

Date: Wednesday, February 4, 2015
To: Members of the House Committee on Financial Liability Reform
Re: House Bill 4059

Thank you Chairman and Members of the Committee.

My name is Lisa Hansknecht, and I'm the Director of Government Relations and Pupil Services for Oakland Schools. I am pleased to testify today in support of the Representative Hughes's bill - House Bill 4059.

I will focus mostly on one area impacted by this legislation: the need for people to work in Business, HR, and Technology services for districts in Consent Agreements, under Emergency Managers or who find themselves in a Financial Deficit.

The following is from the Pontiac Consent Agreement:

The District will, with the approval of the Treasurer, enter into an agreement or cooperative arrangement with another entity, public or private (an "Alternate Service Provider"), as part of performing the functions of the District authorized under Section 11a(4) of The Revised School Code, 1976 PA 451, MCL 380.11a(4). The District must first consider and attempt to reach an agreement or cooperative arrangement with the ISD. If the District enters into an agreement or cooperative arrangement with an intermediate school district, the agreement or cooperative arrangement will provide for the provision of services (Business, HR and Technology) on a cost-recovery basis, including legal costs and other indirect costs, where the intermediate school district provides services to the District.... [Emphasis added.]

1. Districts in a Consent Agreement are being required by the Treasury to obtain Business and HR services from another entity and in the case of Pontiac - from the ISD.
 - a. Attracting experienced, talented people to work in a district which the Governor has declared to be in a state of financial emergency is extremely difficult.
 - b. Clearly the positions are risky and may not be long term BUT - they need the most experienced administrators who can tackle the huge array of problems.

- c. There are retirees who could fill the needs of such districts when normal recruiting efforts fail.
2. The same is true of districts which have been in deficit for more than one year.
 - a. Talent and experience are in particular need for Business, HR, Technology, and other support functions such as Facility Maintenance Management.
 - b. Oakland Schools now has an Interim Director of Business assigned full time to a district whose deficit more than doubled last year.
 - c. His last day is in late March due to the earnings limit for retirees.
 - d. Finding a qualified person for this challenging position will be extremely difficult and further exacerbate the instability already present in this school district.
3. Finally, there is one other area of need. We have contractors who work with priority schools in leadership, school improvement and content area coaching roles.
 - a. Each of these roles were previously part of the critical shortage list.
 - b. Depending on the person, the school and the identified needs that change each year, not having this legislation going forward will negatively impact the coaching support that can be provided to our most challenged schools.
 - c. As a result, some schools will have a reduction in coaching support and/or we will not be able to hire the critically needed coaches.
4. It is important to note that under this bill, the School Districts pays 20.96% of wages to MPSERS to cover the stranded costs of retirees brought back to augment full time staff.
 - a. Thus, there is no financial incentive to choose a retiree if there is someone else.
 - b. And no new stranded costs from hiring a retiree over a new hire if there were one available and willing.

We now have an interim administrator in Hazel Park and an administrator in Pontiac who will leave us soon if this does not pass, further impacting the stability of the financial situations in these districts.

We support this legislation and ask that you move it quickly. Thank you for the opportunity to testify today.