

March 29, 2011

TO: House School Aid Appropriations Subcommittee

RE: GOVERNOR'S BUDGET PROPOSAL FOR K-12 EDUCATION

FROM: Susan Zurvalec, Superintendent, Farmington Public Schools

Good Morning Chairman Rogers and members of the committee, My name is Sue Zurvalec. I am Superintendent of Farmington Public Schools, which covers both cities of Farmington and Farmington Hills, the largest city in Oakland County. Thank you for allowing me to testify today regarding the Governor's budget proposal and its impact on the Farmington Public Schools and all of Michigan's school children. Farmington Public Schools serves almost 12,000 students, pre-K to age 26. We have enjoyed the support of a community that strongly values high quality public schools. Our community is very diverse, Over 95 different languages are spoken by the students in our district. Our Zero English Newcomer Center programs are nationally recognized for English acquisition. We were recently named to the prestigious AP® Achievement List by the College Board, one of only 388 school districts in the nation, for increasing the enrollment of all students, especially minority students, in rigorous Advanced Placement classes, while maintaining or improving our AP test results. We're proud of our financial reputation that includes the national School Business Officials Meritorious Budget Award for the past 12 years, based upon our sound fiscal management practices. Our students are highly successful. More than 95% of our students graduate from high school and more than 95% of those students enroll in either two or four year colleges. All our teachers are highly qualified and highly skilled professionals.

We are keenly aware of the challenging effect of Michigan's economy and its impact on our state's budget. School districts across the state have been reducing costs and cutting programs for the last decade. Farmington Public Schools is no exception. As you weigh the impact of the Governor's proposal to

cut K-12 school aid by \$470 per pupil for the next two budget years, please consider that this proposed cut of \$470 does not tell the whole story. When combined with others cuts in categoricals, including bilingual education, declining enrollment, section 20J, and the increased cost of raising the retirement payroll tax for districts from 20.66% to almost 25% of payroll, the impact on our district is over \$1,000 per pupil or almost \$12 million!

K-12 funding was dramatically altered in 1994 with the implementation of Proposal A. In Proposal A, a covenant was established between our state government and the citizens of Michigan; such that local school districts would surrender their ability to ask their constituents for operating millage increases in return for a guarantee of equitable and appropriate funding from the State of Michigan. We believe strongly that the Governor's proposal to utilize School Aid to fund anything other than K-12 education is a violation of that covenant. We understand that the potential reduction in the School Aid Fund will be as high as \$1.4 billion, which would be a serious violation of the Proposal A covenant with multiple negative impacts on the quality and quantity of educational programs and student outcomes across our state.

The Governor has proposed that all districts become more efficient by implementing "best practices" in health care cost sharing, service consolidation and outsourcing of non-instructional services. Well, our district has been implementing these best practices, as well as making other reductions and efficiencies since 2002 that total almost \$50 million. This includes closing four elementary schools, one preschool center, and a district training center, consolidating schools and reconfiguring grades and programs, increasing class size, reducing or eliminating classroom and instructional supports, and administrative positions, as well as charging increased fees for athletics and extra-curricular programs. We've saved more than five million dollars through our energy management and conservation practices, as well as sharing services with other school districts, cities and agencies. Since 1994, we have self-funded all

our health insurance program to better control costs and maintain control over the policy holder. In our most recent contract negotiations, all Farmington staff agreed to concessions in health benefits through cost sharing and increased deductibles and co-pays totaling \$5 million, and salary reductions through unpaid furlough days and limited steps. Our Board of Education recently authorized administration to seek bids for non-instructional services; not because we don't value our employees, we do, but because of continued reductions in funding, we agree we must do everything possible to conserve our very limited financial resources for our core mission—teaching and learning in the classroom. Even though we have been fiscally prudent in managing our finances, unfortunately, losing \$12 million more dollars in available resources will, by necessity, cause a deleterious effect on classroom services for our students in the not too distant future.

The proposed cuts to K-12 education, while holding others harmless, demonstrates a lack of understanding that K-12 public schools accept all students without any ability to increase revenues. The Governor's proposal of putting community colleges and higher education into a redefined School Aid Fund does not account for their varying abilities to raise revenues, such as through tuition or voted millage increases.

I am also very concerned about the growing tension between state and national expectations, standards and many unfunded mandates; while at the same time, the state is diminishing its economic support provided to us to meet those demands. Continuing cuts to per pupil funding in K-12 education in Michigan makes it increasingly more difficult to meet all our students' needs amid growing expectations and mandates.

Finally, if we truly want a Michigan that creates new jobs and is an economic engine that attracts and retains talent, then I believe we need to invest in K-12 public education. Michigan's future depends on a well educated workforce that is

prepared to meet the challenges of the 21st century. We all know that strong schools are the backbone of strong communities and positively contribute to our quality of life and well being. How else can we ensure that our children are well prepared for college and the global workforce if the state continues to divest in its constitutional responsibility to educate all our children?

I believe if given the chance to work together, we can find creative solutions for our challenges, and at the same time, provide a stable and adequate revenue source to support strong K-12 educational programs to help build a brighter Michigan future. Reductions like the one currently proposed by the Governor aren't part of a solution, they are only compounding the state's problems and increasing the likelihood that talent will go somewhere else. Having high quality public schools is not partisan and needs a bipartisan solution.

I urge you to think long and hard about the ramifications of these budget decisions and keep the covenant of Proposal A for K-12 funding. Please also listen to those most affected by these decisions - our children. They need a voice at the table. Please be that voice. Don't cut funding for K -12 public schools.

Thank you for listening. I'd be glad to answer any questions.