

Community Meeting - 10/19/16 Henry Ford II High School

The following questions were received during the question and answer portion of the October 19, 2016 community meeting held at Henry Ford II High School. Please note that similar questions were combined to avoid repetition.

Why do neighboring school districts, such as Troy and Warren Consolidated, receive a higher foundation allowance than Utica Community Schools?

Prior to the passage of Proposal A in 1994, revenue was generated locally based on a community's millage rate and overall property values. Different funding levels existed based on these factors and communities with larger tax bases generated greater revenue to their local school districts. Proposal A locked districts into their relative funding levels.

The result was a three tier funding system:

- Maximum (hold harmless) foundation districts or those with levels that exceed the state-supported maximum foundation allowance. Maximum foundation districts are allowed to levy additional operating millage to support their schools. Both Troy and Warren Consolidated are maximum foundation districts.
- Districts whose funding levels are between the minimum and maximum foundation levels, such as Utica Community Schools, are in the middle range. These districts do not have the ability to ask their voters for an additional operating millage.
- Minimum foundation districts or those with the lowest levels of per student funding. These districts do not have the ability to ask their voters for an additional operating millage.

The result is that UCS is in the “donut hole” where it does not receive the support targeted to minimum foundation levels or the higher revenue allowed to districts at the maximum level.

If the local taxes (six mills) collected by municipalities is sent to the State of Michigan to redistribute to school districts, why isn't the foundation allowance more equally distributed on a per pupil basis?

The current funding levels have their roots in the system that was in place before Proposal A. To maintain stability, school districts were allowed and locked into their relative funding levels prior to the adoption of the law.

Conversations are occurring across the state regarding school funding. Recently, a state commissioned finance study for school funding (a link is available at funding.uticak12.org) defined some of the costs of educating a child in Michigan. The study also called for an increase in funding that would be necessary to support students with additional needs such as poverty and special needs.

Does Proposal A specifically call out the 2x formula in the law or is it a subjective interpretation of Proposal A?

The 2x formula is not part of the constitutional changes in Proposal A. As developed, the goal of Proposal A was to create equity in school districts by not penalizing districts at a higher funding level. The concept of the law was to provide inflationary increases to all districts and make additional equity payments to minimum foundation districts to raise their funding over time. The 2x formula no longer provides inflationary increases to all districts.

Does \$6 per year operating increase keep pace with inflationary increases?

No. The foundation growth over ten years of \$60 reflects an increase of less than 1%; the inflation rate used by the State of Michigan increased 10% over the same period.

Do the taxes I pay for education on my home go directly to UCS?

No. The six mill State Education Tax assessed to all homeowners goes directly to the State of Michigan. This property tax levy is combined with other tax revenue (income tax, sales tax, lottery, and tobacco tax) and redistributed by state lawmakers through the foundation allowance to school districts and public school academies (charter schools). Only a portion of the locally-generated millage is returned to UCS.

Does Proposal A expire? If not, will there be any new laws to oppose Proposal A?

No. Proposal A will not expire and could only be changed by Michigan voters through a constitutional convention. The adoption of Proposal A moved control of school funding from local boards of education and their communities to state legislators.

If you were to receive the additional \$366 per student, where is the first place the money would go?

The additional revenue would help protect the district from more budget reductions that would severely impact programs, as we are continuing to have expenditures outpace revenues.

Do you anticipate cuts as any legislative change will take time?

By law, Michigan school districts are required to have balanced budgets. Unless more revenue is allocated by Lansing, reductions will be necessary to prevent financial distress.

UCS has a 2009 bond - can those funds be used to assist the operating budget?

No. By law, voter-approved bond funds may only be used for infrastructure improvements such as roofs, boilers, flooring and technology. It is against the law to use bond funds for day-to-day operations such as salaries, curriculum materials or utilities.

What will happen if the Fund Equity falls below 5% and what steps will be taken to ensure this doesn't happen?

The 2016-2017 budget is projected to finish the year with a five percent Fund Equity. New legislation – called Early Warning - allows the state to require additional financial reporting and a plan for bringing expenses and revenue in line if the Fund Equity level falls below five percent. If the State of Michigan deems it necessary, an emergency financial manager could be appointed.

Unless new revenue is allocated from Lansing, the district will either have to make reductions and/or be identified as financially distressed by the state Treasury.

Has the Board considered joining forces with other schools in the “donut hole” to create an even larger advocacy group?

While information is currently being shared with other districts impacted by the 2x formula, Utica Community Schools' current priority is to make a concentrated effort to inform its parents and community members and encourage involvement in this important issue.

Can we come up with alternatives like “Proposal B”? What can we, as parents, do?

Any changes to the constitutionally-based Proposal A require a state-wide vote. Working together, community members can encourage state lawmakers to change the current formula used to allocate school aid. A *How Can I Help* form located online at funding.uticak12.org, details how parents and/or concerned community members can communicate to Michigan lawmakers.