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**SFA****BILL ANALYSIS**

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Senate Bill 297 (as enrolled)  
Sponsor: Senator Dan L. DeGrow  
Senate Committee: Education  
House Committee: Education

**PUBLIC ACT 10 of 1999**

Date Completed: 3-31-99

**RATIONALE**

The State's largest school district, the Detroit Public Schools, ranks among the worst school districts in the State in such areas as dropout rates and test scores, according to the Department of Education's 1998 Michigan School Report. For the 1996-97 school year, which reflects the most recent available data, the dropout rate for Detroit's high school students was 26.4%. In addition, only 29.7% of the ninth graders who began high school in Detroit graduated in the usual four years. This compares with the Statewide average dropout rate of 6.6% in 1996-97 and a four-year graduation rate of 76.2% for the same period, according to the Department. According to many, these figures illustrate the failure of the current system to improve significantly student performance on State proficiency tests and reduce soaring dropout rates. Furthermore, many people believe that problems with the governance and management of the district have only impeded any school improvement efforts. The Revised School Code permits the State to intervene in school districts where low proficiency test scores result in a school's being unaccredited or having an interim accreditation by the State. The law, however, applies only to individual schools and not entire districts. Some people believe that the State's intervention laws should cover an entire school system, in particular the Detroit Public Schools, that has failed to attain acceptable academic achievement.

**CONTENT**

The bill amended the Revised School Code to add Part 5A (Appointment of School Reform Boards), which does the following:

- Requires the mayor of the city with a qualifying school district to appoint a seven-member school reform board, within 30 days after the bill takes effect.
- Requires a majority of the appointed members of the school reform board to be electors of the qualifying school district, and specifies that the seventh member, for five years, is the State Superintendent of

**Public Instruction.**

- Requires the mayor, within 30 days after appointing the reform board, to initiate a financial audit of the district.
- Suspends the powers and duties of the district's elected board unless and until a new board is elected.
- Permits the elected school board to continue as an advisory board to the school reform board, until the elected board members' terms expire.
- Transfers the powers and duties of the elected board to the mayor, until the school reform board is appointed, and then to that board.
- Requires the school reform board, within 30 days of its appointment, to appoint by a unanimous vote a chief executive officer (CEO), who will have the powers and duties of the elected board.
- Prohibits a member of the school reform board, the CEO, or another officer appointed under the bill, for one year after leaving office, from seeking election or appointment to any elective office of the qualifying school district or the city where the district is located.
- Provides that each employee of the qualifying school district whose position is not covered by a collective bargaining agreement is employed at the will of the CEO, upon his or her appointment.
- Creates the School District Accountability Board in the Department of Education.
- Requires the CEO, with the reform board's approval, to submit a district improvement plan, as well as an annual report containing initiatives implemented to improve school quality and measurements to determine school improvement.
- Permits the school reform board to establish community assistance teams to implement a community school program addressing the needs and concerns of the

**qualifying school district's population.**

- Requires that, after five years following the appointment of the school reform board, the question of retaining that board and the CEO be placed on the ballot in the qualifying school district.**
- Permits the question to be placed on the ballot again at least five years after the most recent election on the question, upon the submission of petitions calling for the question to be on the ballot.**

The bill defines "qualifying school district" as a school district of the first class. Previously, a school district with a pupil membership of 120,000 was a first class district; the bill refers instead to a school district with a pupil membership of at least 100,000. The bill states that all powers and duties of the school board of the first class school district and of its officers are subject to Part 5A.

#### Appointment of Reform Board

Within 30 days after the bill's effective date, the mayor must appoint for the qualifying school district a school reform board of seven members. Six members are to be appointed by the mayor, and for five years after the bill's effective date, the Superintendent of Public Instruction or his or her designee is to serve as the seventh member. After this period, the mayor must appoint the seventh member of the school reform board. A person who is a current member of the elected school board is not eligible for appointment as a member of the school reform board. The bill specifies that the Code's provisions on the eligibility of a school elector for election or appointment to office (MCL 380.1101(1)) do not disqualify any person from appointment to a school reform board or from appointment to an office under the bill. At least a majority of the appointed members of the school reform board, however, must be school electors of the qualifying school district.

Except for the State Superintendent or a designee, members of a school reform board will serve at the will of the mayor. Members will serve for four-year terms; of the members first appointed, however, two must be appointed for two years, two for three years, and two for four years. If a member is removed from office by the mayor or cannot complete his or her term, the mayor must appoint a successor for the balance of the unexpired term. At the end of a member's term, the mayor must appoint a successor or reappoint the member.

The mayor must call the first meeting of the school reform board and designate a chairperson of the board from among its members. If there is a vacancy in the office of chairperson, the mayor must

designate a successor. At the board's first meeting, it may elect from among its members other officers as the board considers necessary or appropriate. After the first meeting, the board must meet at least monthly, or more frequently at the call of the chairperson or if requested by at least four members.

A majority of the members of the reform board will constitute a quorum for the transaction of business. A majority of the members present and serving is required for official action of the reform board. Members of the school reform board must serve without compensation, but may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as board members.

#### Suspension of Elected Board/Transfer of Powers

Beginning on the bill's effective date, the powers and duties of the elected school board of the qualifying school district and of its secretary and treasurer are suspended unless and until a new board is elected as provided in Part 5A. Until each individual member's current term expires, the members of the elected school board may continue to meet as an advisory board to provide input to the school reform board on an advisory basis. Notwithstanding the Code's provisions prohibiting compensation but permitting a per diem payment (MCL 380.417a), or any board policy, bylaw, or resolution to the contrary, the advisory board members must serve without compensation or reimbursement, and funds of the qualifying school district may not be used to staff or otherwise support the advisory board in any way.

Beginning on the bill's effective date and until the appointment of the school reform board, all provisions of the Code that otherwise would apply to the board of the qualifying school district or to the school reform board or chief executive officer apply to the mayor, who immediately may exercise all the powers and duties otherwise vested by law in the board of the district and in its secretary and treasurer, and all powers and duties of the school reform board as provided under Part 5A. Within 30 days after appointing a school reform board, the mayor must initiate a financial audit of the qualifying school district, and must provide the audit results to the reform board.

Upon the appointment of the school reform board and until appointment of a CEO, all provisions of the Code that otherwise would apply to the board of the qualifying school district or to the CEO apply to the school reform board. The school reform board immediately may exercise all of the powers and duties otherwise vested by law in the board of the qualifying school district and in its secretary and treasurer, and all additional powers and duties

provided under Part 5A.

#### Chief Executive Officer Appointment and Duties

Within 30 days after the school reform board is appointed, it must appoint a chief executive officer, who will be employed at the will of the board. The appointment of a CEO must be by a unanimous vote of the school reform board. The CEO, with approval of the reform board, must appoint a chief financial officer, chief academic officer, chief operations officer, and chief purchasing officer, who will be employed at the will of the CEO. If a vacancy occurs in one of these positions, a successor must be appointed in the same manner as the original appointment.

All provisions of the Code that otherwise would apply to the elected school board apply to the chief executive officer upon his or her appointment. The CEO may exercise immediately all the powers and duties otherwise vested by law in the elected school board and in its secretary and treasurer, and all additional powers and duties provided under Part 5A. The CEO will accede to all the rights, duties, and obligations of the elected school board. These powers, rights, duties, and obligations include, but are not be limited to, all of the following:

- Authority over the expenditure of all school district funds, including proceeds from bonded indebtedness and other funds dedicated to capital projects.
- Rights and obligations under collective bargaining agreements and employment contracts entered into by the elected school board, except for employment contracts of those employees whose position is not covered by a collective bargaining agreement.
- Rights to prosecute and defend litigation.
- Obligations under any judgments entered against the elected school board.
- Rights and obligations under statute, rule, and common law.
- Authority to delegate any of the CEO's powers and duties to one or more designees, with proper supervision by the school reform board.

In addition to his or her other powers, the CEO may terminate any contract entered into by the elected board except for a collective bargaining agreement. The bill specifies that this provision does not allow any termination or diminishment of obligations to pay debt service on legally authorized bonds. A contract terminated by the CEO under this provision is void.

#### At-Will Employees

Beginning on the bill's effective date and until the appointment of the school reform board, each employee of the district whose position is not covered by a collective bargaining agreement is employed at the will of the mayor. Upon the appointment of the school reform board and until the appointment of a chief executive officer, each employee whose position is not covered by a collective bargaining agreement will be employed at the will of the school reform board. Upon appointment of a CEO, each employee whose position is not covered by a collective bargaining agreement will be employed at the will of the CEO.

The bill specifies that the Code's section on the employment of a first class school district's superintendent and administrators (MCL 380.471a) is subject to Part 5A.

#### School District Accountability Board

The bill creates the School District Accountability Board in the Department of Education. The board consists of the following five members: the Superintendent of Public Instruction, the State Treasurer, the State Budget Director, and two members of the general public appointed by the Governor with the advice and consent of the Senate. The State Treasurer is to serve as the chairperson of the accountability board.

The accountability board is required to do all of the following with respect to the qualifying school district:

- Receive and review the district improvement plan submitted under the bill.
- Monitor the progress being made by the school reform board in achieving the goals and benchmarks identified in the district improvement plan.
- Make recommendations to the Governor for additional resources for the qualifying school district and on changes in statute or rule, if any, needed to achieve reform, based on the experience of the school reform board in its efforts to achieve reform.

The powers and duties of the accountability board are limited to the qualifying school district. The accountability board is subject to the Open Meetings Act and the Freedom of Information Act.

#### Improvement Plan

Within 90 days after the initial appointment of the chief executive officer and at least annually thereafter, the CEO, with the approval of the school reform board, must develop and submit to the School District Accountability Board a district improvement plan that includes at least detailed academic, financial, capital, and operational goals and benchmarks for improvement and a description of strategies to be used to accomplish those goals and benchmarks. The plan must include an assessment of available resources and recommendations concerning additional resources or changes in statute or rule, if any, needed to meet those goals and benchmarks. The plan also must include an evaluation of local governance issues, including criteria for establishing building-level governance.

#### Annual Report

The chief executive officer, with the approval of the school reform board, must submit an annual report to the mayor, Governor, School District Accountability Board, and Legislature, and make the annual report available to the community in the qualifying school district. The annual report must contain at least all of the following: a summary of the initiatives that have been implemented to improve school quality in the qualifying school district, measurements that may be useful in determining improvements in school quality in the district, and a description of long-term

performance goals that may include statewide averages or comparable measures of long-term improvement. The measurements must indicate changes from baseline data from the school year before the appointment of the school reform board; and include at least all of the following: pupils' standardized test scores, dropout rates, daily attendance figures, enrollment figures, high school completion and other pertinent completion rates, changes made in course offerings, and the proportion of the school district's resources devoted to direct educational services.

#### Community Assistance Teams

The school reform board may organize and establish community assistance teams to work with the board to implement a cohesive, full service community school program addressing the needs and concerns of the qualifying school district's population. The school reform board may delegate to a community assistance team the authority to devise and implement family, community, cultural, and recreational activities to assure that the academic mission of the schools is successful. The community assistance teams also may develop parental involvement activities that focus on the encouragement of voluntary parenting education, enhancing parent and family involvement in education, and promoting adult and family literacy.

#### Ballot Question

After the expiration of five years following the initial appointment of the school reform board, the question of whether to retain the school reform board and the chief executive officer and the authority to appoint them must be placed on the ballot in the qualifying school district. The question must be placed on the ballot at the next November general election occurring at least 90 days after the expiration of five years following the date of the initial appointment of the school reform board. The question must be in substantially the form described in the bill, in which a vote in the affirmative continues the school reform board and the CEO, and continues the mayor's authority to appoint members of the reform board.

If the question is approved by a majority of the school electors voting on it, all of the following apply: The school reform board and CEO continue in place in the qualifying school district; the authority of the mayor to appoint members of the school reform board continues in the qualifying school district; and the question may not be placed on the ballot again in the qualifying school district until the expiration of five years after the election at which the question was approved.

The question may be placed on the ballot again in the district if petitions calling for the question to be placed on the ballot are filed with the county clerk for the county in which the school district is located not

sooner than four years after the question was most recently on the ballot and if the petitions are signed by a number of school electors of the district at least equal to 10% of the number of votes cast within the city in which the school district is located for Secretary of State in the most recent November general election in which a Secretary of State was elected. If those petitions are submitted and verified, the question must be placed on the ballot in the district at the next November general election occurring at least five years after the question was most recently on the ballot and at least 90 days after the petitions are submitted and verified.

If the question is not approved by a majority of the school electors voting on it either initially or at least five years later, the school reform board must arrange with local election officials for the election of a new elected school board for the school district. This election must be at a special election held as soon as practicable, but not sooner than 90 days after the election on the ballot question. The special election must be conducted in the manner otherwise provided under the Code for an initial school board election in a newly formed first class school district.

Effective on July 1 after the election, the new elected school board will serve as the governing body of the qualifying school district and the elected board and its secretary and treasurer will be fully vested with all powers and duties that those officials had before the appointment of the school reform board. Also effective on July 1 after the special election, the powers of the school reform board, the chief executive officer, and all officers appointed under the bill will cease, and the provisions of Part 5A will not apply to the qualifying school district.

#### Immunity from Obligation or Claim

The bill states that the mayor, the Superintendent of Public Instruction, the State Board of Education, the School District Accountability Board, the State, the city in which the qualifying school district is located, the school reform board, the chief executive officer, or an officer employed under Part 5A is not liable for any obligation of or claim against the qualifying school district resulting from an action taken under Part 5A.

MCL 380.402 et al.

#### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The Detroit Public Schools 1998 annual report, "Schools for the 21st Century", states the problems

facing the school system: "Our mandate is clear: The schools need help - now. The signs of serious trouble are everywhere. Student achievement scores, though improving, are still low, and many parents have given up on Detroit Public Schools. Our community sees our public schools as an aged fortress, walled off from the very people it was designed to serve." The district, with 180,000 students and 20,000 employees, has been too slow to raise test scores and lower dropout rates. Only one in three Detroit ninth-graders graduates in four years, and fewer than one in 10 high school graduates reads at the 12th-grade level. Figures on the number of students who have taken and passed State proficiency tests show a decline in student participation in the testing process and underachievement in academics. For example, 11,000 students who make up the 1999 graduating class took the State proficiency tests when they were in the eighth grade. By the time these students were high school juniors in 1998, only 4,200 students took the tests. Of those students, only 239 passed all portions of the test. Furthermore, differences among elected school board members and district administrators have been detrimental to effective school management. While there have been numerous strategies and reform plans initiated in the district in the past two decades, some have met with limited success and most have not made enough of a difference in preparing graduates for a productive future. Parents, students, and Detroit residents are tired of waiting for major improvements in school quality. The bill makes a fundamental change in the governance of the Detroit school district by focusing decision-making and accountability on a single elected official, the mayor of Detroit, to bring about more quickly the improvement of the school district.

**Response:** There is concern about granting control over the school district to a mayor who already is responsible for running a large urban city. It is not clear how a mayor who has not alleviated serious problems facing the city, such as abandoned houses, garbage-strewn alleys, broken street lights, inadequate snow removal, and other deficiencies in city services, can assume the additional duties of running a large, urban school district.

#### **Supporting Argument**

The troubles of the Detroit Public Schools go beyond management problems facing the district. Many students live in poverty, come from single-parent homes, have parents and family members who are undereducated, as well as live in areas where housing is substandard, and crime and drugs are rampant. In an effort to address the needs and concerns of the district, the bill permits the school reform board to establish community assistance teams, which can devise and implement various community activities to ensure that the schools' academic mission is successful. The teams also may develop activities to promote parental involvement.

### **Supporting Argument**

In 1987, then-U.S. Secretary of Education William Bennett characterized the Chicago Public Schools, the third largest school district in the country with 430,000 students, as the "worst in the nation". Last December, current Education Secretary Richard Riley called Chicago's reform efforts a "national model". Senate Bill 297 is based on the successful efforts of Chicago to take dramatic steps to rescue a failing school district. The Illinois General Assembly in 1995 enacted sweeping legislation that changed the governance of the Chicago Public Schools by replacing the 15-member Board of Education with a five-member Chicago Reform School Board of Trustees. Mayor Richard Daley was given the authority to appoint the new board of trustees and a management team to run the schools. Among the actions taken by the reform board were privatizing some services, requiring 44,000 students to attend summer school, expanding after-school programs in 300 schools, removing 11 principals, and placing on probation 109 schools where less than 15% of the students could meet national test averages. The approach in Chicago appears to be working, as the city's schools are reporting higher scores on standardized tests, better attendance, higher graduation rates, and lower dropout rates. But Chicago is not the only school district where the state has intervened to rescue troubled schools. Although the methods of intervention vary, states have taken action to reform the governance of schools in a number of school districts, including those in Hartford, Connecticut; Baltimore, Maryland; Boston, Massachusetts; Newark, New Jersey; and, Cleveland, Ohio. Senate Bill 297 gives the mayor of Detroit authority similar to that granted to the mayor of Chicago to reform the school system in Michigan's largest city.

**Response:** It is not certain that state interventions are effective means of school improvement. While some districts report positive changes in school management during the early stages of an intervention, gains in student performance have been more elusive and often require more time to achieve than had been anticipated.

### **Supporting Argument**

The economic renaissance of the City of Detroit is contingent on school improvements. Many business leaders in the metropolitan Detroit area complain about a lack of qualified candidates available to fill positions. For example, job applicants often do not possess the basic communication skills that are needed of employees who wish to compete in a global economy. There is much interest in improving Detroit's economic future by attracting new companies, constructing new entertainment venues such as casinos and stadiums, and lowering taxes. Without a school system that effectively educates its students, however, a bright economic future will be dimmed by the lack of an educated work force.

### **Opposing Argument**

The Detroit public school district is not the worst district nor is it the worst urban district in the State. In fact, in areas where Detroit schools have been characterized as failing academically and financially, other districts in the State are in similar circumstances. Senate Bill 297, however, does not set objective performance standards by which any school district in the State may be considered eligible for takeover by the State. During the past five years, the Detroit Public Schools have made a number of changes and instituted key reforms that have produced credible improvements. For example, in order to make substantial physical repairs and improvements in the district's schools and buildings, Detroit voters approved in 1994 a \$1.5 billion physical facilities bond program. In 1995, the district faced a financial crisis with an unbalanced budget and a \$20 million deficit. A series of budget adjustments, cost-saving procedures, and across-the-board cutbacks have enabled the district to balance its budget for the past three years. At the end of the 1997-98 fiscal year, the district's budget reflected a \$93 million surplus.

In 1998, to revive a bloated organizational structure, the district underwent a complete reorganization that resulted in the removal of six geographic area offices, six area superintendents, and other administrative staffs. The central office was reorganized into four management divisions and site-based management, with site-based councils, was instituted in all schools. In addition, all schools were organized into K-12 learner centered constellations to put resources closer to the student, and all principals were required to report directly to the Superintendent.

Moreover, the district's graduation rate is 56% and not the approximate 30% asserted by the bill's proponents. To improve the graduation rate, a ninth grade restructuring program was initiated in 1995 to provide special resources and funds for all high schools, with special attention paid to at-risk students. The district also has started an exit skills program that addresses academic failure in later grades by ensuring that a student attain specified skills in earlier grades before progressing to the next grade. Finally, all schools in the district are accredited by the State; Detroit schools have outscored a number of districts across the State in elementary proficiency tests; and, during the last two years, the district has allocated the highest percentage of its budget in the past 20 years to instructional programs. The urgency to improve education in Detroit schools has been a top priority in the district for a number of years. The success resulting from these changes and improvements demonstrates that intervention from the State is not needed because the district possesses the desire and ability to continue its upward progression.

### **Opposing Argument**

The Detroit Board of Education, including the four newly elected members, recently issued six reform proposals to improve the local schools. Under the proposals, the board would increase educator accountability by evaluating teachers and administrators partly on how their students perform on State proficiency tests; deliver supplies and services faster and at lower costs by hiring private companies for transportation, security, food service, and maintenance; improve discipline and reduce distractions by requiring students to wear uniforms; cut red tape by giving the superintendent more authority over spending and purchasing; improve school security by encouraging teachers and administrators to file criminal complaints against violent students and their parents; and, raise academic performance by giving budgetary autonomy to schools with reading and math scores on the State's proficiency tests that are higher than the scores of at least 40% of the students tested statewide. These proposals were issued by a locally elected board that should have been given the opportunity to implement its plan to boost academic achievement and be accountable to the local electorate.

**Response:** The Detroit Public Schools could have avoided any State takeover if, years ago, it had enacted reforms similar to those now being proposed. Many parents feel that the board's proposals are too little, and they come too late.

#### **Opposing Argument**

Under the bill, the powers and duties of the elected Detroit Board of Education are suspended unless and until a new board is elected. In addition, the powers and duties of the elected board are transferred to the mayor and then to the reform board upon its appointment by the mayor. The elected board may continue to meet only as an advisory board on school reform, and only until the elected members' terms of office expire. Thus, the bill authorizes the elected board to have only minimal involvement in the schools. While the bill does not require the elected board to be abolished immediately, it renders the elected board powerless and leads to its ultimate dissolution. Consequently, the bill overturns the electoral decisions of the local citizens, which in effect disenfranchises the city's residents who recently elected four new board members. Before implementing a takeover plan, the State should have permitted Detroit residents to vote on the proposal.

Furthermore, similar attempts by other states to take over low-performing school districts have prompted lawsuits and accusations that such actions single out predominantly minority school districts and violate the right of voters to choose their own local school officials. Some people argue that Section 5 of the Federal Voting Rights Act of 1965 requires certain states and other jurisdictions to win clearance from the U.S. Justice Department for any actions that

could affect the voting rights of racial, ethnic, or language minorities. The Justice Department reportedly has interpreted the provision to apply to state interventions in school districts that might affect the responsibilities of locally elected officials. As of January 1998, this issue reached the U.S. Supreme Court in a case that involved a Texas law enacted in 1995. Under the law, if a school district falls short of accreditation criteria, the state's education commissioner may impose various sanctions, including appointment of a master to oversee the district's operations or appointment of a management team to direct operations. After a U.S. Assistant Attorney General cautioned that these sanctions might violate Section 5 of the Voting Rights Act under certain circumstances, Texas filed a complaint in the Federal district court seeking a declaration that Section 5 did not apply. The court did not reach the merits of the case, however, because it concluded that the state's claim was not ripe for adjudication. In March 1998, the U.S. Supreme Court agreed, finding that the Texas's problem was too speculative.

**Response:** The concerns being raised about the ability of the citizens of Detroit to elect their own school board as well fears of disenfranchisement are understandable, but it should be noted that the bill vests the authority to appoint a reform board in a locally elected official, the mayor of Detroit. Furthermore, some specialists in constitutional law believe that the takeover plan would not be subject to strict scrutiny under the Voting Rights Act because Detroit has not had a history of barriers for black voters.

#### **Opposing Argument**

The bill is said to be modeled after the reform legislation enacted by the Illinois General Assembly that was used to take over the Chicago Public Schools; however, the governing structure that existed in Chicago schools in 1995 when the takeover was implemented does not exist in the Detroit Public Schools. The Chicago Board of Education historically has been appointed by the mayor of the city. Detroit Public Schools, on the other hand, have a long-held tradition of local voters' electing persons to serve on the board of education. A history of the nomination and appointment procedures for the Chicago board, as compiled by the Chicago Public Schools, indicates that prior to 1988, the mayor with the approval of the city council appointed an 11-member board. Following an early period of reform in 1988, the mayor appointed a new seven-member interim board, with the approval of the city council. The terms of the interim board members expired in 1990, at which time the mayor appointed a 15-member board according to nominating procedures that included the formation of a school board nominating commission that submitted board nominations to the mayor. The commission comprised five mayoral appointees and representatives of subdistrict councils from each of the city's 11 subdistricts. The mayor's

representatives had to have expertise in business, educational management, and human relations and did not require city council approval. The subdistrict representatives were parents or community members appointed by their subdistrict council.

With the 1995 school reform, the terms of the existing board members expired 30 days after the law took effect, and the mayor was required to appoint, without the approval of the city council, a five-member Chicago School Reform Board of Trustees whose terms of office expire June 30, 1999. Within 30 days of the expiration of the reform board, the mayor is required to appoint, without council approval, a seven-member board to take office by July 1, 1999. Three members will serve terms ending June 30, 2002, and four will serve until June 30, 2003. After a term expires, the mayor will have to appoint, without council approval, a successor to hold office for four years.

In comparison, the bill does not require the Detroit reform board to include persons who have expertise in the teaching profession or educational management. Furthermore, it is not clear how much control the mayor and local members of the reform board will possess in the selection of the chief executive officer, who will administer the district's daily operations. Under the bill, the seven-member board, composed of six members appointed by the mayor and the State Superintendent, must approve unanimously the selection of a CEO. Thus, the State Superintendent, who is a gubernatorial appointee, might veto any candidate who did not meet the Governor's approval.

**Response:** While the bill transfers the powers and duties of Detroit's elected school board to a reform board and eventually abolishes the elected board, six of the seven members of the reform board are appointed by the mayor of Detroit who is a locally elected official. In addition, at least a majority of the reform board must be school electors of the district. The school accountability board also must include two members of the general public. Furthermore, after five years following appointment of the reform board, the question of retaining that board must be placed on the ballot in the Detroit school district. Finally, the appointment of the CEO requires the support of all members of the reform board, and any member may oppose a candidate.

Legislative Analyst: L. Arasim

### **FISCAL IMPACT**

The bill will have no impact on State resources. All funding for school operations will continue to be disbursed to the local school district. The funds will be managed by the mayor and then the reform school board in the same manner as currently, and will continue to be subject to the provisions in the School Code and the School Aid Act.

The only additional local cost will be the expense of preparing and submitting the annual report to the mayor, Governor, Legislature, and the School District Accountability Board. In addition, the reform school board must submit a district improvement plan to the School District Accountability Board within 90 days from the date the reform school board is created, and annually thereafter. The report will be paid for from the district's annual operating revenue; however, this will be a new cost that will be incurred by the qualifying school district.

Fiscal Analyst: J. Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.