Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 27 (as introduced 1-18-17)
Sponsor: Senator Phil Pavlov
Committee: Education

Date Completed: 1-30-17

**CONTENT**

**The bill would repeal Section 1280c of the Revised School Code.**

Section 1280c requires the Superintendent of Public Instruction annually to publish a list of public schools identified by the Department of Education as the lowest-achieving 5% of public schools in the State. A school on the list must be placed under the supervision of the State School Reform/Redesign Officer (SRRO), and must develop and submit a redesign plan. The redesign plan must require the implementation of one of four intervention models: the turnaround model, the restart model, the transformation model, or school closure. The plan is subject to approval, disapproval, or modification by the SRRO.

If the SRRO does not approve a school's redesign plan, or determines that a plan is not achieving satisfactory results, the SRRO must place the school in a State School Reform/Redesign School District, and impose implementation of one of the four intervention models beginning with the following school year.

Section 1280c specifies additional duties of the State School Reform/Redesign Officer, and provides for other aspects of the school reform/redesign process.

MCL 380.1280c

Legislative Analyst: Jeff Mann

**FISCAL IMPACT**

**State:** In the 2016-17 fiscal year, 11.0 full-time equated employees and $2,318,300 General Fund/General Purpose are appropriated in the Department of Technology, Management, and Budget (DTMB) budget for the School Reform/Redesign Office, or SRRO (which was transferred to the DTMB via Executive Order 2015-9 from the Department of Education). Since Senate Bill 27 would repeal Section 1280c, there no longer would be a requirement for the SRRO to be in existence, and the State would see annual savings by eliminating this office. However, if the State either kept the office open (even though under the bill there would no longer be a statutory requirement to do so), or replaced the SRRO with something comparable in nature and funding, then there would be no State savings.

In addition, in the FY 2016-17 School Aid budget, there is appropriated $5.0 million GF/GP for two purposes: to pay for chief executive officers (CEOs) in districts where a CEO was appointed by the SRRO, and to provide grants to districts to make up for a school building's funding that is no longer available to the district when the school building is operated by a CEO. The February 2016 budget recommendation for the FY 2017-18 School Aid budget proposed to increase this $5.0 million appropriation to $10.2 million, to reflect the possible expansion of the CEO model in the next school year. Since Senate Bill 27 would remove the

CEO option to address underperforming schools, the funding in the School Aid budget would no longer be needed for this purpose.

**Local:** The repeal of Section 1280c of the Revised School Code would mean that schools among the lowest-achieving 5% no longer would have to submit a redesign plan to the SRRO, where the redesign plan must implement one of four school intervention models (turnaround, restart, closure, or transformation). Therefore, to the extent that the existing redesign plans and implementation are costing local districts additional dollars, the enactment of Senate Bill 27 would result in savings to the local districts in the amount of costs no longer required to develop and implement redesign plans.

In addition, local districts could see a fiscal impact in collective bargaining agreements as a result of this bill, if addenda to collective bargaining agreements were made due to requirements of Section 1280c. However, the fiscal impact is indeterminate and would depend on the addenda and the extent to which they were or were not reversed upon enactment of the bill.

Fiscal Analyst: Kathryn Summers

SAS\S1718\s27sa