

Legislative Analysis



DETROIT SCHOOLS: FIRST CLASS DISTRICT

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House Bill 5765

Sponsor: Rep. Bettie Cook Scott

Committee: Education

First Analysis (12-4-08)

BRIEF SUMMARY: The bill would modify the number of students used to determine a "first class" school district, revising it downward from 100,000 to 60,000.

FISCAL IMPACT: The bill would have an indeterminate fiscal impact on the school district and no fiscal impact on the state. The definition of a first class school district in the State School Aid Act was amended as part of the FY 2008-09 budget in PA 268 of 2008, to change the membership requirement from 100,000 to 60,000, thus avoiding any funding changes based on the current decline in DPS enrollment. However, there would likely be elections and administrative costs associated with the number of statutory changes discussed above, but there is not enough available information with which to make an estimate to the extent of these costs.

THE APPARENT PROBLEM:

Under the Revised School Code a school district having at least 100,000 students is considered a "first class school district." All other school districts are called "general powers" districts. Michigan's only large school district qualifying as a "first class" district is Detroit Public Schools. (The next largest is Utica with 29,000 students, a distant second.)

As noted in its August 2008 report, "First Class Schools Analysis," prepared for the Skillman Foundation by Public Sector Consultants, Michigan law imposes greater regulation by the state on a "first class school district." For "first class districts," the law addresses school board composition, school board officers, school board compensation, school board meeting locations, board member personal interest in contacts, required annual audits, voting procedures, public communication, condemnation proceedings, bond sales, contracts, and public safety. The law also limits the creation of charter schools in such a district. There are also references in many other statutes to "first class" school districts. See *BACKGROUND INFORMATION*.

According to the fall 2008 (yet un-audited) student count, the Detroit Public Schools now enroll about 96,000 students, falling short of the 100,000-student threshold that defines the district as a first class district. Enrollment has been declining in the district since the 1999-2000 school year when the number of students reached 173,848. Over the past eight years, nearly 78,000 students have left Detroit schools. A table tabulating the enrollment decline is printed in *BACKGROUND INFORMATION*.

The decline in the Detroit Public Schools student population has led to a decline in state funding, and the district has had operating deficits averaging \$42 million during seven of the last nine years (ranging from \$7.1 million to \$112 million). The district will close 18 of its remaining 194 schools before fall 2009, and officials expect to continue right-sizing district facilities during the following four academic years.

Of the district's 184 schools measured for Annual Yearly Progress (AYP) under the federal No Child Left Behind Act, 119 have met with success —over 64 percent. Elementary schools fare best, and many demonstrate steady improvement. According to district spokesmen, local elementary school students outscore their charter school contemporaries on state achievement tests. In contrast, academic progress in high schools is poor: 22 of the district's 27 high schools do not make AYP. As a result, the district has begun working with a national intermediary, the Institute for Student Achievement, to redesign its high schools, following a "distributive counseling" model of reform that links a school-based adult (including but not limited to teachers) to every 12-15 students. The reform model transforms large comprehensive high schools into semi-autonomous, self-contained, smaller "houses" within the same building, each having a thematic and career focus. This reform model has been adopted by officials in several large, urban, poor school districts, including those in New York City, Chicago, the District of Columbia, Providence, and Atlanta. See *BACKGROUND INFORMATION*.

Legislation has been introduced that would continue to categorize Detroit Public Schools as a "first class district," by lowering the number of students a school district must enroll, in order to meet a "first class district" designation under the Revised School Code.

THE CONTENT OF THE BILL:

House Bill 5765 would amend the Revised School Code (MCL 380.402) to modify the number of students that makes a school district a "first class" school district. Currently a school district must have a pupil membership of at least 100,000. The bill would lower that number to 60,000. [Under the current definition, Detroit Public Schools is the only "first class" school district in Michigan.]

BACKGROUND INFORMATION:

First Class School District. To read the report "First Class Schools Analysis" prepared for the Skillman Foundation in August 2008 by Public Sector Consultants, visit <http://www.pscinc.com>

Enrollment Decline. To read the Senate Fiscal Agency's August 4, 2008 report entitled "Financial Status of Detroit Public Schools," visit <http://www.senate.michigan.gov/sfa> and click on "featured information." In the report, analysts note the following: "A significant decline in the number of pupils in the school district has contributed to the financial stress facing the DPS. This decline in pupils has an impact on the level of per-pupil State funding received by the DPS. Table 2 provides a summary of the pupil membership in the DPS for the period FY 1994-95 through FY 2008-09. The FY 2008-09 estimate is the estimate used by the State during the Consensus Revenue Estimating Conference held in May 2008. During this 15-fiscal year period, the DPS peaked at

173,871 pupils in FY 1997-98. By FY 2007-08, the number of pupils had declined to 106,485. This represents a decline of 67,386 pupils or 38.8%. During FY 2008-09, the number of pupils in the DPS is expected to drop again to a level of 96,194."

Table 2

Detroit Public Schools - Annual Pupil Memberships		
Fiscal Year	Pupil Memberships	Change from Prior Year
1994-95	167,481	549
1995-96	169,996	2,515
1996-97	173,080	3,084
1997-98	173,871	791
1998-99	173,848	(23)
1999-2000	168,213	(5,635)
2000-01	162,693	(5,520)
2001-02	159,694	(2,999)
2002-03	157,003	(2,691)
2003-04	150,415	(6,588)
2004-05	141,148	(9,267)
2005-06	130,719	(10,429)
2006-07	117,601	(13,118)
2007-08	106,485	(11,116)
2008-09 Estimated	96,194	(10,291)

Source: Senate Fiscal Agency, August 4, 2008

High School Reform. To learn more about the "distributive counseling" model of high school reform adopted by Detroit Public Schools and other large, urban, and poor school districts including New York City, Chicago, and Atlanta, visit the website of the Detroit Public Schools' national intermediary, the Institute for Student Achievement at <http://www.studentachievement.org>

ARGUMENTS:

For:

Proponents point out that Detroit Public Schools need and desire the extra regulation that comes from having "first class district" status.

Proponents of the bill note that the current leadership team in the Detroit Public Schools has been in place for about 16 months. They say that the team works closely with the Michigan Department of Education and has clear goals and objectives that, when implemented, will right-size the school system. That team of leaders has requested thorough audits of its operations from the leaders of the Great City Schools (the 64 largest school districts in the nation). It is also pursuing school reform initiatives designed for large, urban, and poor school districts whose officials and students are determined to meet the challenges of underachievement in high schools. Those reforms are underway, with the help of the School Achievement Institute, and private funding from several foundations.

Against:

Opponents of the bill note that without "first class district" status, Detroit parents will have more educational alternatives —most especially, a choice of charter schools.

There are four ways to charter schools in Michigan: seek authorization from a K-12 school district, an Intermediate School District, a community college, or from a public university. Public universities are allowed to charter 150 schools —a limit they reached in 1999. And, under the law, Section 380.502 of the Revised School Code prohibits a community college from sponsoring a charter school in a "first class district;" that is, Detroit. So, in order to begin a new charter school in Detroit, either the school district or the intermediate school district must launch it. Neither indicates a willingness to do so, since a further decline in enrollment would further jeopardize the district's funding base.

Opponents of the bill believe that parents of school-age youngsters in Detroit should have a chance to leave their local neighborhood school if it is failing and attend a charter school. If the Detroit school district loses its "first class district" status, then community colleges, including Wayne County Community College and Bay Mills Community College (located in the Upper Peninsula west of Sault Ste. Marie on the Bay Mills Indian Reservation) could charter schools in the city of Detroit.

POSITIONS:

The Detroit Public Schools supports the bill. (12-3-08)

The American Federation of Teachers supports the bill. (12-3-08)

Michigan AFSCME Council 25 supports the bill. (12-3-08)

The Michigan Association of School Administrators supports the bill. (12-3-08)

The Michigan State AFL-CIO supports the bill. (12-3-08)

The Michigan Association of School Boards supports the bill. (12-3-08)

The International Union of Operating Engineers-Local 547 supports the bill. (12-3-08)

The Michigan Chamber of Commerce opposes the bill. (12-3-08)

Michigan's Charter Schools opposes the bill. (12-3-08)

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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.