

Tom,

Thanks for the opportunity to contribute to this important piece on MPSERS.

What matters to our families, our communities, our students and our teachers is that we are able to continue to provide a high quality education to the Ann Arbor Public School district community. The increasing cost of MPSERS is an important factor in how our district has experienced state funding as really a net decrease, rather than an increase.

The image below shows that the cost of MPSERS has way out-paced our revenue. Since 1999/00, MPSERS has grown 119% (through 2013/14). In this same period, our foundation allowance grew 8.68%. As you can see MPSERS costs are growing way faster than revenue.



On this same chart, we are also showing healthcare costs. AAPS capped healthcare costs in 2012, which significantly reduced our districts exposure to rising healthcare cost. Healthcare costs grew at 109% over the same period nonetheless.

None of these figures take into account the cost of inflation, but when we have done those calculations (using either US sources for the Detroit or US Consumer Price Index), we get a sense of how much inflation has grown over time. When we factor in inflation, the impact on inflation only relative to state funding shows that we are off by \$58 million relative to the funding level we had in 1994, when Proposal

A was passed. Said differently, if the foundation allowance for the AAPS had merely kept pace with inflation since Proposal A was enacted, we would have had \$58M more in revenue last year alone.

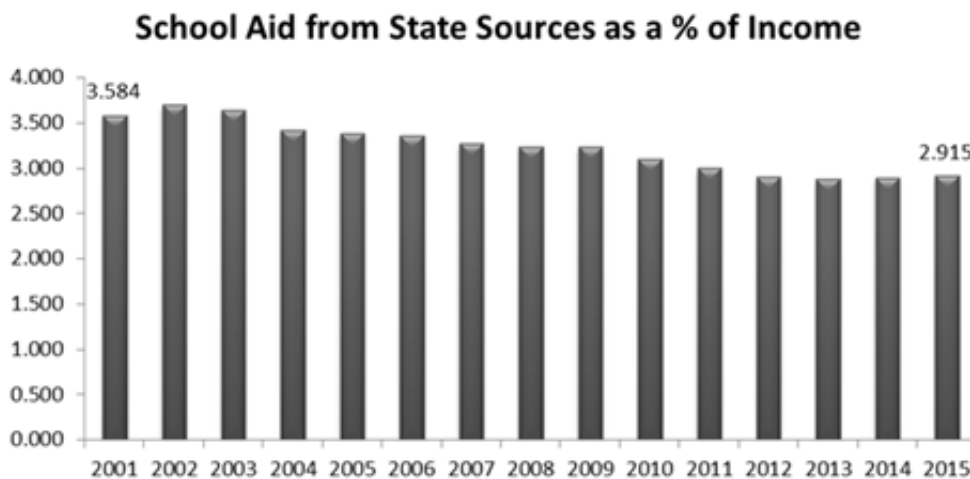
The burden of MPSERS and other costs (healthcare, inflation, etc.) affect all local school districts. While the state allocation in overall school-related expenses has gone up, what has effectively gone down is what we are able to contribute to our classroom settings. This is where there is an increasing gap in our funding reality.

What should be reported on for our constituents to make better sense of operational support (funding) for school districts is an inflation-adjusted foundation allowance that can be applied to the classroom. This figure should separate out the MPSERS funding requirements, as that cannot be applied to the classroom setting.

Michigan - all of us that live here and would like our children to be able to live here - needs to think differently about what is required to position Michigan vastly differently than our current trajectory. If we want Michigan to adequately and competitively prepare our youth for success in their adult lives, we need to start working with figures that matter: what we can apply to the actual education environment. I would love to see our state get serious about being a top 5 academic state with a 5 year timeframe to achieve that goal. Our economy depends on it.

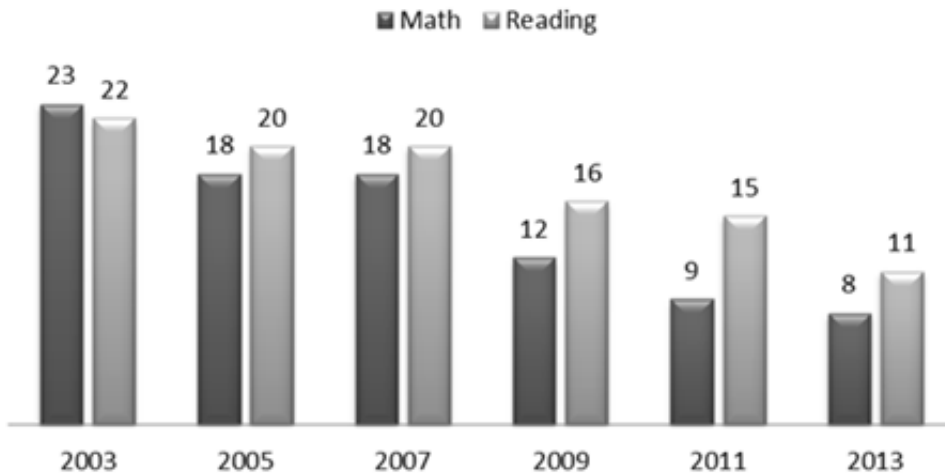
In the meantime, we continue our trajectory downward. Our statewide student performance has declined at roughly the same pace as our investment in education has declined. It depends on how we anchor this concept, but if you anchor the concept in something like % of personal income, you can see these trends mimic each other.

The image below shows how state level school aid has declined 19% since 2001.



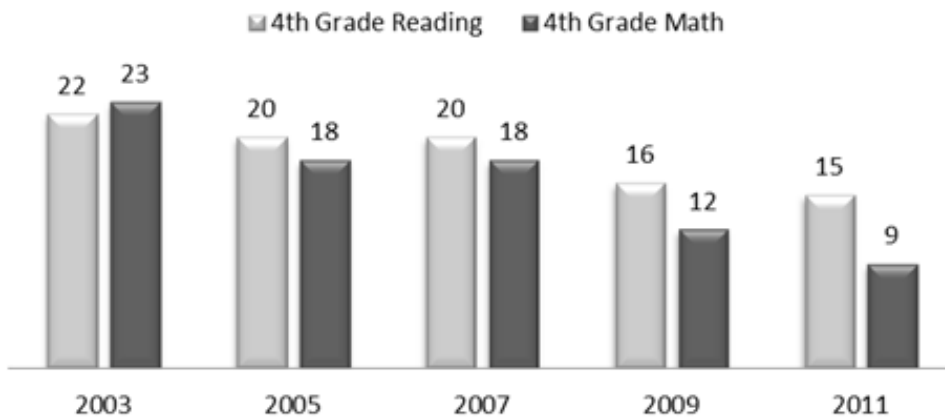
When we were tracking MEAP scores, our overall state performance declined as well:

Michigan MEAP Scores



Since there are limitations with tracking MEAP (1. we no longer use that test as we have switched to MSTEP for the next 5 years and 2. the scoring criteria changed over time), we can look at how many states Michigan outperforms on the NAEP test instead. Even here, we show a similar rate of decline in statewide student performance.

States that Michigan Outperforms on NAEP - 4th Grade



What matters to our families is that they can have confidence that their children will be well-prepared for their next step in life when they graduate from our public schools. In an increasingly national and global economy, we are increasingly moving away from being able to inspire this kind of confidence.

MPSERS costs are edging closer to 30%. Offsets are helpful, but we need more substantive reform in a more timely fashion. I recognize that some reform has occurred, but near term relief is not coming.

We need to put the pieces of the puzzle together in a way that positions Michigan the way that we all hope for Michigan: that it is the best place to live; that our children shouldn't need to leave here to create a wonderful life for themselves; that we can spend our lives here in a state that will continue to thrive at all levels. I would love to be able to tell that story!

Christine Stead
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Ann Arbor Public Schools

