

BOARD OF EDUCATION OF THE BENTON HARBOR AREA SCHOOLS
PROPOSED PLAN TO ADDRESS EDUCATIONAL ACHIEVEMENT AND FINANCIAL STABILITY

BACKGROUND

For decades, the Benton Harbor Area Schools, like the entire community of Benton Harbor, has faced significant challenges similar to other urban school districts and urbanized areas in the state and nation, including issues associated with poverty and systemic institutionalized racism.

Due to the various academic achievement and financial struggles the District has faced, the State of Michigan has intervened in the District over the past five years, seeking to assist the District in efforts to create a turnaround strategy for the District. In 2014, the District entered into a Consent Agreement with the State Treasurer to address the District's financial situation, which the State Treasurer declared was no longer necessary and released the District from the Consent Agreement in November 2018. In May 2017, the District entered into a Partnership Agreement with the Michigan Department of Education to address academic deficiencies in three of the District's schools ("Partnership Agreement"). In July 2018, the District entered into a Cooperative Agreement with MDE via the State School Reform Officer / Redesign District (SSRRD), which was intended to address on-going issues with academic performance and turnover of administrative personnel as well as terminate the Partnership Agreement ("Cooperative Agreement"). Section 3 of the Cooperative Agreement required the CEO to adopt and implement a five-year strategic plan for the District to stabilize the District and to improve the academic performance and growth of students in the District, and this five year strategic plan was required to be approved in writing by the SSRRD. To date, neither the CEO nor the SSRRD has provided the School Board with a copy of the five year strategic plan required by Section 3 of the Cooperative Agreement, despite repeated requests. Pursuant to Section 7 of the Cooperative Agreement, the term was established as a five year term, beginning on July 1, 2018 and remaining effective until June 30, 2023.

In December 2018, the State Legislature repealed Section 1280c of the Revised School Code, by virtue of 2018 PA 601, which was given an effective date of June 30, 2019. Section 1280c of the Revised School Code pertained to the identification of the lowest achieving 5% of public schools and created the State School Reform Officer / Redesign District. Therefore, as of July 1, 2019, the SSRRD ceased to exist.

During the Spring of 2019, representatives of the District met numerous times with representatives of the State, including representatives from the Governor's office, the Michigan Department of Treasury, and the Michigan Department of Education to discuss a plan for moving forward once 2018 PA 601 took effect and the State School Reform Officer / Redesign District ceased to exist. Since May 24, 2019, the Governor's Office and the Board have exchanged written plans to address the academic and financial struggles of the District, each with the common-goal of putting the students of the Benton Harbor Area Schools first.

The Board recognizes that there are significant academic and financial struggles facing the District, and appreciates the State officials' support in helping the Board turnaround the District. The Board desires to continue to collaboratively work with State officials to that end, and offers this proposed plan.

PROPOSED AGREEMENT

The Board / District has previously entered into a Consent Agreement with the Department of Treasury (which former State Treasurer Nick Khouri released the District from on November 7, 2018, stating that the District had complied with the requirements of the Consent Agreement) to address the financial emergency within the District.

The Board / District has also previously entered into agreements with MDE to address academic deficiencies within the District. The Board entered into a Partnership Agreement with MDE to address three of its schools in May 2017.

Most recently, in July 2018, the Board agreed to give up local control over the District as part of a Cooperative Agreement with MDE. The Board / District entered into a five year agreement with MDE, through the State School Reform Officer / Redesign District, which per the terms of the Cooperative Agreement was to remain in effect until June 30, 2023. As part of the Cooperative Agreement, the CEO was required to adopt and implement a five-year strategic plan to stabilize the District and to improve the academic performance and growth of students within the District. That five-year plan was required be approved in writing by the SSRD. The State Legislature impaired this five-year contract by repealing Section 1280c of the Revised School Code, thereby eliminating the SSRD.

The Board proposes that the District enter into a minimum four-year agreement with the appropriate State agency or officials (i.e., Department of Treasury and the Department of Education) to address the continued academic and financial struggles facing the District. The proposed Agreement should give the District the opportunity to stabilize its enrollment and financial situation and begin seeing academic improvements.

The proposed Agreement will provide for all of the following.

General Local Control and Accountability

- BHAS Board of Education will have full local control and will operate the entire BHAS K-12 school district.
 - Because the threat of shutting down Benton Harbor High School has resulted in the adverse effect of parents seeking to enroll their school-aged children outside of the District, the proposed Agreement must provide that both the Board and the State are committed to keeping Benton Harbor High School open for a minimum of four years. The proposed Agreement must provide that if the District meets its annual benchmarks (e.g., 12-month, 24-month, 36-month, 48-month), then the four-year commitment to keep Benton Harbor High School open will continue to roll-over annually, so that students who enroll in BHAS as a freshman know that they will be able to graduate as a Tiger.
- BHAS Board will have full control over all BHAS property and buildings, including the approval of any lease or sale.
- BHAS Board will be responsible to ensure District compliance with the Revised School Code.

- BHAS Board will continue to work closely with the Department of Treasury to actively monitor and address the District's debt and financial position, and to comply with any and all Enhanced Debt Elimination Plan (EDEP) requirements.
- BHAS Board will continue to work closely with MDE to address student academic performance each school year.
- Parties may agree to utilize the services of an independent, third-party consultant who is mutually agreeable to all parties and who has experience in implementing effective turnaround strategies for urban school districts.

BHAS Leadership and Accountability

- BHAS Board will hire a Superintendent for the District who is highly qualified and meets all the requirements contained in the Revised School Code for a superintendent.
- BHAS Board will hire a Chief Financial Officer (CFO) or Finance Director who is highly qualified and meets all of the requirements contained in the Revised School Code and State Aid Act for such a position.
- BHAS Board will ensure that all building administrators are highly qualified and meet the requirements for the administrative positions for which they are hired.
- BHAS Board members will receive leadership training from the Michigan Association of School Boards (MASB), which training shall be paid for by grant funding, philanthropic funding, or an in-kind donations.

BHAS Academic and Student Performance

- BHAS will continue to implement a consistent, evidence-based curriculum across K-12, including regular and appropriate professional development for the District's instructional staff. The costs associated with providing the professional development may be paid for by grant funding, philanthropic funding, or in-kind donations.
- BHAS will continue to work to increase the number of certified teachers who are hired by BHAS, especially in the areas of English Language Arts and Math. The parties acknowledge that this is affected by the following factors:
 - National teacher shortage, specifically in areas of math, science, and special education
 - State of Michigan trends
 - Instability of the District and Non-competitive Wages Offered
 - Additional funding provided by State to enable District to recruit and retain certified teachers and staff by providing a competitive compensation package
- As possible given budget constraints and availability of additional funding, BHAS will seek to increase the compensation package for teachers and administrators, with the goal of reaching compensation packages that are commensurate with the Berrien RESA average as soon as is financially responsible, as determined by the parties to the proposed Agreement.
- BHAS will continue to work to decrease the percentage of long-term substitute teachers used to provide regular instruction to the District's students in lieu of certified teachers.

- BHAS will continued to implement an appropriate teacher and administrator evaluation system that complies with the Revised School Code.
- BHAS will continue to work to increase student achievement as determined by both student growth and proficiency.
- BHAS will continue to work to ensure all instructional staff and administrators are trained in the use of restorative practices, with the cost of such training to be paid for by grant funding, philanthropic funding, or in-kind donations.
- BHAS will continue to work to decrease the percentage of students who are subjected to disciplinary measures that result in the student being suspended or expelled from school.
- BHAS will continue to work to decrease the percentage of students who are deemed truant.
- BHAS will continue to work to resolve any outstanding special education discipline compliance issues that were remaining at the end of the 2018-19 school year.
- BHAS will work to ensure annual resolution of unresolved special education discipline compliance issues.

BHAS Financial Accountability

- BHAS will adopt, implement, and maintain a sound financial and operating plan for the District.
- BHAS will adopt an annual balanced budget that complies with the Revised School Code, the Uniform Budgeting and Accounting Act, and any other applicable law.
- BHAS will submit an Enhanced Deficit Elimination Plan (EDEP) if the State Treasurer requires an EDEP to be submitted, and will enter into a financial recovery agreement with the State Treasurer if deemed necessary by the State Treasurer.
- BHAS will allow the appointment of a local auditor, if the Department of Treasury determines a local auditor is necessary. The cost associated with a local auditor will be paid for by state funding, grant funding, philanthropic funding, or in-kind donations.
- BHAS will continue to work closely with the Department of Treasury to proactively and productively monitor and address the District's financial position during the 2019-20 school year and any other years during the term of the Agreement which the Department of Treasury believes is necessary.
- BHAS will continue to work to reduce the percentage of the District's budget that is used for non-instructional expenditures.
- BHAS will continue to plan for and proceed with sales of real estate of vacant BHAS properties, as the Board determines appropriate.
- BHAS will establish a 5-year plan for use of District Sinking Funds.
- BHAS will engage in significant student recruitment efforts, seeking to stabilize and increase enrollment.
- State officials will assist the District with applying for any and all available grant funding.

GOALS AND BENCHMARKS

Goal Area	12 Month Benchmark	24 Month Benchmark	36 Month Benchmark	48 Month Benchmark
<i>Student Academic Performance</i>				
Reading - NWEA	42% of students will meet their growth target	45% of students will meet their growth target	48% of students will meet their growth target	51% of students will meet their growth target
Math - NWEA	33% of students will meet their growth target	34% of students will meet their growth target	35% of students will meet their growth target	36% of students will meet their growth target
Reading – PSAT/SAT	0.5% of students will be proficient	1% of students will be proficient	1.5% of students will be proficient	2% of students will be proficient
Math – PSAT/SAT	0.5% of students will be proficient	1% of students will be proficient	1.5% of students will be proficient	2% of students will be proficient
Reading - MSTEP	3% of students will be proficient	4% of students will be proficient	5% of students will be proficient	6% of students will be proficient
Math - MSTEP	3% of students will be proficient	4% of students will be proficient	5% of students will be proficient	6% of students will be proficient
<i>Student Wellbeing and Positive Behaviors</i>				
Suspensions	8% decrease from 2018/19 SY	15% decrease from 2018/19 SY	23% decrease from 2018/19 SY	30% decrease from 2018/19 SY
Expulsions	12% decrease from 2018/19 SY	20% decrease from 2018/19 SY	30% decrease from 2018/19 SY	50% decrease from 2018/19 SY
Truancy	3% decrease from 2018/19 SY	4% decrease from 2018/19 SY	8% decrease from 2018/19 SY	12% decrease from 2018/19 SY
<i>Professional Staffing</i>				
<p>*These Benchmarks are Affected by</p> <ul style="list-style-type: none"> • The national teacher shortage research, specifically math science and special education • State of Michigan trends • Instability of the District • Non-competitive Wages Offered <p>Because the following benchmarks are affected by or dependent on certain factors that may be beyond the control of the District, including the overall economy, these benchmarks may need to be modified or adjusted over the course of the agreement to reflect the impact of such factors.</p>				
*Retain certified staff (not including retirees)	15% will be retained in next school year	30% will be retained in next school year	60% will be retained in next school year	75% will be retained in next school year

Advisory and Preliminary to a Final Determination

*Add certified teachers to replace retired teachers	10% will be replaced by certified teacher	20% will be replaced by certified teacher	40% will be replaced by certified teacher	60% will be replaced by certified teacher
*Recruit and retain long-term subs who are enrolled in a credentialed or certification program to remain in the district	10% of long term subs will be enrolled in program	25% of long term subs will be enrolled in program	50% of long term subs will be enrolled in program	60% of long term subs will be enrolled in program
*Require long-term subs to attend Long-Term sub academy throughout school year	20% of long term subs will attend academy	40% of long term subs will attend academy	60% of long term subs will attend academy	90% of long term subs will attend academy
*Improve school leaders knowledge and ability to monitor and provide feedback regarding implementation of curriculum, assessment, instructional practices, and data collection, management and use	10% of school leaders will agree or strongly agree (using a self-assessment survey)	30% of school leaders will agree or strongly agree (using a self-assessment survey)	45% of school leaders will agree or strongly agree (using a self-assessment survey)	60% of school leaders will agree or strongly agree (using a self-assessment survey)
*Ensure all staff have opportunity for leadership roles within the District.	8% of certified staff will agree or strongly agree (using a self-assessment survey)	17% of certified staff will agree or strongly agree (using a self-assessment survey)	20% of certified staff will agree or strongly agree (using a self-assessment survey)	25% certified staff will agree or strongly agree (using a self-assessment survey)
*Improve knowledge and ability of school leaders to plan,	10% of school leaders will agree or strongly agree	18% of school leaders will agree or strongly agree	27% of school leaders will agree or strongly agree (using a self-	45% of school leaders will agree or strongly agree (using a self-

<p>allocate resources and implement processes to support teaching and learning.</p>	<p>(using a self-assessment survey)</p>	<p>(using a self-assessment survey)</p>	<p>assessment survey)</p>	<p>assessment survey)</p>
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BHAS BOARD OF EDUCATION ROLE AND ACTIONS TO BE TAKEN TO MEET BENCHMARKS AND GOALS:

- School Board will enter into a multi-year (minimum of four years) agreement approved by the Michigan Department of Treasury and the Michigan Department of Education.
- All School Board members will complete the board member training provided by the Michigan Association of School Boards (MASB).
- All School Board members will abide by the School Board-approved norms and protocols, facilitated by MASB, during all meetings (including all open and closed sessions) and during all interactions outside of these meetings.
- School Board will create a Professional Development Plan (PDP) for the School Board members, incorporating the goals set forth by the MASB training.
- School Board will ensure that all protocols adopted by the School Board (i.e. communication, handling complaints, etc.) are aligned to an approved School Board policy.
- All School Board members will abide by all existing School Board and District policies, protocols, and procedures.
- School Board President or designee will align all School Board meeting agendas to major responsibilities of the School Board as outlined by MASB: goal setting; policy; designating and evaluating superintendent; budget; curriculum; facilities; and community relations.
- School Board will create a timeline as a School Board, with proper assistance (i.e. NEOLA representative, MASB coach, or board member from a neighboring district or ISD) for updating existing School Board policies to ensure the efficient and effective governance of the school district.
- School Board will revise the existing School Board policies according to the timeline determined by the School Board.
- School Board will include the school district’s goals and benchmarks (i.e., the student achievement, student well-being, and leadership capacity benchmarks in this document) as part of the Superintendent’s annual performance evaluation goals.
- School Board will create and approve a School Board policy outlining a code of conduct for School Board members along with corrective accountability measures.
- School Board will formalize, publish, and implement a research-based Board of Education evaluation process and superintendent evaluation process.
- School Board will explore shared services with neighboring school districts and/or Intermediate School Districts (ISD), in consultation with any Treasury Consultant and MDE Liaison, to maximize use of district resources to support the successful implementation of District’s goals.
- Board will continue to explore collaborative partnerships with state colleges and universities to address, among other issues, teacher-certification, teacher mentoring, student mentoring, and other potential partnerships.

- Board will continue to explore collaborative partnerships with the local faith-based community to address, among other issues, student mentoring relationships, homeless services, and other potential partnerships.
- Board will continue to explore collaborative partnerships with other community organizations to provide wrap-around services to students enrolled in the District and their families.

BHAS SUPERINTENDENT ACTIONS TO BE TAKEN TO MEET BENCHMARKS AND GOALS

- Superintendent will work with any MDE Liaison to ensure the successful implementation of the proposed Agreement.
- Superintendent will coordinate regular check-ins with partners to establish progress on proposed Agreement on mutually agreed-upon dates and times.
- Superintendent will lead the district leaders and school leaders in the actual implementation of the proposed Agreement.
- Superintendent will communicate the proposed Agreement goals and student achievement targets to School Board members, leaders, staff and community throughout the life of the Agreement, which includes, but is not limited to, at least a monthly update at regularly-scheduled School Board meetings.
- Superintendent will serve as chief overseer of the proposed Agreement.
- Superintendent will direct, supervise and be accountable for the strategies and interventions included for academic/instructional progress in the proposed Agreement.
- Superintendent will direct, supervise and be accountable for the strategies and interventions included for student well-being and positive student behavior in the proposed Agreement
- Superintendent will monitor and adjust interventions and strategies based on frequent review of student academic and behavioral data.
- Superintendent will seek to recruit certified teachers (especially in the areas of ELA and Math) and administrators.
- Superintendent will oversee the evaluation system for teachers and administrators to ensure progress toward highly effective ratings for both.
- Superintendent will work with service providers and district staff to employ qualified and certified staff needed to implement strategies and interventions of the proposed Agreement and the operation of BHAS schools and district.
- Superintendent will participate in professional learning and networking opportunities offered throughout the State of Michigan to gather ideas for the successful implementation of the proposed Agreement.
- Superintendent will plan to open or reopen of one or more magnet schools within the District for the 2020-21 School Year.

MDE ACTIONS TO BE TAKEN TO MEET BENCHMARKS AND GOALS

- MDE will appoint a Liaison to serve as primary point-of-contact for MDE and the District.
- MDE and the Liaison will work with the Superintendent and staff to ensure the successful implementation of the proposed Agreement.
- MDE will garner additional support from key personnel and offices within the MDE, other

- partners and other state agencies to successfully reach the proposed Agreement goals.
- MDE will identify barriers to the proposed Agreement and work collaboratively with the Superintendent to eliminate or minimize these barriers.
 - MDE will facilitate discussions and meetings related to the proposed Agreement.
 - MDE will participate in regular check-ins (not less than quarterly) with partners to discuss progress on the goals and benchmarks.
 - MDE will provide technical assistance to support the successful implementation of the proposed Agreement goals and benchmarks.
 - Liaison will attend District School Board meetings to collaboratively present with the Superintendent updates on the implementation of the proposed Agreement.
 - MDE will provide opportunities for support and resources to the District to help implement the proposed Agreement, subject to availability of funds (i.e. NWEA, open source materials)
 - MDE will assist and ensure the District receives any available Regional Assistance Grant funds, any available Technical Assistance Grant funds, and any other grant funds that may be available, including but not limited to Partnership District Grant funds under Section 21h of the State School Aid Act.

NEXT LEVEL ACCOUNTABILITY MEASURES

- A) If the District fails to meet the 24-month benchmarks and goals, MDE may impose the following mutually agreed upon measures:
- 1) The State Superintendent will consult with the State Treasurer to determine whether or not the failure to meet a particular benchmark constitutes a breach of the proposed Agreement.
 - 2) If the District has evidence of increases toward the 24 month benchmark, although not all benchmarks were met, the following will occur:
 - i) District representatives, MDE representatives, and Treasury representatives will meet to debrief successes and opportunities for growth regarding the implementation of the proposed Agreement.
 - ii) The actions necessary to meet the 36 month benchmarks, along with who is responsible and accountable (District, Superintendent, MDE, Treasury) for those actions will be clarified during the aforementioned discussion.
 - 3) If the District does not meet the 24-month benchmarks, the District must consider a drastic teacher and administrator reconfiguration, placing the strongest teachers in those schools with the greatest academic need, and giving compulsory training to those teachers who were reassigned due to poor student outcomes, effective the following school year.
 - 4) If MDE determines that the District is not making reasonable progress toward the goals and benchmarks, the State Superintendent, the MDE Liaison, and District Leadership will consider what additional supports are needed to meet the 36-month goals and benchmarks, as may be determined by mediation if requested by any party to the proposed Agreement.
- B) If the District fails to meet the 36-month benchmarks and goals, MDE may impose the following mutually agreed upon measures:
- 1) The State Superintendent will consult with the State Treasurer to determine whether or not the failure to meet a particular benchmark constitutes a breach of the proposed Agreement.
 - 2) If the District has evidence of increases toward the 36-month benchmarks, although not all benchmarks were met, the following will occur:

- i) District representatives, MDE representatives, and Treasury representatives will meet to debrief successes and opportunities for growth regarding the implementation of the proposed Agreement.
 - ii) The actions necessary to meet the 48-month benchmarks goals, along with who is responsible and accountable (District, Superintendent, MDE, Treasury) for those actions, will be clarified during the aforementioned discussion.
 - iii) If the proposed Agreement is to be extended, subsequent actions along with who is responsible and accountable (District, Superintendent, MDE, Treasury) for those actions, will be clarified during the aforementioned discussion.
- 3) If the District does not meet the 36-month benchmarks, the District must consider a drastic teacher and administrator reconfiguration, placing the strongest teachers in those schools with the greatest academic need, and giving compulsory training to those teachers who were reassigned due to poor student outcomes, effective the following school year.
 - 4) If MDE determines that the District is not making reasonable progress toward the goals and benchmarks, the State Superintendent, the MDE Liaison, and District Leadership will consider what additional supports are needed to meet the 48-month goals and benchmarks, as may be determined by mediation if requested by any party to the proposed Agreement.
 - 5) If MDE determines that the District is not making reasonable progress toward the goals and benchmarks, the State Superintendent will be-to assign a CEO to the schools identified in the proposed Agreement.
- C) If the District fails to meet the 48-month benchmarks and goals, MDE may impose the following mutually agreed upon measures:
- 1) The State Superintendent will consult with the State Treasurer to determine whether or not the failure to meet a particular benchmark constitutes a breach of the proposed Agreement.
 - 2) If the District has evidence of increases toward the 48-month benchmarks, although not all benchmarks were met, the following will occur:
 - i) District representatives, MDE representatives, and Treasury representatives will meet to debrief successes and opportunities for growth regarding the extension or termination of the proposed Agreement.
 - ii) If the parties agree to extend the proposed Agreement, the actions necessary to meet the mutually established future benchmarks goals, along with who is responsible and accountable (District, Superintendent, MDE, Treasury) for those actions, will be clarified during the aforementioned discussion.
 - 3) If MDE determines the District is not making reasonable progress toward the goals and benchmarks, the State Superintendent will consider whether or not the schools need to be closed and reconstituted.

FINANCIAL ACCOUNTABILITY AND FINANCIAL SUPPORT – DEBT ELIMINATION PLAN

Background Financial Data:

- Based upon the financial data compiled by the out-going State of Michigan appointed CEO, the BHAS 2018/19 budget is positive by \$3,240, with General Fund Total Revenue of \$28,827,557 and General Fund Total Expenditures of \$28,824,317

- Of those revenues, approximately \$150,000 are “one time” funds associated with property sales, gifts, etc.
- Of those expenses, \$1,146,113 are costs associated with “long term debt”
- Based upon the financial data compiled by the out-going State of Michigan appointed CEO, the BHAS 2019/20 budget is positive by \$22,198, with General Fund Total Revenue of \$25,282,089 and General Fund Total Expenditures of \$25,259,891
 - Of those revenues, approximately \$300,000 are “one time” funds associated with property sales, gifts, etc.]
 - Of those expenses, \$444,263 are costs associated with “long term debt”
- BHAS’s current long term bond debt consists of:
 - 2002 Local Government Loan Program Revenue Bonds (\$420,000 current principal)
 - 2007 Local Government Loan Program Revenue Bonds (\$520,000 current principal)
 - 2012-13 Amended and Restated ELN (\$515,000 current principal)
 - 2013-14 Amended and Restated ELN (\$1,230,000 current principal)
 - 2014-15 Amended and Restated ELN (\$1,400,000 current principal)
 - 2015-16 ELN (\$3,300,000 current principal)
 - 2016-17 ELN (\$4,400,000 current principal)
 - Net total principal long term bond debt outstanding: \$11,785,000
- In February 2019, RWBaird advised the district that in 2019 the combined principal and interest for the above obligations would total \$566,009. For 2020, it would total \$909,997. For 2021, it would total \$913,150, and for every year from 2022 through 2032, it would be a bit more than \$1 million each year. For each year that some or all of the above debt is retired early, the district realizes a “financing stability dividend” that contributes to the respective year’s budget.
- Current General Fund deficit as of June 30, 2019: (\$4,422,143)
- 2018 State Aid Note: \$6,300,000 (principal only)
- Proposed 2019 State Aid Note: \$5,280,000
- Proposed 2019 Tax Anticipation Note: \$3,360,000

Debt Elimination Proposal

In the nature of a partnership, and given the mixed control over the district affairs between the state and the Board over the past years, the district proposes that both the State and BHAS would provide equal contributions that combined would equal the approximately \$17 million necessary to resolve both the outstanding long term bond debt and the current general fund deficit, with each contributing approximately \$8,500,000.

District contribution:

- Seek voter approval (likely in March 2020) of a bond issue in the amount of approximately \$8.5 million, issuable in one or more series of school financing stability bonds
- If approved by voters, bond proceeds would be used to off-set General Fund deficit of approximately \$4.4 million

- If approved by voters, bond proceeds would be used to retire the entire 2012-13, 2013-14 and 2014-15 ELNs
- Any remaining bond proceeds would be used to partially retire the district's then existing SAN and/or TAN

State Contribution

- Provide a total contribution in excess of the funding already anticipated for the district under the proposed 2019 state aid budget in the amount of \$8.5 million, payable in three installments as described herein
- Special appropriation would be used to retire the entire 2002 Bonds, the 2007 Bonds, 2015-16 and 2016-17 ELNs
- The state's first contribution shall be paid as a part of 2019/20 state school aid, with the first contribution of \$3 million that shall be received by not later than November 1, 2019, to permit timely payment of debt service on the above-referenced obligations.
- The state's second contribution portion, in the amount of \$3 million, shall be payable not later than November 1, 2020, and shall be payable provided the district achieves the 12-month benchmarks and provided the electors of the district approve the issuance of school financing stability bonds.
- The state's third and final contribution portion, in the amount of \$2.5 million, shall be payable not later than November 1, 2021, and shall be payable provided the district achieves the 24-month benchmarks and provided the electors of the district approve the issuance of school financing stability bonds.

Impact

- The district realizes the "financing stability dividend" in the first year (2019/20). Because of the staggered proposed contribution from the state, the district will likely realize a substantial portion, but not all, of the first year's possible \$556,009 dividend. However, even if only 65% of that dividend is realized, the district has \$360,000 to put toward hiring certified full time teachers to replace current long-term substitutes.
- In 2020/21, provided the district achieves its benchmarks and the second state installment is received, the district will likely realize the substantial portion (85-90%) of the projected \$909,997 "financing stability dividend", which would provide additional funding sufficient to hire additional full time teachers and to pay them a compensation package commensurate with the Berrien RESA average.
- Notably, the district's current EDEP contemplates the long-term debt remaining in place. Under that plan, the district projects that by 2023-24 it will have a fund balance deficit of only -\$144,584. In addressing the long-term debt issue as described above, the district is equipped to raise the educational standards of the district as described elsewhere in this plan. The EDEP contemplated for the 2018/19 ending balance to be (\$4,634,154), which is very close to the actual end of year budget revision for 2018/19 of (\$4,422,143), lending strength to the EDEP's reliability.