

Michigan School Business Officials
ISD Committee Meeting Minutes
December 15, 2011
9:30 a.m.
MSBO, Lansing

MINUTES

Attendance

Abby Lloyd – Allegan Area ESA	Dick DeVos – Lewis Cass ISD*
Tony Suszek – Alpena-Montmorency-Alcona ESD	Ron Simon – Montcalm Area ISD
Cindy Larsen – Barry ISD*	Bob Nardi – Marquette-Alger RESA *
Bruce Curtiss – Bay-Arenac ISD	Bob Dwan – MSBO
Gus Damaske – Berrien RESA	Marios Demetriou – Muskegon Area ISD
Gary Crandall – Branch ISD	Darcie Birkett – Ottawa Area ISD*
Tom Bean – Calhoun ISD	Chris Frank – Saginaw ISD
Jeff Crouse – Char-Emmet ISD	Sally Peterson – Saginaw ISD
Lee Kleinjans – Clinton County RESA	Diane Warren – Shiawassee RESD
Dennis Rogoszewski – Gratiot-Isabella RESD	Stephanie Murray – Traverse Bay Area ISD*
Belinda Shaffer – Hillsdale ISD*	Jeanne Day – Tuscola ISD*
Scott Thomas – Kalamazoo RESA	Brian Marcel – Washtenaw ISD
Mike Hagerty – Kent ISD	Steve Ezikian – Wayne RESA
Cheryl Porter – Lapeer ISD*	

*indicates attendance via conference call

- I. Call to Order – *Chris Frank, Chairperson*
- II. Introduction of Members/Guests – *Chris Frank, Chairperson*
- III. Moved, seconded and approved October 20, 2011 Revised Meeting Minutes. Moved, seconded and approved November 17, 2011 Meeting Minutes.
- IV. Legislative Update – *Ron Koehler, Kent ISD*
 - a. The House approved lifting of the charter school cap. The success story is that schools and the education community held off this action for so long. Appointees from the House and Senate will comprise a new quality committee that will work from now until March. Phil Pavlov is chairman.
 - b. H.B. 5224 was introduced to create funding equity between all school districts within 3 years by taking away from higher foundation districts and giving to lower foundation districts (can you say “Robin Hood”?). There are 44 districts above the maximum foundation and 710 between the minimum and maximum foundation. Prospects are this will legislation will not pass.
 - c. The School Bond Loan Fund has a current balance of \$1.2B and is uncapped. Proposed legislation would cap the fund at \$1.5B, which it would reach in October, 2012. About 140 districts utilize the Fund. Some districts have been in the Fund forever; some have never utilized it. Capping the Fund would increase borrowing costs to districts and millage rates would fluctuate. SAF is subsidizing the Fund by \$80M this year and possibly \$120M next year. Wotruba and Pappageorge are working on an alternative plan.
 - d. There will be \$650-700M revenue over projections, subject to the January and May Consensus Revenue Estimating Conferences.
 - e. Reminder that all day, every day Kindy is still due to start in 2012/2013.

- f. MPSERS reform—the recent unconstitutionality ruling of 3% on state employees does not apply to public school employees. If implemented for school employees, they could opt to pay 4% to stay on a defined benefit plan or switch to a 401(k) plan. The multiplier may be reduced to become a disincentive not to switch.

V. Program: Deficit Districts – ISD Role?

Jeff Kolb, MDE

- a. In 6/2010 there were 41 deficit school districts; in 6/2011 that number had increased to 47. There are 20 ISDs with deficit districts. The number of districts in deficit 3 years in a row: 13 in 6/2009, 17 in 6/2010, and 28 in 6/2011.
- b. A Deficit Elimination Plan (DEP) is required within 30 days of a district's budget showing a deficit. If a district doesn't comply, State will withhold state aid.
- c. District must file monthly report to MDE showing DEP compliance.
- d. A suggested requirement is for each LEA SWschool Board to have a knowledgeable finance person as a member.
- e. MDE will next audit district Transparency Reports after dealing with financial audits and deficit districts.
- f. Handouts included PowerPoint slides titled "Deficit Roles & Responsibilities" and a list of deficit districts as of 6/31/2011.

VI. MSBO Update – *Bob Dwan*

- a. Consensus Revenue Estimating Conference is 1/13/2012. Projections are for GF and SAF revenue to be \$487M higher than prior estimates for 2011/12.
- b. For 2012/13 revenue, don't budget for Best Practices, do budget for all day Kindy to get full foundation for those students.
- c. MSBO Annual Conference is 5/1-3/2012. Vendor conference is on now. Deadline for early-bird registration is 2/1/2012. Scholarships to the conference are available, if needed.
- d. Financial Strategies 1/17-18/2012. Agenda is posted on website. Per attendee feedback from last year, will have fewer topics, longer sessions, more time for Q & A. Information on Munetrix, a new district financial scorecard system, will be presented.

VII. Old Business

- a. None

VIII. Roundtable Discussion/Announcements

- a. Request for an updated fund balance report on all districts. Bob just got the spreadsheet from Glenda Rader and will get it out soon.
- b. Wayne and Clinton have had compliance audits by Michigan State Police on their fingerprinting procedures.

IX. Adjournment.

Next meeting: January 26, 2012
 9:30 a.m. – 12:00 p.m.
 MSBO Offices, Lansing

Respectfully submitted,

Gus Damaske, Secretary