

# MICHIGAN EDUCATION REPORT

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Fall 2005

## SHORT SUBJECTS

**James Duderstadt, President Emeritus of the University of Michigan, was named to the Commission on the Future of Higher Education.** The 19-member panel, formed by Secretary of Education Margaret Spellings, has the task of writing a comprehensive national strategy on higher education. "I'm not advocating a bigger role for the federal government," Spellings told Education Week, "but it's time to examine how we can get the most out of our national investment." The task force was to meet for the first time in October and will deliver a final report next August. Dr. Richard Vedder, Distinguished Professor of Economics at Ohio University and an education adviser to the Mackinac Center for Public Policy, also has been named to the committee. It will be chaired by Charles Miller, former chairman of the University of Texas Board of Regents.

**Charter schools across the country are receiving less money per pupil than conventional public schools,** according to a new study by the Thomas B. Fordham Institute. Based on information from the 2002-2003 school year and drawing from financial data in 17 states and 27 cities, the fiscal differential between charter and conventional public schools averages \$1,800 per pupil. The gap is as large as \$3,500 in Missouri and South Carolina, and more than 40 percent in Atlanta, Greenville and San Diego. The total disparity reaches \$1 billion, or about a \$450,000 shortfall per school based on an average charter school of 250 students. In Michigan, charter schools, officially known as "public school academies," receive a minimum amount of state aid per student, but because they do not have geographical boundaries, Michigan's charter schools may not raise additional per-pupil funding through tax levies.

**A Michigan school was among those named a No Child Left Behind Blue Ribbon winner for 2005.** Shrine Catholic Grade School, located in Royal Oak, was one of just two nongovernment schools in Michigan nominated for the award. No public schools were nominated. A total of 295 schools were awarded Blue

SHORT SUBJECTS continued on Page 8

## DPS' credit rating falls after \$259 million tax error

*Finance costs climb as district placed on "credit watch"*

From 2002 to 2005, Detroit Public Schools collected \$259 million in unauthorized property taxes from nonhomestead owners. While it is not clear how the mistake was made or whether the district will have to repay the amount, the improper tax has negatively affected the district's credit rating, thus making it more expensive to finance its

growing debt.

An 18-mill school operating expense tax on commercial property and rental housing was authorized in a November 1993 vote, and expired on June 30, 2002. School officials continued collecting the tax over the following three years.

It has not yet been determined how the

district overlooked the renewal. The 1993 millage election came at a time when school districts were anticipating the transition to the new financing system created by Proposal A, which was to be on the ballot on March 15, 1994, and which would peg future state school aid to local property tax rates.

The error came to light in July of this year, just as the district was preparing to market a \$500 million debt restructuring bond. The district was forced to amend the prospectus for new bonds with an addendum in which the error was disclosed. At the same time, the district announced it would seek reauthorization of the 18-mill tax, which

\$259 MILLION IN TAXES continued on Page 2



Kary Moss, executive director of the Michigan ACLU, spoke at two Mackinac Center events in Michigan this fall. Her lectures were part of the Center's High School Debate Workshops program. See story, Page 6.

## Bob Thompson renews \$200 million offer

*DFT: "We're prepared to sue"*

Philanthropist Bob Thompson has renewed his efforts to donate \$200 million toward the construction of 15 new high schools in the City of Detroit.

Thompson, of Plymouth, Mich., originally offered the money in 2003, but was rebuffed by the Detroit Federation of Teachers and others. Despite passage of a new state law that year allowing for the creation of up to 15 new charter high schools in Detroit, none were built. The Detroit Federation of Teachers held a rally in Lansing, which was followed by Mayor Kwame Kilpatrick and Gov. Jennifer Granholm deciding to withdraw support for Thompson.

The incident shed a negative light on Detroit both statewide and nationally. Time magazine columnist Joe Klein said the DFT "led a furious, and scurrilous, campaign against (Thompson's) generosity." The Metro Times, a weekly paper, said Thompson's offer was "amazingly generous," especially "in a city where the schools, like the government, are a stunning failure."

This time around, Thompson is not fighting the battle alone. He has teamed with The Skillman Foundation and former Detroit Pistons star Dave Bing. Thompson would provide the money for the construction of the schools, while Skillman would pay for the cost of implementing a curriculum. Bing,

an NBA Hall of Famer and Detroit business owner, has stepped forward to carry the message to the public.

The team filed an application with Grand Valley State University in August and is awaiting a decision. The Detroit Federation of Teachers, however, remains staunchly opposed to the plan.

"We believe Mr. Thompson earnestly wants to make a positive difference in the lives of the children in Detroit," Janna Gar-

\$200 MILLION continued on Page 4

On Nov. 8, voters elected a new Detroit Public Schools board of education which will take control of the district in January. One of the top vote-getters was Rev. David Murray, who had been elected to the school board in 1998, just months before the state took over the district.

Six years have passed since Detroit's last elected school board was replaced by a mayorally-appointed one. Over that time, the test score gap between Detroit and the rest of the state has diminished, but remains large, and sought-after improvements in financial management have failed to materialize.

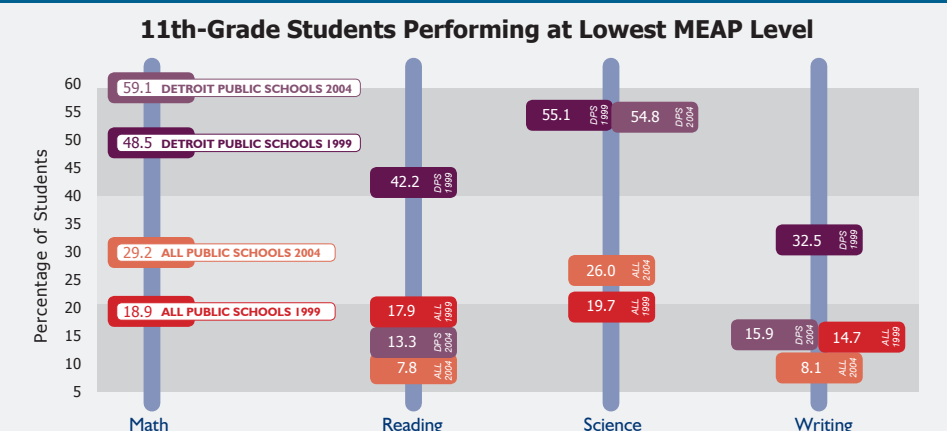
On March 26, 1999, then-Gov. John Engler signed Public Act 10 of 1999, paving the way for the Detroit school board takeover.

To gain perspective on what has and has not changed in the district, it is helpful to recall the hotly debated issues that concerned legislators about Detroit Public Schools.

According to its sponsors, the legislation was motivated by desperation over the district's poor academic performance, falling enrollment and dire graduation rate – then estimated at just 30 percent. The legislative debate over the measure that took place in 1999 was contentious.

Then-Sen. Bill Schuette, R-Midland, SIX YEARS LATER continued on Page 2

### Education at a Glance



Source: Michigan Department of Education, 1999 Spring Grade 11 High School Test Results; Class of 2005 Summary Data.

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## Six years later

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argued that Detroit Public Schools students were “being short changed by a system that is failing,” and that as a result “we need some fundamental change.” His sentiments were echoed by Sen. Mike Goschka, R-Brandt, who told his colleagues, “I ... cannot stand by knowing that these kids who need so much ... are receiving so very little.” Observing that the city’s population had fallen from 2 million to 1 million, Sen. Leon Stille, R-Muskegon, suggested that “much of that decision (to leave Detroit) was based upon the school system that (residents) had to send their kids to.”

Sen. Burton Leland, a Detroit Democrat, questioned the legality of removing the publicly elected school board. “We have a million people who live in Detroit,” Leland said. “What gives this chamber and the governor the right to remove an elected body? The present school board was elected by the million people in Detroit and you’re going to throw them out?”

Others broke ranks. Sen. Virgil Smith, also a Detroit Democrat and co-sponsor of Senate Bill 297, which became P.A. 10 of 1999, said, “This is not an easy decision for me. Rarely do I step away from my Detroit colleagues, but on this issue I have because it’s more important than any other issue that I’ve seen in this body.”

But the specific mechanism by which an appointed board would solve the district’s problems was not fully articulated, and even many of the bill’s backers admitted that it was a speculative endeavor.

“I’d be the first to admit that this is an experiment,” Smith added.

Among the few specifics offered during the Senate’s debate were the comments of Sen. Dan DeGrow, R-Port Huron, who argued that the appointed board would bring greater professionalism and managerial expertise.

“I think immediately, you will see improvements in the operational aspects and improvements in the board, knowing the role of the board,” he said.

While Leland defended Detroit schools saying a budget deficit had been turned into a surplus and graduation rates were up, DeGrow disagreed.

“It has been said by someone else that Detroit is not the worst school district in the state, and I won’t dispute that,” DeGrow said. “But when you have a district with 180,000 students, and you look at the class of 1998 and see 71 percent missing in action, one has to wonder what happened.”

Given the enormity of the apparent problems and the drama of the intervention, one would expect striking improvements. As Detroit is set to revert to an elected school board in January, a review of the policy’s impact reveals missing information and mixed results.

Though the district’s low graduation rate was a chief motivation for the takeover bill, no third-party study of graduation trends was commissioned. As a result, only the district’s self-reported numbers are available and these have proven erratic and unreliable, according to media reports and scholars.

Prior to the takeover, DPS reported that only 30 percent of its high school students graduated on time. The following year, the

district announced a figure of 88 percent. The Detroit Free Press reported that this jump in the statistic was due to irregularities in the district’s figures, having to do with the number of students being held back a grade. Students who are required to repeat a grade are omitted from the graduation rate calculation, thus raising the rate.

At one high school, Cooley, the district asserted that 711 freshmen had been held back, but its own records show the school as only enrolling 612 freshmen. In other words, the district claimed that it was failing more students than it was teaching.

State Department of Education spokesman Brad Wurfel acknowledged that the district had reported 1,163 graduates who “could not exist,” but evinced no concern over the discrepancy.

“They have to submit the numbers,” Wurfel told the Free Press. “The numbers don’t have to be right.”

Though two separate national studies have been performed to determine reliable graduation rate estimates for the states and the largest districts (by the Manhattan and Urban Institutes), neither was able to compute the rate for Detroit due to missing or flawed data. As a result, it has been impossible to assess the takeover’s impact on this issue with any certainty.

Its effect on enrollment has been easier to determine: the pre-existing decline has continued unabated. Detroit public school enrollment has fallen steadily since the 1996-97 school year, when it totaled 183,447. In the spring of 1999, when the takeover bill was passed, it stood at 179,103. It fell to roughly 140,000 by early 2005, and is expected to plummet to 130,000 during the current school year.

The district’s results on the Michigan Education Assessment Program have proven less bleak. Though scores worsened considerably in mathematics, they improved even more dramatically in reading, held relatively steady in science, and improved in writing. In 1999, 48.5 percent of high school seniors scored at the lowest level (“below basic”) in math. By 2005, the number of low performers had increased to 59.1 percent. But the percentage of students reading proficiently (those scoring at level 1 or 2) rose from 36.3 to 57.4 over the same period.

The gap between Detroit students and the state average also shrank substantially in most subjects — by 6 percentage points in science, and by 10 in reading. Mathematics was again the exception, with the city/state performance gap remaining largely unchanged.

But while the gap has narrowed, it remains large in absolute terms. The percentage of students scoring proficiently on the MEAP in Detroit is often half the state average. Even when the student population is broken down by family income level, race, or gender, Detroit students underperform their subgroup peers in the rest of Michigan.

There is no evidence of a similar improvement in the district’s finances. A financial report released this spring by the firm MGT concluded that the district’s fiscal discipline has eroded since 1999.

In the “five year period preceding the (takeover). ... there were two years where expenditures exceeded revenues to some extent,” the report noted, but “the 1996-1997 through 1998-1999 period reflects a consistent pattern of operating the General Fund within the limitations of current avail-

## Data shows continued imbalance in DPS revenue and spending

Detroit Public Schools increased spending in 2004 despite the loss of several thousand students. Revenue to the district was also up on a per-pupil level, but not by enough to keep up with the district’s spending.

Michigan Department of Education Bulletin 1014, released over the summer, shows the Detroit Public Schools overall operating expenditures grew by \$67.5 million in 2004, a 4.3 percent increase over 2003 expenditures.

The district’s per pupil revenue rose as well. State and local revenues per student increased by 7.4 percent, and federal revenue rose nearly 28 percent per pupil. These increases came during a year when inflation was 2.6 percent. Despite the revenue increases, DPS spent \$23.4 million more than it brought in during 2004.

A review of Bulletin 1014 data for DPS from 1994 through 2004 shows significant investment in the district and a significant reduction in the number of students it served. Since the passage of Proposal A in 1994, the revenue received by the district has increased 67 percent per pupil. Total revenue for the district grew from \$1.1 billion in 1994 to \$1.5 billion in 2004, an increase of 38 percent during a period when cumulative inflation was 21 percent and the number of students served by the district declined by 17 percent.

With a revenue increase 17 percentage points above the rate of inflation, and

the loss of 30,000 students, the district struggles financially. Spending by the district increased by more than the amount of revenues received. Between 1994 and 2004, total operating expenditures by the district increased \$532 million (48 percent), while revenues increased \$417 million (38 percent). When adjusted for the enrollment decline, the increase in district expenditures is 79 percent per pupil between 1994 and 2004. Administrative expenditures increased 108 percent during the same time period. Adjusted for the decline in enrollment, the district spent 150 percent more in 2004 on administration per pupil than it did in 1994.

Increases in per-pupil revenues similar to those received by the Detroit Public Schools have been the norm across the state under Proposal A. Districts in Michigan received an average increase in state and local revenues of 4.4 percent per pupil from 2003 to 2004 (state and local revenues to Detroit Public Schools increased by 7.4 percent over the same period), while inflation was 2.6 percent. Since Proposal A, the amount of state and local revenues per pupil has grown by an average of 54.9 percent statewide, compared to 61.1 percent for Detroit. Total inflation during the same 10-year period was 20.9 percent. Per pupil expenditures, up 55.1 percent at the state level since Proposal A, have predictably kept pace with revenue increases. This does not include infrastructure expenditures, which are funded by local millages. Revenues from such millages are up 217 percent since Proposal A in 1994.

Source: Anderson Economic Group analysis of MDE Bulletin 1014 data

able resources.” That pattern subsequently changed, as MGT concluded that “[w]ith the exception of the 2001-2002 fiscal year, DPS has consistently expended resources in excess of current revenues since 1999-2000.”

More recently, the district was discovered to have collected \$259 million in property taxes to which it does not appear to have been legally entitled.

In a subsequent response, the district questioned the validity and completeness of the MGT report.

## \$259 million in taxes

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subsequently passed by a 2-1 margin on the Nov. 8 ballot.

It is unknown if the district will be required to repay the mistakenly collected taxes. A week after that first announcement, the district appended a second “addendum” to a new bond disclosing that taxpayers had filed two class action lawsuits seeking return of the unauthorized taxes: one in Wayne County Circuit Court, and a second in the Michigan Tax Tribunal. The Tribunal quickly threw out its suit, noting that it does not allow class actions. State law says individual taxpayers must appeal disputed tax bills within 30 days of receiving them. That 30-day deadline affected not just prior tax years — it had also passed for any cases related to taxes billed in 2005. The circuit court case is still proceeding, however, and it seems likely that more suits will be filed.

If the district were forced to refund the improperly billed taxes and was unable to service its debt, under Michigan law, the creditors (meaning bond holders) could force a new “judgment levy” to be added to tax bills without any popular vote or action by the district, according to the new bond offering document. If this were to happen, there would be no aggregate tax savings, only a partial shift in the tax burden from business and rental property owners to homeowners.

While the \$259 million is from 2002, 2003 and 2004, it is not yet known how much, if any, of the 2005 taxes collected for the district this summer were paid “under protest.”

The effect on the district will be to raise its cost of borrowing. Detroit Public Schools’ biggest problem currently is remedying its deficit. In 2004, the district’s total revenue was \$1.5 billion. State aid made up \$1.1 billion of the revenue. Federal sources provided \$240 million, and \$150 million came from

local taxes, \$79 million of which was the unauthorized property tax. Expenditures were \$1.6 billion, which created a \$122 million deficit. Over three years, the unauthorized tax comprised just 6.3 percent of annual operating revenue.

Under state law, schools are not allowed to have a deficit; school budget deficits trigger a requirement that the district adopt a state-approved “deficit reduction plan,” a measure Detroit put in place last winter. In light of pre-existing demographic pressures — the number of children attending Detroit schools is expected to fall from 150,000 in 2003 to 102,000 by 2009 — Detroit’s plan is rigorous. Over five years district spending will decline from \$1.6 billion to \$1.2 billion, or 22.9 percent. Approximately 100 schools will be closed.

To cover the immediate shortfall and cash flow needs, the district took on \$161 million in new short-term debt due next March, and refinanced another \$210 million short term loan to stretch it out over 15 years. This new borrowing comes against a back-drop of \$1.6 billion in outstanding debt, or \$1,817 for each of Detroit’s 900,863 residents. The school debt is equal to 19 percent of the taxable value of all the buildings, land and business equipment in the city.

Because of the improperly collected taxes, financing the district’s current debt has become more expensive. As a result of the taxes, the major bond rating companies downgraded the school district’s debt to one mark above junk bond status and placed it on “credit watch.” Just as with individuals, the interest rates paid by a governmental entity are determined by its credit rating, so the district can expect to pay more. If the district drops into noninvestment grade status, the problem is compounded because certain large institutional investors can no longer lend to the district, reducing the pool from which it is able to borrow.

## MICHIGAN EDUCATION REPORT

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## LEGISLATIVE ACTION

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### Post-Labor Day school start

Public schools in Michigan will start after Labor Day beginning in 2006, now that Gov. Jennifer Granholm has signed House Bill 4803 into law. The law stipulates that all public schools, including charter schools, must wait until after the Labor Day holiday to start school, beginning with the 2006-07 school year. Exempt from the bill are private schools, universities and year-round schools. School districts with teacher contracts already in place beyond the current school year can continue starting school before Labor Day until those contracts expire. HB 4803 was introduced by Rep. Ed Gaffney, R-Grosse Pointe Farms, and co-sponsored by more than 40 state representatives. Since the 2001-2002 school year, the Friday of Labor Day weekend has been a school holiday. The post Labor Day start is expected to boost Michigan's tourism industry. Michigan State University's Travel, Tourism and Recreation Resource Center predicts an additional \$132 million in economic activity statewide, plus an extra \$10 million in tax revenue and fees going to the state budget. Two-thirds of the state's six-cent sales tax goes to the School Aid Fund. The nonpartisan Senate Fiscal Agency disagrees, however, saying that people who shift vacations or tourism spending to late August from another time during the summer would not spend additional money by taking two vacations. The Michigan Education Association opposed the change, saying it takes power away from local school boards, makes tourism more important than schools and could harm education by forcing longer school days.

Two years ago, the state Legislature changed school requirements from 180 days of instruction to 1,098 hours. Schools can now determine the number of days students spend in class and the number of hours each school day lasts. A poll taken by EPIC/MRA in August shows 63 percent of Michiganders favor a post-Labor Day school start. Another 22 percent were opposed and 15 percent were undecided. The poll of 600 likely voters had a 4 percent margin of error.

[www.michiganvotes.org/2005-HB-4803](http://www.michiganvotes.org/2005-HB-4803)

### Instructional spending mandate

House Bill 4965, introduced by Rep. Jacob Hoogendyk, R-Kalamazoo, would require Michigan school districts to ensure at least 65 percent of their general operating budget be spent on instruction. The bill, assigned to the House Education Committee, uses language from the National Center for Education Statistics that defines instruction as "an activity dealing directly with interaction between pupils and teachers or other classroom and instruction personnel, tutors, books, computers, general instruction supplies, instruction aides and learning support staff such as librarians, and also includes school activities such as field trips, athletics, arts and multi-disciplinary learning." School districts not in compliance with the 65 percent threshold would be required to increase the amount of operating budget spent on instruction by 2 percentage points each school fiscal year until they reach 65 percent. School boards that do not think they can comply may request a waiver from the governor by submitting an action plan to the Superintendent of Public Education before June 1 of the school year in question. The plan must outline steps

the district will take to achieve the 65 percent status.

[www.michiganvotes.org/2005-HB-4975](http://www.michiganvotes.org/2005-HB-4975)

### Bilingual education guidelines

House Bill 5222, introduced by Rep. Steve Tobocman, D-Detroit, and Rep. Paul Condino, D-Southfield, establishes new guidelines for public school districts to implement bilingual instruction programs. HB 5222 would amend P.A. 451 of 1976, also known as "the revised school code," by allowing districts with 20 or more students of "limited English-speaking ability" to establish their own bilingual programs. While current law allows students in districts without such a program to enroll in a bilingual program in another district, HB 5222 would require the school district in which the student resides to pay any tuition and transportation costs associated with enrollment. If a district has fewer than 20 children of limited English-speaking ability, the new law provides for the intermediate school district to establish a bilingual instruction-support program. The bill also requires students enrolled in bilingual programs to participate for three years or until they achieve a level of proficiency in English that would allow them to participate equally in a regular school program. If passed, the bill would require school districts operating a bilingual program to establish an advisory committee including teachers, counselors and community members, with a majority of the committee made up of parents of students in the program. The bill has been referred to the House Education Committee.

[www.michiganvotes.org/2005-HB-5222](http://www.michiganvotes.org/2005-HB-5222)

### School administrator certificate

Two bills recently introduced in the Michigan Senate would establish a voluntary school administrator's certificate and fees for applicants. Senate Bill 673, introduced by Sen. Ron Jelinek, R-Three Oaks, would require the State Board of Education to develop a school administrator's certificate for school district and intermediate school district superintendents, principals, assistant principals and other administrators. The certificates would carry endorsements based on elementary or secondary level employment, but would not be a requirement for employment. SB 674, introduced by Sen. Michael Switalski, D-Roseville, establishes fees for those who apply for a certificate. The cost would be \$125 for in-state applicants and \$175 for those out-of-state. The two bills are tie-barred, meaning they both must be signed into law for the other to take effect. The bills passed the Senate 37-0 and have been referred to the House Education Committee.

[www.michiganvotes.org/2005-SB-673](http://www.michiganvotes.org/2005-SB-673)

[www.michiganvotes.org/2005-SB-674](http://www.michiganvotes.org/2005-SB-674)

### Detroit single-sex schools

Senate Bill 699, introduced by Sen. Samuel Thomas, D-Detroit, would revise P.A. 451 of 1976, "the revised school code," by adding a new section stating that "the board of a first class school district may establish and maintain one or more schools in which enrollment is limited to pupils of the same sex." A first class school district is one with more than 100,000 students enrolled. Detroit Public Schools is the only first class district in Michigan. Introduction of the bill came two weeks after DPS announced it would make the Douglass Prepara-

LEGISLATIVE ACTION continued on Page 4

# Privatization shows signs of growth across the state

## Outsourcing rises slightly in Michigan public school districts

The number of public school districts outsourcing one or more non-instructional services increased during the past two years, according to a Mackinac Center for Public Policy biennial survey. Despite opposition, many districts are reporting savings and successful services, and even those that have contracted out for services and have later brought them back in-house attest to the benefits of the experience.

Outsourcing, also known as privatization, occurs when a government agency signs a contract to pay for a service provided by an outside, privately owned company.

Of the 552 school districts surveyed, 35.5 percent contract out for at least one of the three major non-instructional services: busing, janitorial or food. This figure is up from the 2003 survey results of 34 percent. The growth occurred despite the fact that 27 districts brought once-contracted services back in-house in the last two years.

The bulk of those districts opting for privatization, 156, did so for food service. This includes either management of the program, where the district retains the staff, or wholesale privatization, in which a private company hires its own employees to serve students. Another 48 districts contracted for some type of janitorial service and 21 employed private busing contractors. The survey totals only included contracts with private providers, and excluded service arrangements with other public entities.

Of those districts that contract out, 80 percent reported savings resulting from privatization. While 27 districts admitted that they did not know whether they had saved money or not, only eight districts said the contract did not save them money. Some superintendents told the Mackinac Center that they did not care if the contract saved them any money, they just did not want to provide certain services. The majority of districts that contracted out, 176, reported being happy with the services provided.

In one prominent instance of privatization, Grand Rapids Public Schools signed an \$18 million contract with Dean Transportation to transport students for the next five years, and so far results seem to be positive. According to an Aug. 31 report in The Grand Rapids Press that was summarized in Michigan Education Digest, the district reported fewer transportation-related calls on the first day of school than they have received in previous years.

The Michigan Education Association has lost dues revenue as schools have privatized custodians, cooks and bus drivers that the union has been unable to organize. According to The Grand Rapids Press, MEA Communications Director Margaret Trimer-Hartley said that contractors' "business is making profits. They cash in as time goes on."

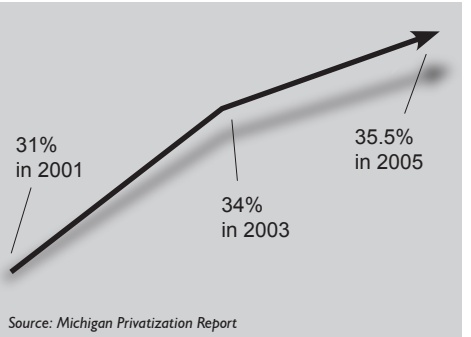
In 1994, it was discovered that the MEA was using non-union, private companies at its headquarters in East Lansing, Mich. That same year, the Michigan Legislature passed Public Act 112, which took the privatization of custodial, food service and busing services off the list of mandatory bargaining issues for conventional public school districts.

Districts that decide to bring a previously outsourced function back in-house attest to the benefits of the experience. South Lyon Community Schools in Oakland County, for example, had been outsourcing the management function of its custodial services.

"Once they got the contract, the support for the people they assigned to us was less and less," said Jim Graham, assistant superintendent for business and finance. "We ended up hiring them directly and kept the profit margin in the district."

Graham said the district has since won an award for preventive maintenance.

### Outsourcing by Michigan School Districts



School districts around the state of Michigan are finding that outsourcing services such as janitorial, busing and food operations helps schools meet their budgets and direct more dollars into the classroom.

nance based on the work of a person it hired from the private company.

"I guess indirectly we benefited from the outsourcing," he said. "It's a semi-success."

Elsewhere in Oakland County, the Auburn Hills-Avondale School District is in the third year of a contract with Chartwells Food Services.

"The board has been satisfied with the service and performance," said Tim Look, assistant superintendent. "They're pleased with the way it's going."

Chartwells serves 2.5 million students daily in 550 school districts nationwide.

"We have an on-site food services director as part of the contract," Look said. "If someone has a concern or complaint, they can contact her directly."

Look said the decision to outsource the food service came down to one thing: money.

"We're strapped for cash," he said. "You don't privatize food service if it's making money and no one is getting sick. When it becomes a drain on your general fund, you put it out for bids."

Look said that according to state law, the contract must be put out for bids after five years if the district wishes to continue outsourcing food service. The contract is now being renewed on a yearly basis.

When asked about what the most significant barriers to privatization were, 25 percent of respondents in the Mackinac Center survey said employee or union opposition.

It is possible that privatization has not reached a saturation point. Only one-third of the districts contract out for at least one service. Moreover, there is no reason to believe that districts could not and are not adopting privatization for other functions, such as security or lawn maintenance.

Competitive contracting will likely remain a potent force in school districts across the state, especially if news of privatization successes outweigh the failures. Whether it stops growing or explodes in its depth and breadth remains a question that could be answered with the next survey, scheduled for 2007.



# Governor's letter on charter schools stirs controversy among authorizers

## Conflict erupts regarding progress, oversight

Charter school advocates are questioning why a letter sent Sept. 22 from Gov. Jennifer Granholm to the presidents of public universities targeted their efforts in chartering public school academies, but was not sent to public school districts or intermediate school districts that also establish charter schools.

Gov. Granholm begins the letter to the presidents with a "challenge" to take on a new role in school accountability "in relation to the public school academies your institution has chartered."

While pointing out that recent data shows an increase in the number of charter schools that achieved Adequate Yearly Progress under the federal No Child Left Behind law during the 2004-2005 school year, Granholm goes on to say, "at the same time, however, these data suggest a troubling pattern of low performance in a significant number of PSAs."

The Michigan Council of Charter School Authorizers replied to Granholm in a Sept. 23 letter.

"Of the 488 public schools requiring corrective action this year for failing to make Adequate Yearly Progress pursuant to federal No Child Left Behind requirements, only

8 percent are charter schools," the letter states. "Indeed, of the nearly 70 schools in the latter stages of corrective actions, none are charter schools."

According to the MCCSA, 84 percent of public school academies chartered by member organizations achieved AYP, compared with 69 percent of those chartered by public school districts or intermediate school districts. In total, 82 percent of charters achieved AYP, compared to 61 percent the previous year.

Of the 26 bodies in Michigan that authorize charter schools, 10 belong to MCCSA and account for 183 of the 216 charter schools statewide. Its members include Central Michigan University, Eastern Michigan University, Ferris State University, Bay Mills Community College, Grand Valley State University, Lake Superior State University, Northern Michigan University, Oakland University, Saginaw Valley State University and Wayne Regional Education Service Agency.

Gov. Granholm's letter says that because charter schools are a district unto themselves, "there is a missing link in our chain of accountability that compromises our ability to move these schools to higher

levels of performance."

Dan Quisenberry, executive director of the Michigan Association of Public School Academies, disagrees.

"It's an additional link, not a missing link," he said. "These colleges have worked extremely hard to support the academic performance of charter schools and there are numerous examples of testing, alignment and curriculum analysis."

Quisenberry said even the negative aspect of charter school performance is a positive for the overall movement.

"These authorizers have intervened and restructured, up to and including closure," he said. "How much more involved can they be?"

Gov. Granholm's letter points out two for-profit management companies that run 11 of the 39 charter schools failing to make AYP. Leona Group, based in East Lansing, saw six of 19 charter schools it manages fall short of AYP. Kelly Updike, communications director for Leona, said 13 Leona schools did make AYP, up from seven in 2004.

"We welcome the level of accountability the governor is talking about and we are proud of it," Updike said. "It is our hope the same level of accountability is provided

for all public education."

Quisenberry points to the Walter French Academy in Lansing, a charter school formerly managed by the Leona Group, as evidence that charter school authorizers take responsibility and accountability seriously.

"Central Michigan University invested significant resources in that school for eight years," he said. "Today, that school doesn't exist."

Gov. Granholm's office declined to comment on why university authorizers were singled out, but did give Michigan Education Report a copy of an Aug. 26 letter she sent to Mike Flanagan, Michigan's superintendent of public instruction.

The letter thanked Flanagan for sharing data regarding the AYP results of Michigan's conventional public schools, but did not address charter schools authorized by public school districts or intermediate school districts. Gov. Granholm goes on to say the Department of Education should focus on the lowest-performing schools and work with them to put new improvement plans in place.

"We must insist on immediate change that will make a difference," the letter says. "In addition to helping us give credit where credit is due, this information lets us know where we need to focus our resources and our attention to improve academic performance in our schools."

Quisenberry suggests the governor look no further than charter schools to find out how to make those changes.

"Charters are an excellent model for what the federal law requires all public schools to do," he said.

## \$200 million

continued from Page 1

Thompson set up annuity funds for other employees.

Turning his attention to education, Thompson then established several scholarships around Michigan, including 1,000 private school scholarships for Detroit students, 500 scholarships at Schoolcraft Community College in Livonia, 100 engineering scholarships at Michigan Tech University and 20 graduate scholarships at Michigan State University.

The Skillman Foundation has shown a commitment to education as well. It has given Detroit Public Schools more than \$55 million in grants since 1995, mainly through the "Good Schools Initiative." The foundation also has agreed to give \$500,000 a year for three years to Communication and Media Arts High School, one of 30 schools DPS had slated to close. Talks have begun between the school district and the teachers union to allow Communication and Media Arts High to

become a contract school, whereby teachers agree to a different set of working conditions than are set forth in the regular contract.

Garrison, of the DFT, says Skillman's involvement with Thompson will force the union to rethink its relationship with the foundation.

"We're very disappointed with them," she said.

Bill Hanson, director of communications for The Skillman Foundation, said partnering with Thompson is just part of what Skillman does.

"We partner with Detroit Public Schools on a variety of things," Hanson said. "Indirectly, we partner with DFT, too. We never intended to be against them."

In June, Skillman gave out \$1.4 million as part of its "Good Schools: Making the Grade" initiative. Of the 76 schools in Detroit that received grants, three quarters were DPS schools.

Ed Richardson, director of Grand Valley's charter schools office, said a decision is expected on the application by the end of the calendar year. The application includes an official name of the entity, Partnership for New Schools Detroit, and a proposed school board.

"The intent is to start one school and see how it goes," Richardson said. "That board would start the first school, then a second and go from there. It could take several years."

Richardson said Partnership for New Schools Detroit can be authorized to open all 15 new charter high schools allowed under P.A. 179 of 2003.

"Our interpretation of the law is that a single contract can be signed with a single provider," Richardson said. "That provider can then open one or more schools, with each school being a subcontractor."

Garrison said her union believes education in Detroit has already been hurt by the existence of charter schools.

"The efforts to take from the masses for the specialized use of a few is something we're opposed to 100 percent," she said. "We already have enough charter schools in Detroit draining away money."

Under state law, charter schools get per pupil state aid, but cannot raise additional funds via tax levies. Detroit Public Schools receives just over \$7,100 per pupil in state funding, and nearly \$10,000 per pupil total once local taxes are added.

Currently, there are 40 charter schools in

Detroit, including five high schools. One of those high schools, University Prep, was built by Thompson and his wife Ellen. They spent \$15 million on the five-building campus near downtown. The school is run by Doug Ross, who was an official in the Clinton administration and a 1998 candidate for the Democrat party nomination for governor. The school's mandate from Thompson is simple: a 90 percent graduation rate and 90 percent of graduates going on to college.

"The kids we started with in sixth grade are now juniors," Ross said. "We won't know for sure if we've met the 90-90 performance until June of 2007, but we're still on path to deliver the goods."

Ross said the school has a retention rate of 96 percent, and about half of the juniors have already been accepted to various colleges.

Curriculum at the school is individually tailored to each student, and internships are encouraged. Math and science classes are taught by professors on loan from Wayne State University. If the school does not meet the 90-90 goals, it will close.

Ross thinks Thompson is trying to help and shouldn't be treated like the enemy.

"The DFT opposed him for what they regarded as good reasons," Ross said. "The politics broke down and now there is an effort to put them back together again."

University Prep also is chartered by GVSU, which Richardson thinks is a plus for the new application.

"It does help," Richardson said. "There's a model in place. They have students in the seats and are showing real promise."

Thompson leases the buildings to University Prep for \$1 a year. If it does not succeed, he has said it will become office space.

"I didn't run just another road paving company," Thompson told the Detroit Free Press. "I'm not going to run just another school."

After teaching high school industrial arts in Detroit and flying jet fighters in the U.S. Air Force, Thompson and his uncle founded the Thompson-McCully Co. in 1959. Wilbur McCully left the business in 1960, but Thompson stayed on, turning it into Michigan's largest contract asphalt paving company.

Thompson sold the company for well over \$400 million in 1999, then gave \$128 million of that to his employees. About 80 workers, those who had been with him the longest, became instant millionaires.

## LEGISLATIVE ACTION

- CONTINUED FROM PAGE 3 -

tory Academy for Young Men and the International Academy for Young Women co-ed schools. Opponents of same-sex schools claim they are discriminatory. "I regret the fact that the leaders of the ACLU don't believe in parental choice and feel they know what's best for Detroit's parents," Detroit schools CEO William F. Coleman III said in a press release. SB 699 has been referred to the Senate Education Committee.

[www.michiganvotes.org/2005-SB-699](http://www.michiganvotes.org/2005-SB-699)

### Student safety from sex offenders

Gov. Jennifer Granholm signed an 18-bill package last month, stemming from the "Student Safety Initiative," introduced by Republican lawmakers in June. Chief among them was Senate Bill 617, sponsored by Sen. Laura Toy, R-Livonia. Now Public Act 121, it stipulates that a person required to register under the Sex Offender Registration Act cannot reside, work or loiter in a "student safety zone," an area 1,000 feet or less from school property. School property is defined

as a building, facility or structure owned, leased or otherwise controlled by a school. Schools covered in the act include any public, private, denominational or parochial school offering any grade level from K-12. First offense of the law is a misdemeanor punishable by up to one year in prison and/or a maximum \$1,000 fine. Second or subsequent violations are felonies punishable by up to two years in prison and/or a maximum fine of \$2,000. Exceptions to the law include registered sex offenders living or working in a student safety zone before passage of the law, or those whose residence or place of employment is in a school safety zone solely because a school has relocated or initially is established less than 1,000 feet away from the person's residence or place of employment.

[www.michiganvotes.org/2005-SB-617](http://www.michiganvotes.org/2005-SB-617)

For up-to-date information on these bills and other legislative activity, visit [MichiganVotes.org](http://MichiganVotes.org); enter the bill number to view bill history, sponsors, analysis and commentary.



# Growing number of districts seek solutions to costly health insurance

## WEST MICHIGAN

Rising health care costs, coupled with generous health coverage for employees, threaten to eat up a recently approved \$262 million increase in public school funding, according to school officials, legislators and health care experts.

“One thing that we are sure everyone agrees with is that health care cost increases have far exceeded school districts’ ability to pay without cutting essential services to students,” said Kevin O’Neill, superintendent of the Coopersville Area Public Schools and president of the Ottawa Area School Superintendents Association, in testimony before state Senate committees last August.

School districts across the state, whether as part of contract negotiations or in forming their own insurance pools, have begun looking for alternatives to the health insurance plan preferred by the Michigan Education Association through the Michigan Educational Special Services Association.

Critics say that MESSA drives up costs by charging excessive rates and serves as a funding conduit to the MEA, which pushes for MESSA coverage in contract negotiations. A 1993 Mackinac Center for Public Policy study concluded that MESSA imposed excessive administrative fees on school districts and showed how MEA used MESSA resources to augment the union’s organizational strength and political power.

“In a number of districts, the fuel gauge is on empty,” O’Neill added. “The much welcomed, anticipated state aid increase of \$175 per pupil is not even covering the increase in our retirement rates and the double-digit health care expense increase.”

The hearing was prompted in part by the findings of a Senate-commissioned study to determine whether health insurance coverage for public school employees could be managed in a more cost-effective manner. The study, released in July by the Virginia-based consulting firm Hay Group, estimated that the total medical care cost for more than 190,000 school district employees and their dependents will be \$2.2 billion in the 2005-2006 school year. The study found that dental and vision benefits will likely cost an additional \$150 million.

According to the Hay Group study, three fourths of school districts, with 53 percent of all public school district employees, obtain their health insurance through MESSA.

This issue is not confined to one part of the state. It is part of contract negotiations at districts large and small, urban and rural, as school boards struggle to bring health insurance costs under control.

### LAKEVIEW

Lakeview Public Schools in August implemented a contract proposal for teachers that provided a 3.5 percent pay increase coupled with a shift from MESSA coverage to premium Blue Cross/Blue Shield PPO insurance. The board took this action when it reached an impasse with the Lakeview Education Association over MESSA insurance, according to Superintendent Sandra Feeley Myrand.

The switch is projected to save up to \$500,000, allowing the school board to avoid layoffs, provide teachers with a pay raise and still maintain “outstanding health care” coverage for employees, Feeley Myrand said.

While she is grateful for the \$175-per-pupil increase provided by the state, Feeley Myrand said it cost the district more than that just to meet obligations in the new teachers’ contract. “We estimate that just to pay for the raise, health care and retirement will cost \$220 per student,” she said.

That means none of the extra spending makes it to the classroom.

In September, the union, which represents more than 180 teachers in the St. Clair Shores district, sued the Lakeview board for unfair labor practices, the Macomb Daily reported. “We believe they are violating the law and imposing a changed working condition without bargaining to an impasse,” an attorney for MEA/NEA Local 1, told the Macomb Daily.

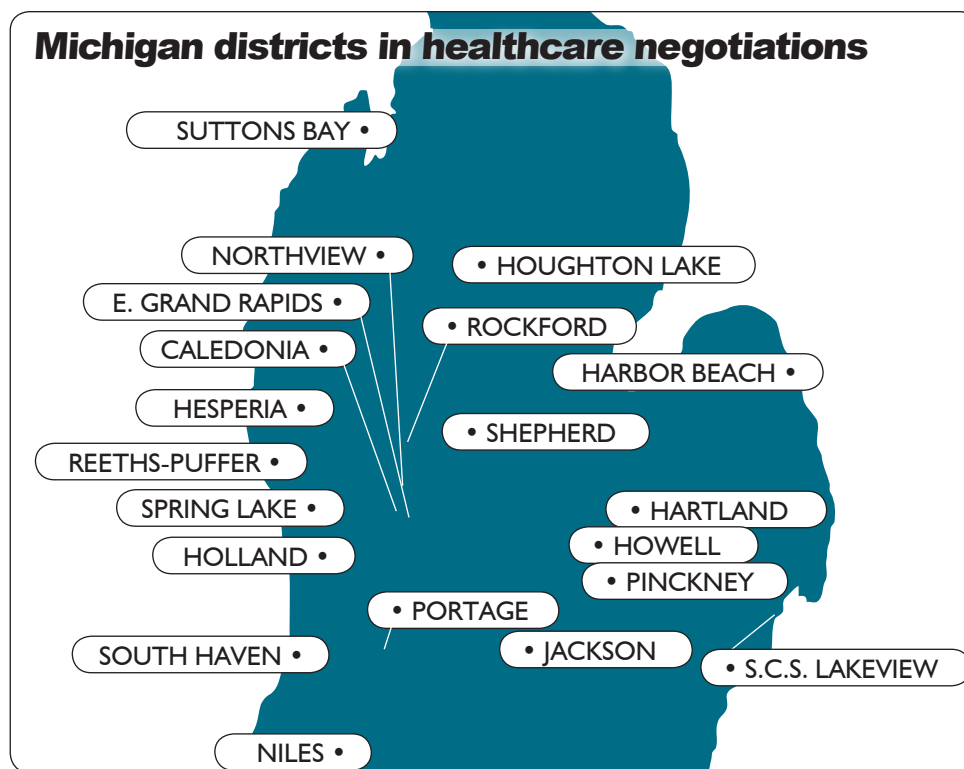
### HOUGHTON LAKE

The Houghton Lake Board of Education, facing a \$600,000 deficit, was warned by a CPA who reviewed the district’s fi-

teacher annually for health care, but switched to a less expensive plan costing about \$13,000 per teacher per year.

Some of the school districts that recently moved from traditional MESSA coverage to Choices II include Howell, Jackson, Niles, Portage, Harbor Beach, Hartland, Forest Area Community Schools, Suttons Bay and the Western School District.

In this fiscal climate, public school employees find themselves making trade-offs between health coverage and wage increases. A number of teachers around the state appear willing to forgo the most costly and extensive health care insurance options in favor of a pay raise.



### JACKSON

In Jackson, the switch to a managed health care plan allowed the school board to save about \$200,000 annually, avoid a 15 percent to 17 percent insurance increase and approve a 2 percent raise for teachers, the Jackson Citizen Patriot reported.

### SHEPHERD

The Shepherd Public Schools school board is offering teachers two options as they negotiate a new contract: Teachers can have MESSA Choices II with no pay increase or accept a Blue Cross/Blue Shield PPO and receive a 2.95 percent pay raise.

### PINCKNEY

The shift from MESSA to lower cost insurers could become a trend, according to a report in Michigan Health Plan Analysis. HealthLeaders-Interstudy, a healthcare business information company that provides integrated data and analysis, analyzed five education groups in the Pinckney Community School district – including three collective bargaining units – that dropped their MESSA insurance for Care Choices HMO.

“It’s evident how MESSA is vulnerable to competitors when it seeks 10 to 12 percent premium increases while the company that its network is built upon, Blue Cross Blue Shield of Michigan, is trumpeting its smallest increases in a decade—in the mid-single-digits in some segments,” the report concluded. “Insurers who can find that middle ground on price may be able to compete for education groups, but they better come armed with quality data as Care Choices did in Pinckney.”

### HESPERIA

In early October, the school board in Hesperia declared an impasse in mediated contract negotiations with the teachers’ union and announced it would require teachers to start paying 12 percent of their MESSA health care premiums, The Muskegon Chronicle reported. Prior to that move, Hesperia teachers did not pay any share of their premiums and medical deductibles were paid by the district, the newspaper reported.

A survey conducted by Michigan School Business Officials in May found that 84 percent of Michigan school districts modified their health care plans during the previous year. The survey found that districts employed different strategies to lower costs: 73 percent increased their co-pays or deductibles, 70 percent shifted to a lower cost plan and 42 percent instituted or negotiated premium sharing with employees.

“Next to school finance, (the cost of health care is) the biggest issue facing schools,” said MSBO Executive Director Tom White. “In some districts it’s bigger.”

### HOLLAND

After seven months of negotiations, the Holland board of education chose a less expensive health insurance plan that will require teachers to pay \$199 a month toward their own coverage. The district had been paying more than \$15,300 per

The search for cost savings has some school districts banding together for a solution. The school districts of Reeths-Puffer, Spring Lake, Caledonia, East Grand Rapids, Northview, Rockford, South Haven, Kent Intermediate School District and Ottawa Area Intermediate School District expect to save thousands of dollars annually by switching health care coverage for school administrators and non-union support staff, The Muskegon Chronicle reported in September. These districts currently receive their coverage through MESSA, but by forming the West Michigan Health Insurance Pool they hope to bring in competitive alternatives.

The increasing cost of health care benefits for retired school employees is also draining resources from the classroom, according to findings from the Citizens Research Council of Michigan, a private, nonprofit public affairs research organization that provides nonpartisan analysis of state and local government organization and finance.

“Funding pension and health care benefits provided by the Michigan Public School Employees Retirement System (MPERS) will constitute an increasing burden on state finances in coming years,” the Council concluded in a 2004 report on Financing Michigan Retired Teacher Pension and Health Care Benefits. “Combining increased costs for MPERS contributions and health benefits for working employees leaves little room for increased spending elsewhere in school budgets ...”

The magnitude of the problem has state legislators searching for a solution. Senate Bill 896, introduced by Sen. Shirley Johnson, would allow districts to pool resources, as was done in West Michigan, in purchasing health insurance. In Oakland County, where Johnson lives, that could amount to a cost reduction of \$6 million to \$8 million annually.

The Hay Group study also estimated that school districts will pay an average of \$11,362 for health insurance per employee, compared to \$9,212 spent on state employees.

“The impact (of these higher costs) is devastating,” said Rep. Barb Vander Veen. “We absolutely need to do something. It has a definite impact on the education of Michigan students. We’re seeing 12, 15, 18 percent increases in a year’s time. ... I would not hesitate to call it a crisis situation.”

Part of the answer is to provide school districts with more health coverage choices, said Vander Veen, a member of the House Education Committee. “[I]njecting competition will result in costs going down,” she said.

Earlier this year, Vander Veen introduced a bill designed to make it easier for school districts to secure competitive bids for employee health insurance. Specifically, the legislation would require MESSA to disclose to school districts an aggregated summary of health care services that were actually used by the teachers for whom it administers health insurance.

Unlike most insurers, who provide claims data to their clients, MESSA refuses to release the health claims histories of individual school districts. Vander Veen’s bill would require MESSA to disclose this information to allow potential alternative insurance administrators to estimate the cost of providing health coverage and offer competitive bids.

Rising health care costs, combined with tight budgets, means we are living in an era of limits, said Rick Murdock, executive director of the Michigan Association of Health Plans. “As healthcare costs increase, both for employees and retirees’ healthcare packages, it’s coming at the price of salary increases for current staff, or instructional resources,” Murdock told the Michigan Health Plan Analysis. “It’s almost zero-sum. With a limited pool of money, you’re either going to spend it on benefits or spend it on education.”



# High school debate students hone skills and vie for scholarships at four workshops

*Student: "Attend Mackinac Center Debate Workshop to kick-start season!"*

More than 300 high school debate students and their instructors from across Michigan attended Debate Workshops hosted in September by the Mackinac Center for Public Policy.

"For 18 years now, the Mackinac Center has been assembling top-notch teams of experts to assist Michigan high school students with the national debate topic," says Lawrence W. Reed, president of the Mackinac Center. "This year the Center is offering four \$1,000 college scholarships to the winners of essay contests, so the benefit to the students of attending these sessions is greater than ever."

The Debate Workshops are the Mackinac Center's longest-running program and have shown more than 8,000 students how to debate arguments and ideas that they may not have received from other sources. This year's Debate Workshops were held in Livonia, Jackson, Grand Rapids and Traverse City.

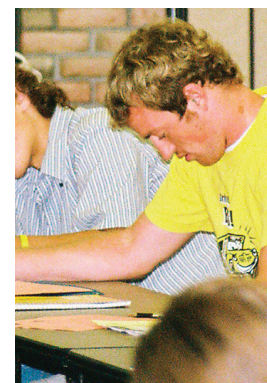
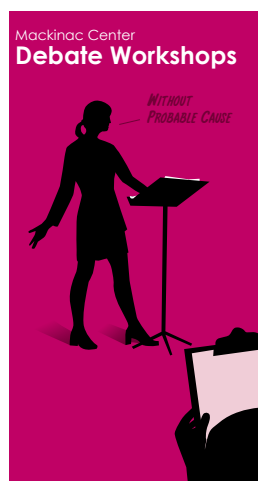
"The Mackinac Center provides students with unique arguments because few academic and mainstream sources of information detail public policy solutions that require less government intervention as opposed to more," noted Amy Kellogg, director of the Mackinac Center's 2005 Debate Workshops program.

This year's debate resolution, "Resolved: That the United States federal government should substantially decrease its authority either to detain without charge or to search without probable cause," is an exciting and timely one. The National Federation of State High School Associations report on this topic begins with this quotation:

"The American Constitution was designed to limit and constrain the use of power in order to protect liberty. But as the founders knew, and as has become even more clear in modern times, liberty can be threatened even by well-meaning people. Justice Louis Brandeis put it well: 'Experience should teach us to be most on our guard to protect liberty when the government's purposes are beneficent. . . . The greatest dangers to liberty lurk in insidious encroachment by men of zeal, well-meaning but without understanding.'"

This will be an important and educational topic for students as they work to understand how the Constitution was designed to protect both civil and economic liberties, and yet to be flexible through the amendment process.

This year's Debate Workshop speakers were prominent experts in their respective fields. Dr. Richard Edwards, professor of communication studies at Baylor University, has been the author of the "topic



introduction" issue of the Forensic Quarterly since 1972 and has also been a college debate coach for 25 years. Mike Winther has written articles on many public policy issues and is a frequent lecturer at debate camps and has 30 years of experience as a debater and coaching debate. His teams have ranked among the top 10 in the nation. Gregory Rehmke, who has lectured and published widely on the economics and history of a variety of public policy issues, directs educational programs for Economic Thinking/E Pluribus Unum Films, a nonprofit organization in Seattle, Wash. This year's debate workshops also included special appearances in Livonia and

Jackson by Kary Moss, executive director of the ACLU of Michigan since 1998.

Comments from coaches and students alike were very affirming of this year's dynamic team of speakers. "Need a 'kickstart' to your debate year? Attend one of the Mackinac Center workshops," one student who attended the Jackson workshop wrote. Not often does one hear students asking for sessions to be longer, but this year students wanted as much information as they could obtain from each of the experts. One coach commented: "This was the best program in 10 years; good balance; excellent points for both the negative and the affirmative sides; excellent speakers." Responses like

"awesome," "best in several years," "I will be back," "great way to start out each new debate season," are just a few examples of the feedback that were received at the conclusion of the workshops.

Visit [www.mackinac.org](http://www.mackinac.org) to learn more about debate and have access to an interactive function called, "Ask the Debate Coach," which provides e-mail access to experts who answer student debaters' questions about their subject or about debating itself. To get information on the 2006 Debate Workshops, please contact [mcpp@mackinac.org](mailto:mcpp@mackinac.org) or call Amy Kellogg at (989) 631-0900.

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## Teacher Focus

# Home Schooling in Detroit

## responsibility and unique preparation

**M**issi Parker and Diane Linn have everything and nothing in common.

Parker is black. Linn is white. Parker is a widow. Linn is married. Parker lives in a blue collar neighborhood. Linn lives near the upscale Indian Village, not far from Mayor Kwame Kilpatrick.

Both live in the City of Detroit. Both home schooled their children. Both sent children to the University of Michigan. Both talk excitedly and fervently about their experiences in home schooling. Both see problems with the Detroit Public Schools, but also want to see the district succeed.

Parker started home schooling 20 years ago. Her oldest daughter got a full scholarship to the University of Michigan and is now in the final year of medical school, also at Michigan. Another daughter is at Western Michigan University and a son is attending Wayne County Community College.

"I have a major problem with Detroit Public Schools," Parker said. "Safety, class size, behavior problems, drugs. The teachers can be wonderful, but the system needs to be overhauled."

Parker said she and her husband, Rickford, chose home schooling based mainly on their faith.

"We didn't think our faith stopped just with spiritual training," Parker said. "We tried to carry that over into the academic and social lessons for the kids."

When her husband passed away in 2000, Parker was forced to get a job outside the home, which meant an end to home schooling for her younger children. One high schooler goes to private school while two others attend a charter school.

"Our three younger kids are adopted and have different challenges," Parker said. "The schools they are in now have smaller class sizes, reading specialists, a social worker on staff and they focus on character building."

Parker said she would not feel comfortable sending her kids to a large inner city school.

"With 35 kids in a class, you have to teach a generic approach," she said. "There's no individual attention."

Linn, on the other hand, had children enrolled in Detroit Public Schools at one time and loved it.

"My husband and I are products of Detroit Public Schools," she said. "We were very happy there, but often times a family crisis can precipitate the need for home schooling. You only think it will last a year, and you end up never getting back on the bus again."

Linn and her husband, Tom, could have afforded any school their children wanted to attend. An adopted daughter did end up graduating from a Catholic high school after moving back and forth between home schooling and conventional schooling.

"We made it very clear each year," Linn said. "If they wanted to go to school, we'd be the first ones out the door to take them around and visit some options."

But Linn also makes it very clear how she feels about the current status of DPS.

"The potential is there to be a great educational system," she said. "But it's broken down. The enrollment is bottoming out and the tax base is eroding."

Linn, a certified teacher, said she would love to see Detroit Public Schools become "nontraditional."

"It could be so new and exciting," Linn said. "It could attract students on a regional basis and actually become a leader in encouraging home schooling. They could offer drop-in classes for things like high level math and science."

The Linns ended up sending three children to college at Michigan. One daughter earned two degrees from Michigan while the other daughter earned two degrees from Madonna University.

Linn says while the home schooling movement began mostly as a faith-driven issue, it has now become a more mainstream option.

"I'm not some home school evangelist,"

she said. "It's not always right for everyone, and it's not always right for a child's whole education."

Linn's youngest son last year wanted to "test his wings," as she says, and took several classes at Macomb County Community College before going off to a four-year university.

The experiences of the Parker and Linn children do not support the notion that students who are home schooled have difficulties being accepted to college. Linn said the Clonlara School in Ann Arbor helped track schoolwork, grades and transcripts, making the college application process easier. Both women

schooled statewide in 943 households, according to the Michigan Department of Education. The Education Policy Center at Michigan State University estimates the total number of home schooled students in Michigan to be about 126,000 students. A home school newsletter in the metro Detroit area has 1,000 subscribers alone. Ian Slatter, director of media relations for the Home School Legal Defense Association, says his group estimates about 40,000 children are home schooled in Michigan.

"It really is difficult to get exact numbers, but through state organizations, support



Diane Linn (left) and Missi Parker, home schooled several children each in Detroit for different reasons, but with similar success.

also refute the notion that home schoolers have problems with socialization.

"We met every Friday with other families for things like art, music, drama, foreign language," Parker said. "You're not just stuck in the house."

Parker said her mornings were devoted to more traditional curricula, while the afternoons were for recreation or special projects.

"There are plenty of ways for kids to do research on subjects that interest them," Parker said. "When we went on field trips, the whole family would go. It's not just the kids who are learning."

The Linn family also was part of a larger group of home schoolers that met on Fridays.

"It was a support group that drew from a variety of backgrounds," Linn said. "We had parents with everything from high school diplomas to doctorates, and everyone would share their specialties with the children."

Chemistry instruction, for example, was held on Friday evenings at the University of Windsor by a father who was a professor at the school.

"We really experienced freedom as a family," Linn said. "We felt like a little group of constitutional revolutionaries who took responsibility for what we were doing."

Linn said the family embarked on a six-year study of the Western world, including trips to Greece, Rome, France and England.

"We walked on the very sites we were reading about," she said. "Life and education merged in the most astonishing ways."

Linn added that dinner conversations rarely lasted less than three hours during this time.

"I feel my kids were uniquely prepared for college," she said. "They made friends very easily and those friends are a reflection of our family's values, not peer values."

It is difficult to determine how many children in the city of Detroit are home schooled, since Michigan does not have mandatory reporting for home school families. Voluntary registration shows 1,566 children being home

groups and our membership, we can make an informed guess," Slatter said. "Home schooling is very fluid. Families can enter and leave it very rapidly, even in the middle of a school year."

Slatter said home schooling is most predominant in rural areas, followed by suburbs, with its popularity in urban areas lagging behind.

"Rural areas tend to be more conservative," he said. "About two-thirds of home school families are evangelical Christians, and in rural areas they feel isolated from good schools, so home schooling is a default."

Suburban families can turn to home schooling because of faith issues, but also out of concern for a negative peer environment, crime and drugs in public schools.

"The real paradox is in the inner cities," Slatter said. "That's where home schooling could be of the most benefit, but is used the least."

Parker said she knew of several families in Detroit who home schooled.

"Most of us were blue collar," she said. "Our husbands weren't doctors or lawyers. We made sacrifices, but it was worth it. We saw the benefits."

Linn said she knows of several "small pockets" of home school families in Detroit, but in her experience, many minority families do not turn to home schooling as a first alternative.

"Most of the African-American families I know have a great respect for the traditional aspects of structure found in private or parochial schools," she said. "They tend to turn to that first if they're not satisfied with public schools."

Slatter agrees.

"There is a real conflict in the black community about home schooling," Slatter said. "The older generation fought for equal access to public schools and still remembers that fight. When the younger generation sees those public schools not servicing the needs of their children and is tempted to pull out, it creates tension with parents and grandparents."

### Home School Resource

#### Clonlara School

Home school families often spend countless hours trying to find just the right curriculum and keep detailed records of what their children study. Families associated with Clonlara School in Ann Arbor, however, can focus their energy more on children and less on paperwork.

Founded in 1967, Clonlara serves more than 1,000 home school families each year, drawing from all 50 states and 32 countries.

"We like to think of it in terms of children getting an education, not schooling," said Pat Montgomery, Clonlara's founder.

Clonlara's home education program began in 1979. Montgomery, who named the school after the Clonlara School that her father, John Clancy, attended in Ireland, said the curriculum is fluid.

"Years ago, when teaching was teaching, you inserted what was current and relevant in the life of the students," she said. "That was before it went down the tubes with so much focus on testing, testing, testing."

The school's Web site details the wide ranging, student-driven paths one can take to graduation. They include more traditional school practices, with textbooks and 50-minute class periods, as well as the

"Walkabout," which gives students one calendar year to thoroughly investigate subjects such as career exploration, creativity, community service and practical skills.

"There are so many things available in the world to us as adults that should be available to young people," Montgomery said. "Students shouldn't be subjected to always having to go to a school."

A third approach, the Clonlara School Compuhigh, was introduced in 1994. The program is done entirely over the internet, including communication between teachers and students.

"The possibilities with the Internet are endless," Montgomery said. "It's wide open for new enrollments."

A teacher herself for 14 years in parochial and public schools, Montgomery started Clonlara as an alternative when it came time to educate her daughters. Her philosophy allows students to have a great deal of input in deciding for themselves what and how they will learn.

When a family registers with Clonlara, they are assigned an academic adviser and given an enrollment binder that allows each family to craft a step-by-step home education approach.

"The teachers are well versed in all approaches to the methodology, but it goes way beyond curriculum," Montgomery said. "It's really the best of both worlds."

Communication between adviser and family is done by phone, mail, e-mail and in person both at home and at school.

"We look at the individual talents, abilities and needs of each student, then work with that," Montgomery says.

Because all home school students are enrolled in Clonlara's private day school, they are able to receive an official transcript and diploma upon graduation. The transcript contains the same basic information one would find on any transcript, including subjects covered, grade point average and credits earned.

"We have 12 pages, single spaced, of all the colleges our graduates have been accepted to," Montgomery says. "It's very helpful no matter what path the student follows after graduation."

The base family tuition is \$595 per year, with additional costs based on the number of children enrolled and their grade levels.



# MEA forgoes appeal in Brother Rice case

A Michigan Court of Appeals ruling to block union organizers at Brother Rice High School in Bloomfield Township, Mich., from joining the Michigan Education Association will stand, now that the time to appeal the case to the Michigan Supreme Court has passed.

In September 2003, 30 of 42 teachers at Brother Rice expressed interest in joining a union and requested an election to determine if the workforce could be organized by the MEA. Brother Rice board members opposed the attempt, citing a 1979 U.S. Supreme Court decision, *National Labor Relations Board vs. Catholic Bishop of Chicago*, which found that federal labor law could not be applied to church-operated schools because it would create a "significant risk of infringement on the religious clauses of the First Amendment," and give rise to "difficult and sensitive issues."

The MEA, however, brought an action before the Michigan Employment Relations Commission, which ruled in May 2004 it did have jurisdiction because the 1979 ruling did not specify the decision held in future cases. The MERC then scheduled an election at the school for August 2004. School administrators appealed the decision, stating the union and its politics would interfere with the right of the school to hold and teach religious beliefs as guaranteed by the Michigan and United States Constitutions.

Brother Rice eventually took its case to the Michigan Court of Appeals, which granted a stay and postponed the election

until its decision. A three-judge Court of Appeals panel ruled unanimously in August that MERC has no jurisdiction over lay teachers in parochial schools.

"The law itself is not really clear," said Tom Washburne, a labor attorney with the Mackinac Center for Public Policy. "There are some serious constitutional issues to consider, not the least of which is the First Amendment guarantee of the free speech exercise of religion. Can a religious employer be forced to bargain away its religious beliefs?"

Patrick Gillen of the Thomas More Law Center, which represented Brother Rice, called the decision a victory for religious liberty.

"It leaves the parents, students, faculty and staff of Brother Rice free to pursue the highest aspirations of religious schools," he said. "Service to their faith and each other, without interference from the state."

If the organizers had been successful, Washburne points out, it could have opened the door for faith-based beliefs to become bargaining points for the union, particularly in the political arena where the MEA might support ideologies the school board or individual teachers would find in opposition to their beliefs.

Brother Rice, an all-boys high school with 675 students, has a faculty of mostly lay teachers. While not all teachers are Catholic, they are expected to begin and end classes with a prayer, and daily religion class is part of the overall curriculum.

In ruling that MERC had no jurisdiction in private schools, the Court of Ap-

## JEWISH DAY SCHOOL CEASES TO RECOGNIZE AFT AFFILIATE

Soon after the Brother Rice decision was handed down, and in the midst of contract negotiations, the board of the Hillel Day School of Metropolitan Detroit announced it would no longer recognize its teachers' union for the purposes of collective bargaining.

Hillel teachers were represented by a local affiliate of the American Federation of Teachers and had been trying to negotiate a new contract since October 2004. After the decision, the Detroit Jewish News Online quoted David Hecker, president of AFT Michigan, as calling the board's decision "abhorrent."

"From my Hebrew school days," Hecker said, "I remember the Rabbi Hillel quote: 'If I am only for myself, then what am I?'"

Rob Goodman, president of Hillel's board, said the action to withdraw recognition was taken because "the educational needs of our children are best served by Hillel Day School's teachers, administrators and parents interacting directly and candidly with one another, unimpeded by organizations outside the Hillel community."

peals said it could not assume Michigan's labor law covers private schools, which could lead the statute into questions of constitutionality. Without some clear evidence that broad coverage is what the legislature intended, the court declined to go there for them. The court did, however, point out that not only does the First Amendment of the U.S. Constitution apply in this case, so does the Michigan Constitution's own unique provisions, including Art. 8, Sec. 1, which proclaims "Religion, morality and knowledge being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged."

As Washburne points out, neither the U.S. Supreme Court nor the Michigan Court of Appeals ever addressed the ques-

tion of whether there actually would be a First Amendment problem.

"They simply stated that there could be," he said. "And as such, they would wait for the legislature to make it clear that they wanted the statutes to go in that direction."

Margaret Trimer-Hartley, a spokeswoman for the MEA, said several factors are taken into consideration when deciding what court cases to appeal.

"We weigh them heavily, even in deciding what to pursue in the first place," she said. "The chance of victory is a part of that process."

## SHORT SUBJECTS

continued from Page 1

Ribbon status, including seven that were closed due to Hurricane Katrina. Schools can qualify for the NCLB Blue Ribbon program by making significant progress in closing the achievement gap or by having its students perform at high levels. Schools can qualify in one of three ways: at least 40 percent of the students are from disadvantaged backgrounds and they improve performance on state tests; schools whose students place in the top 10 percent on state tests; or private schools that achieve in the top 10 percent nationally.

**A voucher program in the nation's capital has reached capacity in only its second year.** Some 1,705 students are attending independent schools in Washington, D.C., with the help of federally-funded vouchers. The Washington Scholarship Fund received 1.7 applications for each available seat. The program provides vouchers worth \$7,500 for each eligible student. A total of 1,360 students participated last year.

**Charter schools across Louisiana damaged by Hurricane Katrina will get financial help from a No Child Left Behind grant.** Nearly \$21 million was made available by the U.S. Department of Education to help reopen damaged schools and create 10 new charter schools. The storm and ensuing flooding damaged several public schools, including charters, and displaced more than 300,000 students. The money will be used to pay for staff, supplies, equipment and operations, as well as expand existing schools and build 10 new schools in areas deemed best suited to serve the highest number of students. The new schools are expected to be open by January 2006.

**The last Wednesday of September was crucial for tax-supported schools across Michigan.** Often called "Count Day" or "Fourth Wednesday," the number of students each conventional public school district has enrolled on this day accounts for 75 percent of the per-pupil state funding the

district receives. The other 25 percent comes from a similar count day the previous February. Students who are absent but have an excuse on these days may still be included in a district's total. Under the new state budget, schools are guaranteed a minimum of \$6,875 per student, an increase of \$175 per student over the 2004-2005 fiscal year. There are about 1.7 million students enrolled in about 750 school districts and public school academies, according to the Michigan Association of School Boards.

**Grosse Pointe Public Schools is receiving almost \$480,000 less in state aid than last year,** due to the removal of non-resident students from the district's enrollment. The total registration is down about 100 students from last year. Superintendent Suzanne Klein told The Detroit News that the district's \$93 million general fund budget can absorb the loss. The loss of students followed an effort that saw 3,000 people sign petitions calling for all students to verify their addresses before the start of this school year. Verification can include submission of documents such as real estate transactions, rental agreements or guardianship papers.

**Accountability measures have eliminated five schools from participation in the Milwaukee Parental Choice Program.** Another 51 schools have been turned away over the last 18 months, according to the Heartland Institute. The Wisconsin Legislature in 2004 passed a state law putting in place more stringent guidelines for schools wanting to participate in the 15-year-old program. The MPCP has increased from 337 students at seven schools in 1990 to 14,427 students at 117 schools today. Under the program, low-income parents can obtain vouchers to be used at non-government schools, creating a broad range of options for children. Aside from following all state guidelines that apply to public schools, the non-government schools must also adhere to strict administrative and financial rules.

**A panel charged with improving schools in Maryland has come forward with a recommendation to adopt a merit-based pay structure for teachers.** Gov. Robert Ehrlich Jr. created the 30-

member commission in 2004 and asked it to address school readiness, school-community links, teacher and principal accountability and best practices in education. Aside from the pay-for-performance suggestion, the Governor's Commission on Quality Education also called for a stronger charter school law and to start a ratings system for schools. The Maryland State Teachers Association called the issues minute policy matters and said the underlying problem is that teachers are poorly paid. According to the American Federation of Teachers, Maryland educators rank 12th in the country, with an average salary of just over \$50,000 a year.

**The New York City teachers' union negotiated a 14% raise over the next four years,** according to a tentative deal reached with Mayor Michael Bloomberg. The New York Times reported the city's 83,000 teachers still have to hold a ratification vote on a contract that would require them to work 50 more minutes a week and add three training days to the school calendar. If approved, the contract would create a new "master teacher" position and increase top-level pay from \$81,000 to \$93,000 annually. Starting salaries will increase from \$39,000 to \$42,500. Any new contract would be retroactive to May 31, 2003 when the most recent deal expired.

**The Northern Michigan Education Association has filed an unfair labor practice complaint with the Michi-**

gan Employment Relations Commission against Harbor Springs Public Schools, the Petoskey News-Review reported. The complaint accuses the district of not bargaining in good faith. Terry Cox of the Michigan Education Association said the concern stems not from specific actions taken by the school district but rather its overall approach. Harbor Springs Superintendent Dave Larson said the complaint surprised him and that he felt the bargaining sessions had been cordial. Larson added that union proposals garnered the most attention during those sessions. The MERC said it could be several months before a hearing takes place.

**Low-income families in the Twin Cities could benefit from greater school choice** under a new program being considered by the Minnesota legislature. Access Grants, intended for families at or below 250 percent of the federal poverty level, will provide the opportunity for students in the Minneapolis Public School District to attend private schools. The district would benefit financially because it would retain a portion of the per-pupil state aid for every student who gets an Access Grant, but bear none of the responsibility of educating those children. A projected \$3.3 million in revenue will be realized the first year for the district. That could grow to more than \$14 million in six years.

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COMMENTARY

# Support creation of new Detroit charters



**Daniel Quisenberry**

Bob Thompson, Dave Bing and the Skillman Foundation are trying to give kids in Detroit a quality education. As Americans, we believe that providing a quality public education to every child is a fundamental freedom. Yet, the question remains:

are we providing that education?

One recent study revealed half of Michigan's teachers say they give up on disadvantaged students at least "sometimes," if not "a lot." Another study noted that state colleges and universities spend about \$600 million a year to teach students what they didn't learn in high school (which says nothing of youth who never make it to college).

Add to that the thousands of students displaced this summer when the Detroit Public Schools and the Catholic Archdiocese of Detroit in separate actions shuttered nearly 50 schools. These families had few if any options, with most charter public schools at capacity and suburban schools threatening to oust and arrest incoming "carpetbaggers."

It may take months to see how many of the 10,000 students Detroit's public schools are projected to lose this year have indeed found someplace else to go — or hit the streets, but school officials say they may close another 20 to 30 schools

to offset a \$200 million deficit.

Can anyone argue the city's children don't need additional choices in public education? Or that the future of Detroit and the state don't demand a far-reaching educational turn-around?

Such arguments can't be made, at least not in good faith. It's time to get all students in quality schools, keep them there, keep them safe, and engage them in the kind of active learning that positions them to be successful adults.

There are answers, if only decision-makers would keep the interests of children at the forefront.

The most obvious solution comes from businessman and NBA Hall of Famer Dave Bing, who's teaming with Detroit's Skillman and Thompson foundations to build 15 small charter high schools, allowed under a unique 2003 law. The first school would be near Bing Group headquarters, where he also is building 40 middle-income homes, in part to serve the company's 1,400 workers. The new schools would pledge a graduation rate of 90 percent, with 90 percent of those going on to college. Grand Valley State University is supporting the effort, helping to ensure the schools are beacons of hope.

"We all have a duty to make a difference," Bing said. "I can no longer sit idly by and watch this city, this community, continue to fail. People don't have to live like this. ... Our residents need to know that people care and that there is

an alternative to what we have now. It has to be done today; we can't wait another moment."

Are charter public schools really different? Do they work?

A 2005 Michigan Department of Education report shows charters perform at or above their peers — even while serving many students who were plummeting in other schools. It's heartening that Detroit-area charters surpassed the local district in all 7th- and 8th-grade subjects on the 2005 MEAPs, including by 13 percentage points in reading and 15 points in writing.

Are charters different? Well, they're small. Each is its own district, so bureaucracy isn't an issue. Academic performance and nurturing environments are a given, or changes are made. As one Detroit charter leader says, if a teacher can't hug and love children, that teacher is in the wrong place.

Detroit has charters focused on the arts — one has computed that students each receive the equivalent of nearly \$225,000 in private arts lessons during their 13 years of schooling. Others focus on the basics, moral character, or ethnic cultures. Extensive tutoring is frequently available.

Importantly, charters welcome parents into the school, arrange parent support programs, and involve them in the learning process.

One school tracks involvement through ID cards, and had 431 parents

last year volunteering 10 or more hours. Total time volunteered? More than 7,000 hours. This school's MEAP scores even beat the state average in fourth and seventh grades.

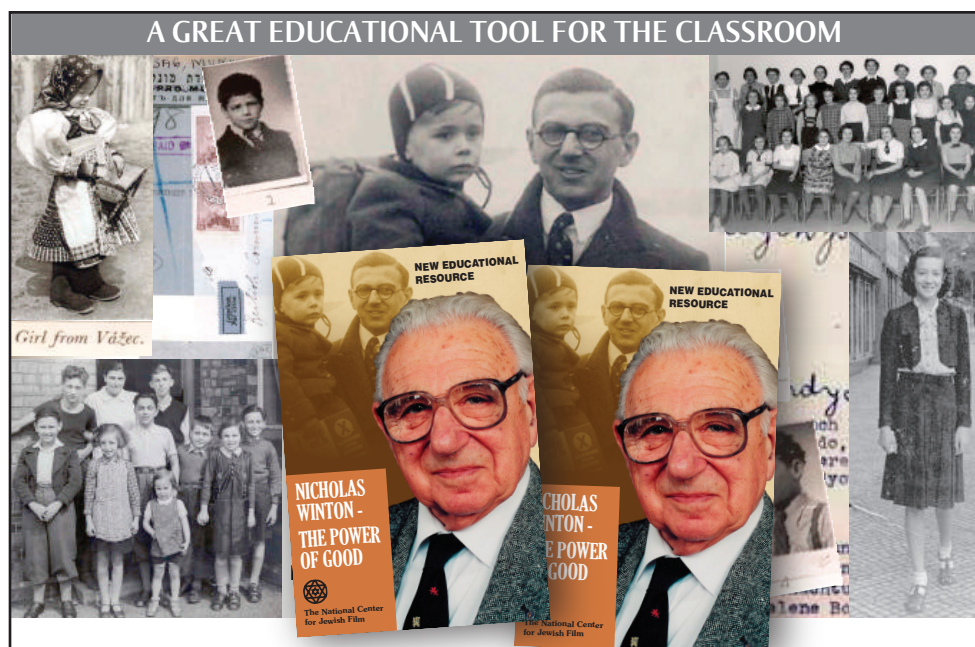
Charter public schools *have* proven themselves, as the families of 50,000 southeast Michigan students can attest.

Consider the Detroit mom whose daughter attended a charter until the 20-minute commute became impossible. Shortly after the girl re-enrolled in the nearest conventional school, a neighbor saw her walking. When the neighbor heard what was happening, she contacted the mom and said, "Your daughter is going back to [the charter school]." She noted that the girl had loved her charter and worked hard to excel there. She said no child should be deprived of an excellent education, and she now takes the girl to and from school, free of charge.

That's the child-focus we all need.

Every child deserves a quality education — as Americans, we believe this. Like Bob Thompson, Dave Bing and the Skillman Foundation, let's get to work. Let's not get in the way. Let's move forward and provide excellent schools for every family and every community.

*Daniel L. Quisenberry is president of the Michigan Association of Public School Academies.*



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COMMENTARY

# Require MESSA data-sharing to let districts shop around



**Ryan Olson**

*A version of this commentary was published in The Detroit News on Aug. 24.*

A proposal in the Michigan Senate would establish a state-run health insurance pool for all Michigan public school employees. This plan, accord-

ing to the much-discussed Hay Group report released in July, could save the state between \$146 million and \$281 million in this school year alone.

However, a statewide health insurance pool is at best a partial solution that carries risks of its own. A better solution is to make it possible for school districts to shop around for employee health insurance by giving them access to their general claims history — the same access any other employer would have.

But districts typically cannot access such data because MESSA, Michigan's largest administrator of school employee health insurance benefits, frequently refuses to provide it. MESSA was established by the Michigan Education Association, the state's

powerful school employees union, and as a widely publicized 1993 study by the Mackinac Center for Public Policy noted, the union long used mandatory collective bargaining to pressure school districts to purchase MESSA coverage. The MEA is technically prohibited from doing that now, but MESSA still withholds aggregate claims information that would permit districts to solicit bids from MESSA's competitors.

The savings could be considerable: In 2004, the most common MESSA family plan cost \$15,834 per year for each employee, while the typical employer-paid family policy nationwide was \$9,602. By one estimate, open competition could save Michigan school districts as much as \$400 million each year.

In contrast, a state-run school employee health insurance system, despite diminishing MESSA's inflationary influence on insurance costs, is an imperfect solution. It would put billions of health insurance dollars under the control of a politically appointed board, and it would centralize benefits choices, thereby allowing lobbyists to manipulate a single entity, the state, rather than negotiate with hundreds of local districts. Because districts would be required to participate, competition would be limited even further than it is under the current system.

School districts can confront rising health care costs by opening the process to competition. MESSA should be able to compete, of course, but it should be required to provide a district's aggregate claims data — just as the state's other insurers do — while protecting individual privacy. A bill in the state House would mandate such disclosure, and this proposal is more likely to reduce the schools' health insurance costs in the long run.

*Ryan S. Olson is director of education policy the Mackinac Center for Public Policy, a research and educational institute headquartered in Midland, Mich.*

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## COMMENTARY

# Private K-12 scholarships: a viable alternative for Detroit's school children



**Andrew Coulson**

According to news reports, the Detroit public school district may have illegally spent more than a quarter of a billion dollars of business property taxes that it had no right to collect. To even begin to repay that money, the district would likely have to levy a new tax on all taxpayers, including the ones it allegedly overtaxed in the first place. That's not just robbing Peter to pay Paul. It's robbing Peter and Paul to pay Paul.

To those who have watched in despair as every effort to turn the district around has ended in Shakespearian tragedy, I offer this proverb: When the horse you're riding is dead, get off.

The Detroit district is a dead horse.

This sounds harsh, but imagine for a moment that Michigan's 2000 school voucher initiative had passed, operated smoothly for five years — and was suddenly found to have perpetrated this quarter-billion-dollar fiasco. The program would have been killed.

But after a decade of fiscal mismanagement that has made the Prodigal Son look like Warren Buffett, the Detroit public school system may once again get a pass from voters and community leaders. There will naturally be some token beating of this obviously dead horse; some jangling of its reins; some topping-up of its feed bag. But few will suggest getting off.

There are other horses in the stable.

If Michigan were to pass a strong parental choice program, such as the education tax credits proposed by the Mackinac Center and others, independent schools would emerge within reach of every family. But that would take time. When children's futures are on the line, impatience is a virtue.

Fortunately, there is an immediate alternative: a full-scale, privately financed scholarship program for the children of Detroit. Businesses, foundations and individuals can contribute to a fund that provides private school tuition assistance to every family in the city who needs it.

Michigan is already home to at least four nonprofit private scholarship programs, so we don't have to reinvent the wheel. Among these are a Detroit chapter of the national Children's Scholarship Fund, managed by the Catholic Archdiocese (but not restricted to its own schools), and the Grand Rapids-based Education Freedom Fund, which now serves children primarily outside of Detroit. Both programs are heavily oversubscribed, currently having between two and four times as many applicants as scholarships. Either or both of these programs could be radically expanded to serve all of Detroit, or they could be used as models for a new, independent organization.

The advantages of this approach are obvious: instant results, no politics, no red tape. But could enough money be raised to make a real difference?

As of 2002, Michigan nonprofits were spending \$28 billion annually, 95 percent of which remained within the state. Michigan's foundations alone made

annual grants of \$1.2 billion. If the private scholarships were capped at the lower of \$3,000 or 75 percent of tuition, roughly \$440 million would be required to award a scholarship to every single DPS student. Even with higher caps, it is feasible.

A well-funded Detroit scholarship program would not only create the most vibrant and responsive education marketplace in the nation, but also have the likely benefit of lowering taxes — both features that would attract new jobs and businesses to the state. The tax benefit would accrue from the fact that the state government finances school districts based largely on their enrollment. If a well-funded Detroit scholarship program were a success with parents — as it almost certainly would be — students would voluntarily migrate out of the DPS and into private-sector schools, reducing the school district's budget and its seemingly insatiable appetite for tax dollars.

The only thing standing in the way of this solution is our blinkered vision of what public education must look like. State-run schooling has been around for so long that few people can imagine anything taking its place, no matter how bad it gets. We have even lost sight of the distinction between the institution itself and the mission it is meant to fulfill, confusing one particular means — the current education monopoly — with our ultimate end: ensuring that all of Detroit's children are prepared for success in private life and participation in public life.

Because of that confusion, we are unnecessarily sacrificing generation after generation of this city's children to a system that is nearly bankrupt in every sense of the word. But Detroit doesn't have to keep its children shackled to the remains of the public school system. There is a better option. All you have to do to make it happen is pick up the phone and donate to a scholarship fund. I have.

*Andrew J. Coulson is director of the Center for Educational Freedom at the Cato Institute in Washington, D.C.*



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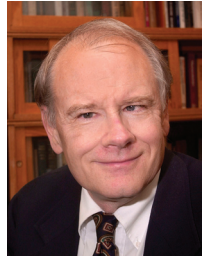
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## COMMENTARY

# Tuition hikes at Michigan universities demonstrate need for reform



**Richard Vedder**

It was a painful summer for Michigan's public university students and their parents. The fifteen state-funded schools announced tuition increases for the coming year, and universally they were far greater than the rate of inflation. The most prominent schools — the University of Michigan, Michigan State, and Wayne State — all announced tuition hikes of 12 percent or more, while increases at other schools ranged between 7 percent and 19 percent at a time when the national inflation rate was less than 3 percent.

The schools blame a decline in state funding for the bulk of their problem. Yet news accounts indicate that the University of Michigan is using over 40 percent of the increased tuition revenue for "new spending initiatives." Moreover, even in the prosperous 1980s and 1990s when university appropriations were generally rising, tuition increases typically were about twice the inflation rate. For example, in the nine years between the 1992-1993 and 2001-2002 school years, average tuition fees at four-year Michigan public universities rose

59 percent — compared with a 25 percent increase in the Consumer Price Index.

Why are tuition fees going up so much? The main reason is that the universities can get away with it, and have few incentives to cut costs. Third parties such as federal government student assistance programs and private scholarship donors pay most of the bills, making consumers relatively insensitive to the price of tuition. In the 10 years after 1994, federal financial assistance rose at a breathtaking annual rate of 11 percent. With the feds all but dropping dollars out of airplanes over college campuses, universities raised their tuition rates liberally, even in years with good state appropriation increases.

Most colleges and universities, including private ones, have virtually no incentives to reduce costs. There is no added compensation given to key employees if expenses are reduced. Indeed, the opposite is true: university administrators increase staffing levels to ease the burden on existing personnel, thereby lowering productivity. In 1976, there were three non-faculty professional workers per 100 students at the average American university; 25 years later, the number had doubled to six. Unless it can be demonstrated that there were enormous qualitative improvements in the education delivered (which, as a college

professor of 40 years, I strongly doubt), labor productivity is actually falling in higher education, even after allowing for research. This contrasts with a continuous productivity rise in the private for-profit sector where stronger incentives exist to manage costs and be efficient.

This brings us to another reason tuition levels are increasing even more than health care prices — the increased compensation of university employees. While in the last two or three years raises have been modest at some cash-starved institutions, over the past generation university employee pay has increased even as the workload has fallen (because of added staffing). I estimate that the typical full professor today makes roughly 50 percent more in inflation-adjusted terms than in 1980. Average teaching loads are far lighter today than when I began teaching. At major research universities like the University of Michigan, the typical full professor teaches no more than five hours per week for 32 weeks a year. At the highest levels, university presidents, football coaches and truly superstar professors are earning salaries approaching the mid-six digits, or even more.

Some argue higher education is inherently labor-intensive, and costs inevitably will rise as pay increases to attract good people who would otherwise work else-

where. While partly true, universities have not: used technology effectively to reduce costs; pared burgeoning administrative staffs; shucked low demand expensive doctoral programs; fully outsourced non-educational functions like housing and food operations; or made better use of their capital (the typical classroom is idle 50 percent of the year). Private for-profit schools like the University of Phoenix operate at dramatically lower cost per course, offering a product well-liked by students (enrollments are growing 20 percent annually), taught in comfortable but not opulent surroundings.

Maybe the time has come for Michigan to emulate Colorado, and begin giving more higher education assistance to the students themselves in the form of scholarship vouchers, and less to the institutions, which by their behavior have demonstrated they are indifferent or even hostile to the cost containment measures needed to keep education affordable to all, rich and poor alike.

*Richard Vedder is Distinguished Professor of Economics at Ohio University and a member of the Board of Scholars at the Mackinac Center for Public Policy, a research and educational institute headquartered in Midland, Mich.*

## COMMENTARY

## State should cut strings to most school funding



**Jack McHugh**

Recently, 12 former and current legislators who were involved in crafting the 1994 Proposal A school finance initiative were invited to review its results and recommend revisions. Most of the group's proposals were variations on the predictable and politically unlikely "send more money"

theme, an idea they claim would allow for a "more successful pursuit of excellence," but for which they offered no concrete, verifiable evidence. In one instance, however, they offered some practical wisdom that current policymakers should take to heart.

One of the promises of Proposal A was to vastly reduce the number of so-called "categorical" grants, in which the state provides money to school districts strictly for activities in a specific "category," and replace most of them with a single "no strings attached" foundation grant based solely on the number of pupils in the district. Before Proposal A there were 31 such funding categories and they accounted for 44 percent of state support of public education. These programs had many strings attached, making them hard for local schools to navigate and the state to administer. After Proposal A the number of categoricals was reduced to 24 programs accounting for 15 percent of (greatly increased) state funding in the 1994-1995 school year, and it fell to just 15 programs in 1996. Since then the number has risen again, reaching 22 programs in 2003-2004.

A 1999 Citizens Research Council recommendation, in fact, called for the elimination of Intermediate School Districts, saying that before Proposal A, ISDs helped local school districts "navigate the labyrinth of categorical program paperwork," but that the reduction of categoricals eliminated one justification for keeping ISDs.

The rap against categoricals is that they represent an effort by a centralized bureaucracy to micromanage local schools. Or, that

they reflect political considerations in the legislature, rather than educational realities in the classrooms. On the other side, some "categoricals" are justified by the fact that eligibility for them varies widely across school districts with different socio-economic characteristics. Examples include funding for "at risk" pupils (defined somewhat arbitrarily on the basis of how many students in school qualify for free school lunches on the basis of family income), and for "school readiness" programs for

### Proposal A A Brief History

- Passed with more than a 2-1 margin in March 1994.
- Significantly restructured property taxes and school funding.
- It increased the sales tax from 4 to 6 percent, and capped annual home assessment increases at 5 percent or the rate of inflation, whichever is less.
- Under Proposal A, the amount of state and local dollars spent on public education has increased from \$9.3 billion to \$14.5 billion, while the minimum per-pupil foundation allowance has grown from \$4,200 in 1995 to \$6,875 today.

educationally disadvantaged four-year-olds. Another huge categorical is funding for special education, which proponents believe would receive short-shrift in some school districts if its funding was not in a separate category restricted for this purpose.

Nevertheless, there is a general consensus that the number of categoricals should be kept to a minimum, so that decisions about how to allocate finite resources are made by educators "on the ground" in school districts rather than bureaucrats and politicians in Lansing. Cutting back the growth of categoricals is one recommendation from the Proposal A review group deserving support.

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## COMMENTARY

## Court correctly ended MEA's Catholic school bid



**Patrick Wright**

Two years ago, the Michigan Education Association collected signatures from teachers at a school in Birmingham. The teachers wanted the union to represent them in labor talks, but this was no ordinary union activity. The school in question was Brother Rice

High School, which is Roman Catholic, and none of Michigan's Catholic schools is unionized.

The issue became a legal dispute when the school's board objected to the MEA's representing Brother Rice employees. Recently, the Michigan Court of Appeals weighed in on the case, holding that labor unions cannot organize teachers at Catholic schools in Michigan. The decision is an important setback for the MEA in its efforts to extend its influence and income.

The MEA had in fact received a sufficient number of signatures from teachers at Brother Rice High School to allow an election to determine whether it would become the teachers' exclusive bargaining representative (a union gains this power when more than half of the employees voting agree to unionize). The MEA then petitioned the Michigan Employment Relations Commission to set the election.

Brother Rice, in turn, asserted that the formation of a teachers union violated its First Amendment rights under the U.S. Constitution, suggesting that the union's presence at Brother Rice would compromise its religious mission. The school also argued that the election was not appropriate under Michigan law. Nevertheless, the state Employment Relations Commission scheduled the election, which the Court of Appeals then postponed while it considered the case.

In the court's ruling in Michigan Edu-

cation Association v. Christian Brothers Institute of Michigan, the judges' opinion initially noted that religion permeates the educational experience at Brother Rice. It realized that substantial First Amendment concerns would be involved if the MEA were allowed to unionize the teachers, although it did not rule on that specific issue.

Instead, the court simply held that Michigan's labor law was similar to federal labor law. Since the United States Supreme Court had decided in *National Labor Relations Board v. Catholic Bishop of Chicago* that federal labor law prevented Catholic school teachers from being unionized, the state Court of Appeals concluded that the rationale in the Catholic Bishop ruling was persuasive in this case, as well.

Perhaps recognizing the weakness of their position, the MEA did not appeal to the Michigan Supreme Court. Therefore, the Court of Appeals' opinion maintains the status quo, given that before this lawsuit, there were no teachers unions in Michigan's Catholic schools. Nevertheless, this is a big loss for the MEA.

The union cannot now attempt to generate more dues by unionizing Catholic school teachers. Almost all public school teachers are already represented by either the MEA or the Detroit Federation of Teachers, and the Catholic schools were seen as a remaining potential source of revenue.

The ruling also has important implications for the state's Catholic schools. If the MEA had been able to establish a foothold in their labor negotiations, it would likely have driven up employee costs, forcing at least some of the schools, which generally operate on a bare-bones budget, to close. Ultimately, the Court of Appeals' ruling recognized religious education's unique place in our society, and it has thereby prevented serious harm.

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## DIVERSE VIEWPOINTS

# Are mandatory funding increases for public schools the key to student success?

## No: Earmarking sets dangerous precedent

Michigan taxpayers cannot afford the K-16 education funding proposal. The non-partisan and independent House Fiscal Agency has estimated that this proposal would cost approximately \$1.1 billion above current state spending on education – in the first year alone. Steady increases in state spending on education would follow.

The K-16 Coalition's plan to automatically increase annual state government spending on K-12 school districts, community colleges and state universities by the rate of inflation – regardless of education outcomes or changing needs – would remove \$1.1 billion of public money from annual review and budgetary control, severely limiting the ability of the Legislature and governor to set and fund state priorities.

According to a recent study prepared by Anderson Economic Group, the amount of funding available for K-12 public schools in Michigan has grown rapidly since the passage of Proposal A in 1994. Between 1994 and 2004, operating revenue increased by 71 percent, price inflation grew about 21 percent, and enrollment in Michigan schools increased by roughly 4 percent. (Most schools have received per-pupil operating revenue increases double or triple the rate of inflation.) During this same time period, property tax debt for capital expenditures grew even more rapidly – an astounding 217 percent. Despite all these increases in funding for public schools, the K-12 education establishment is demanding that more money be fed into a system with no link to providing higher levels of academic achievement.

Michigan taxpayers have a right to know what has happened to all the money invested in our education system since 1994. While we are among the highest spending states for K-12 public education, Michigan remains solidly stuck in the lower half of states relating to academic achievement on almost every measure. If more money meant higher academic achievement, Michigan would be a national leader in K-12 education.

In September, the Michigan Chamber Board of Directors voted unanimously to reaffirm support for a state budget process focused on outcomes where each year there should be a healthy debate in Lansing over setting the price and the priorities of government, along with the funding for each priority. And importantly, there should be an annual evaluation of the effectiveness of program expenditures.

The two primary issues regarding the K-16 proposal are first, how much will it cost? Thanks to the House Fiscal Agency, we know the answer to that question, an additional \$1.1 billion the first year with escalating increases for the future. And secondly, how will state government pay for it? The options are either a major tax increase on working families and job providers or a substantial reduction in spending in others areas of the state budget such as health care, public safety, or local government.

Parents and job providers who study the K-16 proposal carefully will be surprised and disappointed to learn that nowhere in the lengthy wording of the petition is any reference to education quality, student achievement, test scores, or graduation rates. The proposal also does not include reform measures to reduce administrative overhead and contain health care and pension costs.

The Michigan Chamber's position on the K-16 proposal is consistent with the Chamber's stand on similar proposals which tried to lock in guaranteed funding and bypass the decision making process of the Legislature and governor. In 2002, the Michigan Chamber opposed a proposal by the medical community to earmark tobacco settlement revenue for health care-related programs and projects. Proposal 4 of 2002 was overwhelmingly rejected by the voters – 66 percent “No” to 34 percent “Yes.” Interestingly, the loudest opposition to Proposal 4 came from school boards, community colleges, teacher unions, state university presidents and other education leaders – people who now want voters to support an attempt to earmark funding and tie the hands of the governor and Legislature in the budgeting process.

The K-16 Coalition will try to persuade voters that this proposal is different but, despite some procedural and definition variations, it is fundamentally the same concept. Protection for funding increases would be afforded to K-16 public education without assurances of improved performance or accountability measures.

In an editorial that appeared in the Detroit Free Press on Oct. 18, 2002, Mary Sue Coleman, president of the University of Michigan and Peter McPherson, then-president of Michigan State University, wrote: “Responsible budgeting demands frequent reassessment of needs and resources and a good deal of compromise which is the hallmark of the legislative process.” They also wrote that their opposition to Proposal 4 was “driven by the long-term negative consequences of the lockup of state monies that is at the heart of the initiative.” Their remarks also included a statement that rings true with the current K-16 Coalition proposal: “While proponents might argue that this is the only way to fund some important initiatives, it is the Legislature's constitutional responsibility to ensure that the best use of the public money is tested every year against other crucial and compelling needs.”

The Michigan Chamber of Commerce agreed with the rationale put forward by the education community in 2002 and we stand firmly committed to opposing such earmarking tactics now. We agreed with the Michigan Federation of Teachers and School Related Personnel when they urged their members to vote “No” on earmarking because “it would allow the new legislature no flexibility in dealing with the state's budgetary crisis and would make it impossible to adjust these priorities in the years ahead based on changing needs or circumstances.” (Capitol Report, October 2002)

We even agreed with the Michigan Education Association's Director of Government Affairs, Al Short, when he said, “Proposal 4 will destroy the Michigan Merit scholarship program and rip a huge hole in the state budget.” He added, “If this passes ... it's going to toss the budget in chaos in the future.” (Published 10/20/2002)

The education community needs to provide higher levels of academic achievement. Michigan taxpayers should reject guaranteed funding schemes for education or any other state program.

Jim Barrett is president and CEO of the Michigan Chamber of Commerce.

## NO



Jim Barrett

## YES



William F. Coleman III

## Yes: More money promotes equal access

This academic year, the state of Michigan will pay approximately \$7,300 for each Detroit Public Schools student. This money, known as a foundational allowance, is one of the lowest received by any public school system in the metro area. Of this amount, 6 percent will come from a nonhomestead tax levied on businesses and other commercial enterprises in the city.

Just five miles north of the city's northwest boundary is Birmingham, a tony community that bustles with offices, fashionable shops, chic restaurants and clubs. Birmingham's school district is frequently praised as one of the finest in the state, a fact that makes the city one of the most desirable zip codes in the metro Detroit area. High school graduation rates hover at close to 100 percent, as does the percentage of seniors who are college-bound.

Like the other public school systems in Michigan, Birmingham automatically receives \$6,700 from the state for each child it educates, but the money that pours in from the non-homestead levy pushes the per pupil allowance to more than \$11,000. To be sure, several other schools in the area and throughout the state receive amounts through their non-homestead levies that significantly dwarf Detroit's foundational allowance. But the disparities raise a larger question: should geography or fate determine how much money is doled out to furnish every child in this state with his or her birthright – a public education?

Many critics are quick to lambaste educators like myself who believe that state governments throughout this land ought to move aggressively to bridge the disparities in public funding. The solution to the problems in public education, they argue, is not more money. I couldn't agree more.

But the critics miss the point. It's true that there are no conclusive studies that agree that pumping money into the education of a child guarantees strong reading skills, graduation from high school and admission into a reputable college. But it doesn't take a study to prove that more funds provide certain advantages. These advantages include stronger programs in fine art, music, technology, reading, science and mathematics. The advantages also include stronger extra-curricular offerings and the ability to attract talented teachers and staff.

In recent years, the Detroit Public Schools' precarious financial position has made it increasingly difficult to maintain first-rate academic programs and to recruit and retain talented teachers and administrators. If the past is anything to go by, I don't expect that to change anytime soon. In the last half-century, the city has lost more than half its population. During that same time frame, the size of the district's student body has shrunk by more than 50 percent.

Meanwhile, many businesses continue to join the residents in fleeing for the suburbs. As the exodus continues, we are seeing a growth in the number of students from low-income backgrounds and those with special needs. For many of these students, the Detroit Public Schools is their best – and only – hope. But unless we can come up with a way to maintain the quality of academic programs we have offered for generations and unless we are able to continue to attract committed, first-rate teachers we may end up giving them very limited hope for the future.

That's why we have teamed with many other school districts in this state to call for an equity and adequacy study. Today, more than half a century after the birth of the modern civil rights movement, 21st century America still maintains what amounts to a dual education system. But unlike what has happened throughout much of the history of this country, this system is not based on race but on economics – and that is a shame. Our children deserve better.

We owe it to all our children to ensure that they have equal access to the same kinds of ultra-modern facilities, highly qualified teachers and programs that both educate and enlighten their peers from affluent communities like Birmingham. A public educational system that is too heavily weighted on property taxes fails to look out for all children.

This is not an isolated view. Across the state and throughout this country more and more people have been agitating for a system that provides a more reasonable way of funding the education of our children. There have been court battles in a long list of states, including Ohio, Kentucky, Maryland and New York. All over the United States, there is much talk about coming up with a more fair, more equitable way to pay for the education of our children.

The evidence suggests that the momentum will only continue to build. The U.S. Constitution gives states the right to decide how to fund public education. That right gives states broad discretion. The state's top elected officials could step in to address this issue. It would be an audacious step, but it would be in the best interests of the children.

It would also be in the best interest of our state and our country. The United States cannot continue to maintain its competitive edge as the world's wealthiest and most powerful nation as long as it maintains a two-tier public education system.

As a nation's public school system goes, so goes the nation. No modern nation has reached its apogee without a first-rate educational system. The leaders of India, the land with the world's second fastest growing economy, realize this. For years, public education there was in a shambles, and for years it mattered little to many in the affluent and middle classes; they simply sent their children to private schools. But as India tries to enter the exclusive club of the world's wealthy and powerful nations, its rulers recognize that they must shape up their educational system.

The same lesson applies to Michigan. In order to drive more of our students toward higher education, in order to stamp out illiteracy and in order to make the state a fertile arena for industry and development, we must have a sound public education system. That will not happen until we start educating all our children equally.

William F. Coleman III is CEO of the Detroit Public Schools.

Diverse Viewpoints are the opinions of the authors and not those of *Michigan Education Report*.  
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