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To : House K-12 Appropriations Subcommittee
From : Thomas G. Noverr Assistant Superintendent for Operations
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Subj : Testimony on Impacts to Portage Public Schools from Funding Cuts

On behalf of Superintendent Wells, the Board of Education, parents, and students, thank you for the opportunity to provide input on the impacts to Portage from the funding cuts at the State level. Since our Board of Education is meeting right now, they unfortunately could not be here to testify.

To briefly summarize my credentials, I've been responsible for the preparation of our yearly budget for the past 27 years. 12 years were before Proposal A and 15 years were after. Before Portage employment I was a certified public accountant that had numerous school districts as my clients. I know that while funding cuts are impacting everyone, there are unique situations in nearly all districts.

Here are some facts about Portage that will help you understand our particular situation:

- Portage has enrollment of 8,591 students. By this statistic we are the 31st largest district in the State.
- Our foundation grant was \$7,316. Other than the 1st year of Proposal A, Portage has received the base foundation grant each year.
- Portage, along with our other Kalamazoo County districts, earns, and greatly appreciates, community financial support through a regional enhancement millage. This equates to approximately \$350 per pupil.

- Portage has been declining slightly in enrollment, primarily due to larger graduating class sizes as compared to incoming class sizes. In the last few years Portage's blended count has dropped between 50 – 100 FTE's. I am certain sub-committee members appreciate that this yearly revenue loss of between \$350,000 to \$750,000 comes with very little decrease in expenditures.
- Portage has maintained a fund balance between 7 and 10% for 27 of the past 30 years. While this is hopefully viewed as commendable, it has consistently left Portage in the lower one-third of Districts across the State in fund balance as a percent of expenditure budget. In 2009/10, even before the additional funding reductions were announced, Portage had planned on using another \$775,000 of our diminishing fund balance.
- Since 2002/03 Portage has made nearly \$5 million in reductions as far away from our core mission (outstanding instructional programs for our students) as possible. Here's just a few notable cuts ...
 - Central office administration and secretarial positions.
 - Assistant principal at a large elementary building.
 - Outsourcing nearly all custodial functions, sub-teachers, driver education and athletic coaching salaries.
 - Increased employee contributions for health insurance.
 - Eliminated capital outlay and reduced supply budgets.
 - Increased walk zones.

- Were we successful in keeping these reductions away from the instructional program? I can confidently say yes and I'll use Michigan Department of Education statewide statistics available via Bulletin 1014 (published April 2009) to document that confidence ...
 - In Business and Administration costs on a per pupil basis Portage ranks in the lowest 10%.
 - In Operation and Maintenance costs on a per pupil basis Portage ranks in the lowest 37%.
 - In Total Instruction costs on a per pupil basis Portage ranks in the highest 62%.
- Unfortunately our fiscal diligence leaves us with few non-instructional cost options to deal with additional state aid cuts this year and next.
- To address the current year cuts here's what we have already done or planned to implement:
 - Additional administrative reductions including larger share of health insurance costs.
 - Additional supply reductions.
 - Combining elementary classrooms at mid-year.
 - Combining elementary physical education sections.
 - Significantly reducing media specialists.
 - Significantly reducing student counseling services

- I am pleased to report that today our teachers agreed to current year concessions that will avoid the numerous layoffs associated with the list I just mentioned. It's an expectation that all Portage employee groups will share in this effort. Assuming no more funding reductions from the State, we will be able to weather the current year issues thanks to the contribution of every employee.
- You are well aware that the financial challenges of 2010/11 look to be even greater and thus the above list, plus even more drastic impacts to the instructional programs seem imminent.
- So far we've only talked about Portage's response to the funding crisis. We'd hope part of the discussion would be ***what can the Legislature do to assist local school districts? I suggest the following be considered:***
 - ***Implement a cost effective statewide health insurance pool.***
 - ***Reinstitute a portion of retirement paid by State and/or employees.***
 - ***Commit and adopt a state education budget in a timeframe that allows District's to plan accordingly.***
 - ***Enact Tenure and PERA Act reforms***
- We appreciate that just like our budget cuts these will not be easy items to implement. However without drastic and bold action, our various communities will be forced to make even more dramatic instructional reductions.
- Thank you for the opportunity to address you tonight.