

# School aid payout leaves state in quandary

BY TIM RICHARD  
STAFF WRITER

State lawmakers are at a stalemate in paying off school districts which won the so-called Durant case.

The courts had the easy job. After 17 years, the Michigan Supreme Court in mid-year decided the state owed \$211 million to 84 mostly suburban school districts for shorting them on special education and other categories of school aid.

The hard parts left to the Legislature are: 1) how to pay off winners of the suit; 2) how to pay off several hundred other districts which could file claims that could total \$768 million.

## Senate plan

As of Oct. 1, Senate Republicans had passed Gov. John Engler's plan on a 21-16 party-line vote.

Pay off the Durant case winners in three annual install-

ments, pay off the other claims in one lump sum by floating a 15-year, \$768 million bond issue, and using the school aid fund to make the bond payments. Schools would be required to use the bond proceeds for technology and infrastructure rather than salaries.

"A dangerous shell game," said Senate minority leader John Cherry, summing up the Democrats' criticism.

"We are guaranteeing every school district will get more money," said Senate majority leader, summing up the Republicans' case.

Democrats lost a series of amendments, nearly all on party-line votes, that would have handled things differently:

■ Sen. Alma Smith, D-Salem, sought to pay off the 84 Durant case winners in one lump sum by taking about one-sixth of the \$1.2 billion budget stabilization ("rainy day") fund.

"At least we give the Durant plaintiffs their money up front,"

said Smith, a former South Lyon school board member.

"For the life of me," said Sen. Gary Peters, D-Bloomfield Township, "I can't say why they shouldn't get it up front all at once."

Durant case winners include Birmingham, West Bloomfield, Farmington, Novi, Walled Lake, South Lyon, Huron Valley and Troy in Oakland County; Livonia, South Redford, Northville and Plymouth-Canton in Wayne County; and Waverly in Eaton and Ingham counties.

■ Sen. Joe Conroy, D-Flint, sought to drop the \$768 million bond issue and make 10 annual payments of \$77 million a year. He sensed a plot by Engler to make campaign capital by giving those districts a single lump sum just before the 1998 election.

"It saves a whole lot of interest payments," said Sen. Don Koivisto, D-Ironwood.

The Democrats' amendment would dip into the rainy day fund to make the payments

rather than cut into the school aid fund.

"We'd be reducing the budget stabilization fund by half when it isn't a rainy day," said Sen. Mike Bouchard, R-Birmingham.

"And it would be binding future legislators that may not feel bound by the obligation," he added, pointing to modern Legislatures' decision against helping out bond payment on the Pontiac Silverdome.

Peters branded the GOP plan as unfair because "The ones with the most legitimate argument get their money over three years, but the non-plaintiffs get it up front..."

The plan in SB 52 (the GOP bill) will take from the school aid fund. These districts will pay for the bonds with their own money. The plaintiff districts will pay for them (bonds), too. It's a crazy setup. And the technology won't even last 15 years," Peters said.

"This is robbing Peter to pay Paul when Peter is already destitute," said Sen. George Z. Hart, D-DeARBorn.

■ Democrats fought an Engler-GOP plan to fund school employees' pensions by assuming state investments would earn 8.5 percent instead of 8 percent in the securities market.

When Democrats said the stock market boom wouldn't last forever and more of the pension burden would be shifted to local districts, Republicans replied that Democratic Gov. James Blanchard used a 10 percent assumption in the 1980s.

## House plan

The House, on a bipartisan 103-0 vote Sept. 25, repassed an appropriations bill restoring the full \$252 million for "at-risk" students vetoed in August by Gov. Engler.

Engler and the Senate favor restoring \$232 million this year (fiscal 1998, which began Oct. 1) and adding \$20 million next year for a total of \$252 million.

Rep. Greg Kaza, R-Rochester Hills, said the House plan is bet-

ter for the Durant case plaintiffs in his legislative district — Avondale, Rochester and Troy.

"We're more independent," he said of the bipartisan House vote.

The battle over Durant case settlement becomes more complicated than normal.

Usually, when the two chambers pass different versions of the same bill, the two versions are sent to a conference committee — three senators and three representatives.

This time, however, the chambers have passed different bills. It's more likely the bills will go to an informal group known as the Quadrant: Senate leaders Posthumus (R) and Cherry (D) and House Speaker Curtis Hertel (D) and minority leader Ken Sikkenma (R), with Engler likely sitting in.

## APPOINTMENTS

Several Oakland County residents have received state and national appointments.

On the state level, Gov. John Engler announced that G. Pegler, of Farmington Hills, has been named to the Michigan Tax Tribunal. Pegler most recently served as managing partner for Verencio, DiFalco and Ford, certified public

accountants. He is a member of the American Institute of Certified Public Accountants and the Michigan Association of Certified Public Accountants.

The governor also reappointed Marilyn Barnett, of Bloomfield Hills, to the Michigan Strategic Fund Board of Directors. Barnett is president and CEO of MARS Advertising in Detroit. She is

reappointed to represent women and small business.

At the national level, Oakland County commissioner Thomas A. Law (R-Bloomfield Hills, West

Bloomfield) was recently named as a member of the Justice and Public Safety Steering Committee of the National Association of Counties (NACCO).

NACCO members represent counties across the nation and meet several times a year to examine local government issues.

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