

# Michigan Cannot Afford \$1.1 Billion K-16 Education Funding Proposal, Says Michigan Chamber of Commerce

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The Michigan Chamber of Commerce today announced that it strongly agrees with State Representative Brian Palmer (36th District) that Michigan taxpayers cannot afford the K-16 education funding proposal. Last week, Rep. Palmer, who serves as Chair of the House Education Committee, announced that the non-partisan and independent House Fiscal Agency has estimated that the K-16 funding proposal would cost approximately \$1.1 billion above current state spending on education.

"The K-16 Coalition's plan to automatically increase annual state government spending on K-12 school districts, community colleges and state universities by the rate of inflation -- regardless of outcomes or changing needs -- would remove \$1.1 billion of public money from annual review and budgetary control, severely limiting the ability of the Legislature and Governor to set priorities," said Jim Barrett, President & CEO of the Michigan Chamber.

The Michigan Chamber Board of Directors last week voted unanimously to reaffirm support for a state budget process focused on outcomes where each year there is healthy debate in Lansing over setting the price and the priorities of government, along with the funding for each priority.

"There are two questions members of the K-16 coalition don't want to answer," noted Rich Studley, Executive Vice President of the Michigan Chamber. "One is how much will the proposal cost? Thanks to Rep. Palmer, we now know the answer to that question. The other question is, how will state government pay for it? The answer to that question is either a major tax increase on working families and job providers or a substantial reduction in spending in areas such as health care, public safety, or local government."

"We encourage the news media and general public to carefully examine the actual language of this statutory initiative before endorsing or signing the K-16 proposal," Barrett said. "Parents and job providers who study the proposal carefully will be surprised and disappointed to learn that nowhere in the lengthy wording of the petition is any reference to education quality, student achievement, test scores, or graduation rates."

"The K-16 proposal also fails to contain any cost-saving reform measures to reduce administrative overhead, provide for health care cost containment or pension reform," Studley concluded.

The Michigan Chamber's position on the K-16 proposal is consistent with the Chamber's stand on similar proposals which tried to lock in guaranteed funding and bypass the decision making process of the Legislature and Governor. In 2002, the Michigan Chamber opposed a similar proposal by the medical community to earmark tobacco settlement revenue for health care- related programs and projects. Proposal 4 of 2002 was overwhelmingly rejected by the voters in November 2002 by a vote of 66% "No" to 34% "Yes." It is interesting to note that in 2002 education leaders from schools boards, community colleges and state universities were outspoken critics of Proposal 4.

The Michigan Chamber is the second major statewide organization to oppose the K-16 proposal. Last month, the Board of Directors of the Michigan Townships Association also voted to oppose the K-16 proposal "due to concerns about budget pressures the school funding guarantee would place on all other areas of the budget; jeopardizing revenue sharing, PILT (payment in lieu of taxes) funding, fire protection grants and many state programs relevant to townships."

The Michigan Chamber of Commerce is a statewide business organization which represents more than 6,800 employers, trade associations and local chambers of commerce. The Michigan Chamber was established in 1959 to be an advocate for Michigan's job providers in the legislative, political and legal process.

SOURCE: Michigan Chamber of Commerce

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