



May 16, 2024

Members of the Michigan Legislature
Lansing

Dear Senators and Representatives,

Collectively, the undersigned represent classroom teachers, school board members, school administrators, school support staff, and other educators in every corner of the state. **We write to you today in support of maintaining all Section 147 allocations in the upcoming FY 2024-2025 budget, permanently lowering the cap of school contributions to reflect the full funding of the MPSERS OPEB Trust Fund and committing to continued reductions of this rate moving forward. We also call for the state to discontinue the requirement that school employees pay three percent of their salaries toward retiree health debt that has, through our collective sacrifice, been eliminated.** In our continuing effort to address the educator shortage, this legislative action has the potential to significantly enhance the educational experiences and outcomes for Michigan students, educators, and the broader educational community. It will provide vital benefits to students and educators in all school districts across Michigan while continuing to support the pension system.

For far too long, our K-12 educational system has been overshadowed by the consequences of risky financial decisions made decades ago by past elected officials. These decisions have resulted in substantial unfunded liabilities and debts, which compromised the stability of retirement and healthcare funds for our dedicated educators. **For over a decade, local school districts and educators have shouldered the cost of this mismanagement and collectively paid down this debt out of our own coffers and paychecks. This has stabilized the system, but at the cost of diverting funds that should enrich classrooms, improve student learning, and fairly compensate our hardworking educators.**

With the healthcare portion of the retirement fund on track to be fully funded, Michigan has a historic opportunity to rectify these past mistakes without imposing additional tax burdens on citizens or cutting other state programs.

Specifically, we believe state lawmakers can and should:

1. **Maintain all Section 147 allocations in the upcoming FY 2024-2025 budget,**
2. **Permanently lower the cap of school contributions by 7.06% to reflect the full funding of the MPSERS OPEB Trust Fund,**
3. **Commit to continuing to lower this rate in future budgets, and**
4. **Discontinue the requirement that school employees pay three percent of their salaries toward the MPSERS OPEB Trust Fund.**

This action would lower costs for schools immediately and into the future, freeing up an average of \$500 per pupil in essential resources that schools can invest directly into the programs and people that promote student success. This would both alleviate current financial pressures and reduce the expense of future investments by lowering the cost of hiring staff. In an industry where 85% of the costs are payroll, this will help recruit and retain the best educators for our students and create a more stable K-12 environment. Together, we can ensure sustainable educational investments, permanently improve the fiscal landscape of our schools, and thereby enhance the quality of education we offer to every student.

Furthermore, this decision would demonstrate a commitment to maintaining the integrity and stability of the retirement system, ensuring it continues to serve its purpose without placing undue financial strain on future generations. We urge you to view this not only as a fiscal decision but also as a moral imperative. Our students and educators should no longer have to bear the consequences of past policy errors. They deserve a fully funded, vibrant educational experience, which can only be achieved if we ensure our tax dollars are utilized in the classroom where they belong.

In conclusion, as you enter final negotiations on next year's School Aid budget, we urge you to **continue the full FY 23-24 Section 147 allocation, permanently lower the cap on school district and individual employee contributions toward now-resolved retiree health debt and commit to continued reduction of the payroll percentage that the state requires school districts to return to cover retirement obligations.** This action not only honors our commitment to current students and educators but also sets a precedent for responsible and equitable governance in K-12 public education funding.

Thank you for considering this historical and transformative opportunity to make a lasting impact on the lives of Michigan students.

Sincerely,

Chandra Madafferi, Michigan Education Association
Terrence Martin, AFT-MI
Peter Spadafore, Michigan Alliance for Student Opportunity
Dr. Tina Kerr, Michigan Association of Superintendents and Administrators
Don Wotruba, Michigan Association of School Boards
Wendy Zdeb, Michigan Association of Secondary School Principal
Robert Dwan, Michigan School Business Officials
Dr. John Severson, Michigan Association of Intermediate School Administrators
Paul Liabenow, Michigan Elementary and Middle School Principals Association
Abby Cypher, Michigan Association of Administrators of Special Education
Dirk Weeldreyer, School Equity Caucus
Dan Behm, Education Advocates of West Michigan
Robert McCann, K-12 Alliance of Michigan

CC: Gov. Gretchen Whitmer
Budget Director Flood
State Board of Education Members