

Letter to the Editor

As business people in the Ann Arbor community, we are writing this letter to show our firm support of the proposed Washtenaw Schools Millage proposal which will come to voters on November 3rd. We strongly urge you to vote *yes*.

No one wants a tax increase, especially at this time when, as a state and region, we face significant economic challenges. However, this millage is our *only* path for replacing the devastating State funding reductions in school aid this year and over the next several years – which are severely deeper than anyone expected.

State of Michigan funding for education is legislatively determined. To change the funding model requires legislative reform which we strongly support. But we can't afford to wait for this to occur. If we don't act now, our schools will suffer permanent damage...and so will the economic vitality of our community.

The Intermediate School District millage legislatively provides the only option under the current State funding model to supplement operating revenue. By law, up to 3 mills can be levied subject to voter support but the districts making up the Washtenaw Intermediate School District (WISD) chose to do only 2 mills at this time. They are unanimous in their request for this millage.

Ann Arbor Public Schools, and the other county districts, foresaw – and prepared for -- this cliff in state funding. This millage is a proactive approach to making sure our schools stay adequately funded while the state sorts out its financial crisis. In addition, Ann Arbor has reduced its annual budget by \$16 million over the past four years. The other area school districts have made similar cuts in their operating budgets before approaching voters in our community.

With the excellent leadership of Supt. Todd Roberts, Ann Arbor Public Schools has managed its finances responsibly and with foresight. In healthcare, the district has reduced the annual increase over the past five years to about 1.5% vs. a national increase on average in healthcare costs of 7% per year and in Michigan, on average 4% per year. Employees are contributing more toward their healthcare costs and the district has capped the amount it contributes to healthcare. Local school districts have no control over retirement benefit costs which are determined by the state (the retirement program is a defined benefit plan over which the district has no control).

Ann Arbor has made substantial cost cuts but our state funding crisis can only be solved with added revenue. Annual operating revenue has increased about 1.5% per year over the past five years while operating costs have increased about 5% per year. In fact, in Ann Arbor, we pay 45% less in education-related homestead taxes than we did in 1994. The millage is the only option available to raise revenue.

Strong schools are critical to a robust community. They attract families to the area as well as provide companies an incentive to locate their businesses here. According to a 2009 study (Cyberhomes), median home sale prices in zip codes with very high-rated schools, as ranked by GreatSchools, were 62% higher than those in zip codes with average schools and 92% higher than those with low-rated schools. Zip codes with top notch schools enjoy a 31% premium over the market.

Kalamazoo is one of three other communities in Michigan which has passed a similar millage. Kalamazoo has become a benchmark in economic development by strengthening their schools and continuing to attract new businesses to the area despite a failing economy.

If we don't pass the millage, those very elements that have earned the Ann Arbor Public Schools recognition will be at risk – Grammy awards for a strong music program, student performance well above the state average in many achievement measures, early childhood initiatives to diminish the level of literacy deficiency, sports programs and elementary libraries. Loss of teachers would result in class size increase and less personal attention at the elementary level, just where studies show it's critical. Consolidating schools runs the risk of losing pupils to private schools resulting in additional revenue losses.

Strong schools are the heart and engine of a strong community. They prepare our children and grandchildren for the 21st century realities. They attract companies and families to the area. We must act locally to help our schools stay strong. *The millage is our only option.* Please join us in voting yes on November 3rd and help keep our community vital and economically strong.

Norman Herbert
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