



ISD Committee Meeting Minutes

Thursday November 19, 2015, 9:30 a.m.

MSBO, Lansing, MI

Member Attendance

Shay Anderson – Clare-Gladwin RESD	Abby Lloyd – Allegan Area ESA
Laura Ash - Lewis Cass ISD	Brian Marcel – Washtenaw ISD
Roger Auwers – Jackson County ISD	Kris Mauntler – Manistee ISD
Tom Bean – Calhoun ISD	Bob Moore – Oakland Schools
Linda Bielecki - TBA ISD	Mark Orihel – Midland County ESA
Paul Bodiya - Macomb ISD	Cheryl Porter - Lapeer County ISD
Sally Caverley - Ionia County ISD	Shelley Promo - Eastern U.P. ISD
Cindi Chrzan - Lanigan, Gross Point Public	Tracy Recor - St. Clair County RESA
Bruce Curtis-Bay Arenac ISD	Michelle Saunders - Oakland Schools
Chris Frank – Saginaw ISD	Mike Schluentz – Muskegon Area ISD
Mike Hagerty – Kent ISD	Lori Schumisch –Clinton County RESA
Krista Hendrix - Monroe County ISD	Belinda Shaffer - Hillsdale County ISD
Mike Hubert – Livingston RESA	Diane Shiery - Branch ISD
Kevin Kolb - Gratiot-Isabella RESD	Ron Simon - Montcalm Area ISD
Lisa Krosnicki - Charlevoix-Emmet ISD	Stephanie Weese – Montcalm ISD
Chris Lamer – Ottawa Area ISD	

MSBO Staff

Bob Dwan, MSBO (via phone)	Scott Little, MSBO
Debbie Kopkau, MSBO	Lillie Rapelje, MSBO
David Martell, MSBO	

Presenters

Kerry Merry, Wayne RESA	Sam Ivey, MI Department of Treasury
Paul Connors, MI Department of Treasury	
Shelbi Frayer, MI Department of Treasury	

- I. Call to Order – Ron Simon, Chairperson
- II. Introduction of Members/Guests Ron Simon, Chairperson
- III. Approval of Meeting Minutes October 15, 2015 – Motioned by Abby Lloyd; Seconded Roger Auwers. Motion Passed
- IV. **Legislative Update - Kerry Merry, Wayne RESA** (handouts)
 - Electric Choice Bill Committee HB 4298 eliminates choice & would essentially eliminate MiSEC; legislators think they fixed it, but they did not. CALL House Representative!! This is not good. \$35/pupil lost
 - Sinking Fund re-referred last week to another committee HB going to appropriations. Call representative
 - HB 5036 McCready Bill – removes required financial institution located in State of MI

- SB Bills remove accrual of ORS service when out on union leave. Sailed through Senate. Does this hamper management ability to handle issues that may arise throughout the day?
- SB 280 prohibit districts from paying union representative while they are working from working on grievances
- HB4059 Critical Shortage still undecided
- Open carry permits can to conceal Guns in Schools, should districts approve? Governor will veto. This will not allow districts to know when guns are in the school (open vs conceal). Looks like this will pass. Governor would like schools to have opt out option.
- Detroit Public Schools: 8 bills to help DPS with financial support. Whatever dollars to be used to eliminate debt would come from GF, but as history shows SAF will end up paying for other expenditures. Goal sometime in December to have these bills approved, but there are still many questions and concerns.
- Lame Duck issues – choice, DPS, criminal justice bills, guns
- Medicaid Audit (Ingham & Wayne 1st federal audit) 30 transportation claims to date of service, who is providing the service. Auditors asked for copies of Random Moment Time Studies. Wayne RESA said no, CMS agreed. Auditor now follow up with request for Attendance Records, negative attendance only. Status of audit is unknown. There will be findings. That is certain. Need to make sure have QA planned, Wayne offered reviewed claims.
- ISD lobbyists whenever ISD legislations is there is not a lot of discussion allowed to bash ISD.
- HMO taxes that generate \$158M for SAF are no longer allowed by the federal government through the end of 2016. GF issue to figure out how this will be made up. State of MI, there is a strong Medicaid usage state.

V. Program

Financial Early Warning Legislation- Department of Treasury

Paul Connors, Shelbi Frayer, Sam Ivey

- Snap shot in time, this is a Work In Process right now
- Indicators with districts identified in February 2016
- MDE lists are released into buckets
 - o Early Warning
 - Timeline
 - Budget Assumptions to look forward
 - 5% FB past 2 years
 - Fiscal Stress
 - o Indicators (handout)
 - o Scoring system to identify trends
 - o Fund Balance
 - o Revenues/Expenditures
 - o Days cash on Hand at June 30
 - o FTE Enrollment Trend
 - o Change in Expenditure per pupil
 - ISD Requirements

- Preliminary Reviews (handout January 1, 2016)
 - School that have to have reviews based on a priority list
 - ELB meeting to
 - Fiscal Stress determination
- EDEP Process
 - MDE deficit elimination plan
 - Interactive process with district & their individual needs
 - Partnership with Treasury to find resources to help when necessary
 - Violations for not adhering to EDEP legislation goes to Emergency Manager (immediately skip preliminary review process)
 - Financial Recovery Agreement with Treasury

Financial Early Warning Practitioners Perspective - Bob Moore, Oakland Schools

Personal Experience with this legislation and working with Treasury

- Treasury gains an enormous amount of power with this legislations
- Support bill in the end because deficit elimination plan don't work with many districts
- PA 436 EM takes too long to help districts that are in real financial distress
- Administrative Review is quite costly (\$30,000 per district for Oakland Schools)
- Administration has to be on board with the 11 elements
- If districts don't choose the ISD options, then what?
 - Periodic financial reports to Treasury
 - ISD option gives LEA time to make changes needed
 - This can lead to an instant jump to EDEP and potentially jump to EM
- Oakland will do one (1) recommendation with a list of options to choose based on data and findings of administrative review. Options will focus on net income that will help district get to 5% fund balance in 5 years. This gives districts 1 year to move in the right direction financially.
- Develop contract template (handout) if you would document email Bob (Clark Hill)
- Administrative Review Process Template (handout)
 - ISD may have to hire CPA firms to help do these reviews due to capacity issues
 - Can request an asset valuation (done within the last 24 months) RFP to have done
- Benchmark metrics (Munetrix) premium reporting
- FID data available to Treasury on December 1
- Definition of Revenue needs to be defined
 - UAAL (recommend exclude)
 - Federal Revenue (recommend exclude)
- Look at defining fund balance to include ALL fund balance (not just unassigned)
- Districts that are candidates better start getting their story developed NOW
 - What they have been doing, what are they doing, what are plans?
- Quarterly Reports filed by ISD
 - Forms are up to ISD to develop (Bob will be developing next)

VI. MSBO Update –Scott Little, MSBO

Information and discussion

1. Leadership Conference – planning for annual conference was held at the beginning of November. Annual Conference Topic for classes developed

2. January 19-20, 2016, Novi Financial Strategies
3. April 26-28, 2016, Grand Rapids, Annual Conference
4. Leadership Institute starting in January. We have 12 signed up now, but have capacity
5. Group Solutions in October participants came up with Top 10 Educational areas sent to State Superintendent; posted on Hot Topics on MSBO website

VII. *Old Business - Roundtable Discussion/Announcements*

- K-3 Early Literacy Coach Grant: initially lots of strings attached initially, but now that the google doc out, \$37,500 with matching. Full FTE has to be dedicated to K-3. Charges to LEA cannot be used as match?
- Inflation Rate is the lowest it's ever been 1.003 (rollbacks should be anticipated)
- GSRP following reporting guideline to treat kids similar to Kindergarten (not slot)? Any ISD interested in exploring moving to a foundation type funding.
- 102d State Aid Update Contract in place October – September to get 100% funding. What was MDE thinking? Bob Dwan talking to Chris Mays right now. Daily changes.
- Board wants monthly budget: this is crazy requirement.
- Department of SE forming a small group to look at SE-4096 to have an upload through FID. Process that CEPI has requested. MSBO involved in the process. Start looking at the chart of accounts (1022 issue).
- Tax Increment Financing bills in the process to have Libraries as an exempt. Rebasing the year.

VIII. Adjournment

Next meeting: Thursday December 17, 2015, MSBO Offices, Lansing

Respectfully submitted,
Lisa M Krosnicki, CFO
Secretary