standard of conduct would not prohibit a superintendent of an intermediate school district from serving simultaneously as superintendent of a local school district, or prohibit an intermediate school district from contracting with another person to serve as superintendent of a local school district, even if the local school district were a constituent district of the ISD.

House Bill 4234 would amend Public Act 317 of 1968 (MCL 15.323a), which prohibits conflicts of interest in contracts with public entities, to specify that this standard of conduct would not prohibit a superintendent of an ISD from serving simultaneously as superintendent of a local school district, nor would it prohibit an ISD from contracting with another person to serve as superintendent of a local schools district, even if the local school district were a constituent district of the ISD.

House Bill 4233 is tie-barred to House Bills 4232 and 4234, so it could not go into effect unless those bills also were enacted into law.

BACKGROUND INFORMATION:

Michigan's 57 regional or intermediate school districts include:

Allegan ISD	Alpena-Montmorency-Alcona ESD
Barry ISD	Bay-Arenac ISD
Berrien ISD	Branch ISD
Calhoun ISD	Charlevoix-Emmet ISD
Cheboygan-Otsego-Presque Isle ESD	Clare-Gladwin RESD
Clinton County RESA	Copper Country ISD
Delta-Schoolcraft ISD	Dickinson-Iron ISD
Eastern Upper Peninsula ISD	Eaton ISD
Genesee ISD	Gogebic-Ontonagon ISD
Gratiot-Isabella RESD	Hillsdale ISD
Huron ISD	Ingham ISD
Ionia ISD	Iosco RESA
Jackson ISD	Kalamazoo RESA.
Kent ISD	Lapeer ISD
Lenawee ISD	Lewis Cass ISD
Livingston ESA	Macomb ISD
Manistee ISD	Marquette-Alger ISD
Mason-Lake ISD	Mecosta-Osceola ISD
Menominee ISD	Midland County ESA
Monroe ISD	Montcalm Area ISD
Muskegon Area ISD	Newaygo County RESA
Oakland Schools	Oceana ISD
Ottawa Area ISD	Saginaw ISD
Sanilac ISD	Shiawassee Regional ESD
St. Clair County RESA	St. Joseph County ISD
Traverse Bay Area ISD	Tuscola
Van Buren ISD	Washtenaw ISD
Wayne RESA	Wexford-Missaukee ISD
Crawford Oscoda Ogemaw Roscommon (COOR) ISD	

ARGUMENTS:

For:

State law allows local school districts to share a school superintendent. For example, the Wyoming and Godwin Heights districts (located in Kent County) share superintendents. Likewise, Hudson and Morenci schools (located in Lenawee County) share the \$110,000 salary of their single administrator. And state law also allows ISD superintendents to serve as superintendents in small K-6 or K-8 school districts (that is, districts having just one school offering classes for kindergarten through sixth or eighth grades). For

example, the Copper Country ISD superintendent also serves as the local superintendent for three K-6 school districts within his region. However, the law currently prohibits intermediate superintendents from also leading local K-12 districts within their region.

House Bills 4232, 4233, and 4234 would allow a regional or intermediate school superintendent to serve simultaneously as a local school district superintendent (or for the ISD to provide a different person). That way, small school districts (and perhaps others) needing to save money could contract with their regional superintendent to provide operational oversight and leadership. This cost-saving measure can help small school districts stay in business, and because the consolidation is voluntary, the bills would ensure the continuation of local control.

Against:

A spokesman for the Macomb Intermediate School District argues that House Bill 4233 should be amended to prevent conflicts of interest that could easily lead to fraud and abuse. He notes that House Bill 4234 would seem to waive such conflicts of interest in statute, but the bill would not alleviate or eradicate such conflicts of interest legally.

This is why. Currently, the law prohibits intermediate school superintendents from also leading local K-12 school districts within their region, in order to prevent conflicts of interest. That prohibition was put in place because all ISD superintendents are responsible for verifying, by formal audit, the pupil count in each of their constituent school districts. That audited pupil count then serves as the basis upon which to calculate each school district's per capital state aid payment. Since House Bill 4233 invests one ISD superintendent with two mutually exclusive and competing fiduciary responsibilities--that is, both to conduct a student count, and also to verify or audit that count--the bill creates legal conflicts of interest.

In order to avoid this conflict of interest, House Bill 4233 should be amended to require that an objective third-party--perhaps the superintendent in an adjacent ISD--conduct the pupil count audit.

Against:

While House Bills 4232, 4233, and 4234 are acceptable bills, they could prolong the existence of small school districts that might more efficiently be consolidated with others nearby. Indeed, instead of more than 800 school districts, Michigan could have 83 (one district for each county), and perhaps an additional eight or 10 to serve large metropolitan areas. Then, Michigan could, like other states, effectively and efficiently administer its schools on a county-wide basis, reducing many costs and sharing services. Organized in this manner, taxpayers would save even more money.

POSITIONS:

The Michigan Association of School Administrators and the Michigan Association of Intermediate School Administrators support the bills. (3-9-11)

The Michigan Small and Rural Schools support the bills. (3-9-11)

The Michigan Association of School Boards support the bills. (3-9-11)

The Michigan Department of Education and the Michigan State Board of Education support the bills. (3-9-11)

Copper Country Intermediate School District supports the bills. (3-9-11)

The Eastern Upper Peninsula Intermediate School District supports the bills. (3-9-11)

Marquette Alger Regional Service Agency supports the bills. (3-9-11)

Gogebic-Ontonagon Intermediate School District supports the bills. (3-9-11)

The Macomb Intermediate School District opposes the bills because of the conflict of interest they create concerning the pupil count audit. (3-9-11)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.