

**ANALYSIS OF COTTER/MEEKOFF DETROIT PUBLIC SCHOOLS PACKAGE AS ADOPTED BY THE  
BOTH HOUSES OF THE LEGISLATURE<sup>1</sup>**

**June 9, 2016**

HB 5383 (H-2)

Creates the Community District Education Trust Fund to provide money to replace lost local dollars for the Detroit Community Schools district that remain with the Detroit Public Schools to pay off debt. The money is statutorily restricted but can only be spent upon annual appropriation.

**Deposits \$72 million annually up to a total of \$617 million from the Tobacco Settlement Fund to the Community District Education Fund.** If that cap is too low to cover costs the bill would require the additional cost to be covered by the General Fund. (Note that money pledged in this fashion is subject to future annual appropriation and this Legislature cannot bind future legislatures)

**The bill is tie-barred to HB 5384.**

HB 5384 (H-4)

Is not subject to referendum as contains an appropriation.

Allows school districts to operate schools directly or by contract with another public entity.

Creates a new “community” school district in the City of Detroit and designates the current Detroit Public School District as a “qualified district.” The qualified district is dissolved after all debt is paid. All assets of the old district are transferred to the new district.

The old district is managed by a “transition manager” appointed by the Governor until the current debt is paid off. The transition manager will also manage the new district until the new school board is elected except he/she may not negotiate collective bargaining agreements that would bind the new district. The transition manager will handle collection of taxes and repayment of debt for the old district and do those things relative to dissolving the old district as well as transfer of all assets to the new district including property, grants, etc.

The transition manager will appoint a superintendent of schools for the new district to serve only until a superintendent is appointed by the new elected school board of the new district.

The transition manager will, subject to approval of the Financial Review Commission, adopt the budget for the first year of the new district. The budget is subject to amendment by the elected school board upon its assumption of control.

**Employees and their representation and collective bargaining agreements are transferred to the new district as the successor employer. The subsection containing these provisions reads as follows:**

**“(G) A COMMUNITY DISTRICT ACQUIRES, SUCCEEDS TO, AND ASSUMES  
ALL OF THE RIGHTS, DUTIES, AND OBLIGATIONS UNDER A COLLECTIVE**

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**BARGAINING AGREEMENT APPLICABLE TO THE QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE. THE TERMS AND CONDITIONS OF THAT COLLECTIVE BARGAINING AGREEMENT APPLICABLE TO EMPLOYEES OF THE QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE THE TERMS AND CONDITIONS APPLICABLE TO EMPLOYEES OF THE COMMUNITY DISTRICT AND EXCEPT FOR THE SUPERINTENDENT OF SCHOOLS, THE COMMUNITY DISTRICT SHALL BE THE SUCCESSOR EMPLOYER FOR EMPLOYEES OF THE QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE. EXCEPT FOR THE SUPERINTENDENT OF SCHOOLS, AN INDIVIDUAL WHO IS ENTITLED TO EMPLOYMENT BY THE QUALIFYING SCHOOL DISTRICT ON THE TRANSFER DATE SHALL BE ENTITLED TO EMPLOYMENT BY THE COMMUNITY DISTRICT FOLLOWING THE TRANSFER TO THE COMMUNITY DISTRICT.”**

**The bill provides for an initial school board for the new district comprised of 7 members elected at large in the November, 2016, election to take office on January 1, 2017. The two highest vote getters will serve for six years, the next 3 highest vote getters will serve for 4 years and the next 2 highest vote getters will serve for 2 years. Thereafter, members will be elected for six year (staggered) terms.**

The CFO's appointment or removal is subject to the approval/disapproval of the Financial Review Commission. The school board can hire the Superintendent but cannot fire the Superintendent without approval of the Financial Review Commission.

No out of state travel is allowed without the specific approval of the Financial Review Commission.

The powers and duties of DPS concerning a public library are transferred (unchanged) to the new community school district.

Any challenge to the creation of the new district must be made within 60 days before the Court of Appeals.

**The State School Reform/Redesign officer is charged with developing and implementing a new accountability standard for Detroit traditional and charter schools only which will assign a letter grade to each school. Until the new system is in place for at least three years, any traditional school in the bottom 5% of performance statewide for three years is to be closed. After the new system is in place, any traditional school that earns an F in three consecutive years is to be closed. The State School Reform/Redesign office can waive the closure if it will do undue harm. A new school can not be opened at the same site for three years unless it is substantially different than the old one in management and curriculum for three years. If the State School Reform/Redesign officer opts for closure the three-year limitation applies. (NOTE: Current provisions of law provide for the closure of charter schools that are in the bottom 5% for three consecutive years if the school has been operating for at least 4 years and is not currently under a redesign order. The second qualifier was eliminated in the final version of the bill. This system would be extended to schools who operate with an “F” grade under the new system for the last 3 of 4 years but that contains both qualifiers. The author of the amendments to the final version contends that the final language treats both traditional and charter schools alike but the language is still confusing. )**

An advisory committee is formed to be composed of the following six members:

- The superintendent or his/her designee
- The school board president or his/her designee

- A parent of a student at a traditional community school
- A parent of a student of a charter school
- A charter school administrator
- A representative of charter school operators

The advisory committee shall issue an annual report to the community school district on the citing of public schools and transportation issues.

Ends the Educational Achievement Authority after current leases expire.

Requires charter school authorizers who open charters in Detroit to be accredited by a national organization.

Appropriates \$250,000 grant in Fiscal Year 2015-16 for training of new school board members.

A charter cannot be set up at the site of a tradition school or an existing charter unless

- the current school is in the lowest 5% or receives an F once the new accountability system is adopted in 3 out of 5 years and is substantially the same as the same leadership and curriculum OR the charter school has had its charter revoked AND
- the new charter will have the same leadership and curriculum.

Allows the new community school district to use non-certified teachers.

**Provides for new limits on compensation methods for teachers and administrators hired after the accountability system is implemented which includes:**

- **the community district must use job performance as the primary factor in determining compensation.**
- **Seniority and advance degrees cannot be used except as a factor for base pay in limited cases.**

The bill is tie-barred to SB 711 below.

#### HB 5387 (H-4)

Requires a school district, and allows a parent or guardian to notify MERC if they believe a strike by one or more employees is occurring. The notification must provide evidence of the work stoppage.

Reduces to 15 days (from the current 60) the time MERC has to commence a hearing on the issue. The Commission must issue its ruling as to whether a strike (or lock out) has occurred within 3 days of the end of the hearing.

If the Commission determines that a strike has occurred:

- The school district must provide the names and addresses of those participating within 5 days and notify them

- An employee absent from work without permission on a day a strike has been determined to exist is presumed to be on strike. The employee may challenge that determination with the Commission within 10 days.
- A striking employee shall be penalized one day of pay for each day of strike.
- The above penalty is in addition to any loss of pay for failure to work or other penalty provided by law.
- The State Superintendent or the State Attorney General may bring an action to enjoin a strike
- A decision that a strike exists by the Commission shall not be overturned by a court except by clear and convincing evidence

If a public school engages in a lock out the district is subject to a fine of \$5,000 per day and each school board member is subject to a fine of \$250 per day.

A public employer may consolidate hearings involving public employees unless “manifest injustice.”

The bill would go into effect 90 days after its enactment and is not tie-barred to any of the other bills in the package.

#### SB 711 (H-2)

Provides oversight of a qualified school district by the Financial Review Commission.

#### SB 820 (H-2)

Allows the Superintendent and Chairperson of the School Board of a qualified school district to sit on the Financial Review Commission without being in conflict of interest under the act.

Allows the Emergency Manager to serve as the transition manager without being held to be in conflict of interest under the act.

#### SB 822 (H-4)

Allows the Local Financial Assistance Loan Board to provide loans in addition to those already allowed by law of up to \$150 million to the new community school district for “transitional operating costs” but not more than \$25 million of those loans may be used for deferred facility maintenance.

The bill is tie-barred to HB 5384 (above).