



June 26, 2025

Dear Speaker Hall,

I hope this message finds you well. I am writing to express my deep concern regarding House Bill 4577 and its potential detrimental impact on the schools in Kalamazoo County as well as the Kalamazoo Regional Educational Service Agency (KRESA), which falls within your legislative district.

The budget version passed by the House recently includes several significant changes that could severely affect our local education systems county-wide. Firstly, the budget proposes cuts to KRESA-wide programs, which will inevitably force districts to absorb the costs and result in the elimination of numerous programmatic and financial efficiencies that benefit many of our rural districts. This is particularly troubling for our smaller districts, which heavily rely on these services, including Career and Technical Education (CTE), early literacy, special education, and the Great Start Readiness Programs (GSRP).

Furthermore, the decision to roll certain Intermediate School District (ISD) categorical funding, such as Sections 56, 62, and 107, into the 22f payments, is highly problematic. These funds are designated for specific purposes and should not be distributed on a per-pupil basis. This reallocation disregards the unique needs of our districts and undermines the targeted supports these funds are intended to provide.

Additionally, the budget proposes collapsing the transportation categorical into the foundation. This change spreads the funding to districts that do not have similar, or in some instances, no transportation costs. Reallocating MPSERS savings paid by employees in our local districts to 22f funds also spreads these funds to Public School Academies (PSAs), many of which do not pay into MPSERS at all. These reallocations create inequities and fail to address the varying financial demands of different districts.

Moreover, the budget suggests a reduction in Michigan Public School Employees' Retirement System (MPSERS) spending by \$1.1 billion, with \$598 million of this reduction coming from reversing relief in the Unfunded Actuarial Accrued Liability (UAAL) rate. The proposed increase in the UAAL rate from 15.22% to 20.96% will impose a significant financial burden on districts, costing them hundreds of dollars per pupil. This shift will also require districts to shoulder a larger share of future MPSERS increases, further straining their already limited resources and hurting schools across the board.

The proposed budget also fails to account for normal cost increases, which will compound the financial challenges faced by our districts in future years. Given the substantial investment this community has made in creating a world-class CTE center for the students in Kalamazoo County, I would hope that you understand just how cuts to programs such as CTE, special education, and early literacy would run counter to the values this county holds dear.

Finally, it is important to highlight that the House Fiscal Agency's balance sheet shows a zero balance for FY 2026 and a negative balance of \$582.8 million for FY 2027. This is almost unimaginable considering how hard the previous and current governor as well as previous House members fought to build up the financial reserves in the SAF. This financial outlook is alarming and underscores the need for a more sustainable and equitable approach to budgeting for education.

In light of these concerns, I urge you to reconsider the implications of the recently passed budget and to advocate for adjustments that will ensure the continued support and success of our schools in Kalamazoo County. Our students, educators, and communities deserve a budget that reflects their needs and prioritizes their future.

Thank you for your attention to this critical matter.

Sincerely,



Dr. Dedrick Martin

Superintendent, Kalamazoo RESA