

Frequently Asked Questions about the Non-Homestead Millage Renewal Request

Q: What will the millage renewal cost homeowners?

Nothing. The 20.91 mills Non-Homestead Millage Renewal only applies to local business, industrial and commercial property or property that is not the owner's primary residence (the home in which you live). There is NO IMPACT on homeowners.

Q: Will this increase taxes on Non-Homestead properties?

No. This is a renewal, not an increase, so businesses will keep paying the same millage rate they are currently paying.

Q: What does "Non-Homestead" mean?

Non-Homestead properties represent industrial, commercial, and some agricultural property and "second homes." It does not include a family's primary residence.

Q: How important is this election?

Extremely. The Non-Homestead Millage comprises about \$8 million, or 12 percent, of Northville Public Schools' operating revenues. The State of Michigan assumes school districts levy and collect the full 18 mills, and subtracts this amount from each district's per pupil allowance. For Northville Public Schools this is equal to more than \$1,100 per pupil. These are the funds used to pay for staffing, purchase textbooks and classroom supplies, and operate the district's school buildings. These local funds are deducted from the per pupil money the school district receives from the state. If the millage renewal is not approved, the state will not make up the difference, and Northville Public Schools will lose \$8 million in revenue.

Q: Why do we need a millage election?

The Non-Homestead Millage is required by Proposal A, the state's school funding structure, in order for Northville Public Schools to receive its full per pupil funding from the state. The law requires that the 18 mills on Non-Homestead property cannot be collected unless it comes before voters in an election. Northville Public Schools residents last approved the operating millage in June 2003, and a similar 10-year renewal period is requested in the November 8, 2011 election.

Q: I live in Novi, however my children attend Northville Public Schools. Can I vote on the Non-Homestead Millage Renewal?

Yes. All residents who reside within the attendance boundaries of Northville Public Schools will have this issue on their November 8th ballot. This includes Northville Public Schools residents who live in the City of Novi, Novi Township, Salem Township and Lyon Township, in addition to the City of Northville and Northville Township. Information about voting precincts is located on the district website at:

<http://www.northville.k12.mi.us/district/non-homestead-election.asp>

Q: What is the Headlee Rollback?

Northville's Non-Homestead Millage has been permanently reduced or rolled back periodically since 2003. The rollback is called a Headlee Rollback. A Headlee Rollback occurs when local units of government (including school districts) are required by law to reduce, or "rollback," the millage rate when the growth on existing property is greater than the rate of inflation. As a result of a Headlee Rollback, school districts collect less revenue than is allowable under Proposal A.

Q: Why are voters being asked to renew 20.91 mills, when the maximum Non-Homestead levy by law is 18 mills?

After the renewal of the Non-Homestead operating millage by Northville voters in June 2003, the school district's operating millage rate was permanently reduced from 18 mills to 17.6641 mills through a Headlee Rollback. To restore the full operational dollars authorized by the state under Proposal A, voters approved a Headlee adjustment millage of 0.25 mills in 2004. This millage was also reduced to 0.2459 mills by a Headlee Rollback. To once again restore the full operational dollars to the district and anticipating continued Headlee Rollbacks, voters approved 3 Non-Homestead mills in November 2005 to have available in the case of additional Headlee Rollbacks.

Although the district is seeking renewal of 20.91 mills (17.6641 mills + .2459 mills + 3 mills) only the maximum allowable 18 mills will be levied, with the balance of the approved millage available in the event of future Headlee Rollbacks.

Q: Why is the ballot language worded in such a confusing manner?

To ensure conformance with state statutes, the district's legal counsel drafted the ballot language. In the first paragraph of the ballot, it specifically indicates that 18 mills is the statutory rate for this millage. This simply means that the district cannot levy any more than 18 mills on Non-Homestead property.

The primary question raised regarding the ballot language centers around the second paragraph, which reads "Shall the limitation on the amount of taxes which may be assessed against all property, except principal residence and other property exempted by law, in Northville Public Schools, Wayne, Oakland and Washtenaw Counties, be increased by 20.91 mills ..." Understandably, this portion of the ballot language has some voters asking whether they are voting for 18 mills or 20.91 mills.

Simply put, the ballot is asking voters to approve the same supplemental 2.91 mills that voters approved in 2004 and 2005 that restored district funding as a result of Headlee "Rollback" adjustments (see the question above). So, while the district can only levy 18 mills, the other 2.91 supplemental mills would be available in the event of future Headlee Rollback adjustments. This would allow the district to continue levying 18 mills, without seeking voter approval and incurring additional election costs to restore funding due to a Headlee Rollback.

Q: I thought schools no longer received funding through property taxes, so why is the school district asking for a millage renewal?

Funding for school districts changed significantly in 1993-94 when Michigan voters passed Proposal A. Under Proposal A, the state provides the majority of the funding to public schools, but to receive full funding, schools must levy and collect locally 18 mills on Non-Homestead property in their district.

Q: Is this a new tax?

No. This is a renewal of a millage approved in 2003. The district has voter approval to levy 18 mills on Non-Homestead property through June 2012.

Q: What if the millage is not approved?

The revenue generated from the 18 Non-Homestead mills equals \$8 million or 12 percent of the district's operating budget. If this millage does not pass, the state will not replace the funding and Northville Public Schools will be forced to substantially reduce or cut programs and services to offset the funding loss.

Q: Can the district use bond or sinking fund money to cover the loss in revenue if the millage is not approved?

No. These funds are restricted by law to building and site projects and repairs and cannot be used for general fund expenditures such as staffing, textbook and classroom supplies, or to operate our school buildings.

Q: What has the school district done to help control costs during these difficult times?

In response to the funding reductions that the district has absorbed over the last few years, Northville Public Schools has achieved budget savings of \$9 million since February 2010, or about 13 percent of General Fund annual operating costs. These savings have been achieved primarily through staffing reductions, as salaries and benefits comprise almost 89 percent of the district's operating costs. This includes the elimination of (50) teaching positions, made possible through retirements, lay-offs and restructuring (including less teacher preparation time at the secondary level, higher class sizes at both the elementary and secondary levels, and some combination classes at the elementary level). In addition to these teacher reductions, the district made other personnel reductions including (15) custodial positions, (6) media paraprofessional positions, (2) maintenance positions, (4.5) Central Office and building clerical and support personnel positions, (1) counselor position, (1) assistant principal position, and (1) Cabinet administrative position.

Additionally, the district has implemented a satellite-stop bus program for secondary students; contracted student transportation services (and custodial operations, beginning in December 2011); reduced supply budgets; implemented a shared time program to generate additional revenue; achieved professional service savings by changing the district's property and casualty insurer and 403b third-party administrator; eliminated printing and mailing of vouchers; modified building use strategies during the summer to achieve energy savings; increased pay-to-participate fees for athletics and some select extra-curricular programs; and reduced instructional and non-instructional substitute costs.

Q: Have there been changes to teacher benefits, such as retirement and health care coverage cost sharing?

In August, the district negotiated a new two-year contract with the Northville Education Association (NEA), which represents the district's teaching staff. Specifically in the area of health care, teachers agreed to transition to a high deductible health plan (from a traditional Blue Cross Blue Shield PPO plan), and agreed to a 20 percent cost sharing for both the premium and the deductible. The teachers also agreed to a 4 percent wage reduction for the next two years, accepted two unpaid furlough days, and a 75 percent reduction in eligible step increases. It also is important to note, that similar two-year agreements with significant wage and benefit concessions also were reached with the school district's seven other employees groups in August and September.

As far as retirement, all public schools employees belong to the Michigan Public School Employees Retirement System. Each year, the Michigan Office of Retirement Services establishes a mandatory contribution rate that school districts must pay on behalf of employees. By law, it is the district's financial responsibility to make this payment on behalf of employees, so savings in retirement costs cannot be negotiated per se, but retirement cost savings can be achieved through personnel reductions, as described above.

Q: What has the district done in the past year to reduce costs and operate more efficiently?

The information shared in the question above regarding controlling costs indicates many of the actions the

district has taken over the past two years to reduce cost, and the district continues to look at areas where costs can be reduced without impacting instructional programs. Energy continues to be an area of focus for the district in reducing costs. Besides looking opportunistically at 'hedging' the district's projected natural gas commodity pricing, the district seeks ways to more efficiently use its buildings during non-school periods. For example, this year the district consolidated its elementary summer program into a single building, rather than operating it out of multiple buildings, using less electricity. Also, the district moved its secondary Summer Connections summer school program from Northville High School to Hillside Middle School because of the ability to better control the air conditioning units at Hillside, thus reducing energy costs. These may seem like small actions, however when combined the district's total gas and electricity costs actually decreased by \$66,000 between the 2010 and 2011 school years, despite the significant increase in fuels costs over those two years.

Aside from energy costs, the district continues to bid our professional services to achieve cost savings. This year, district reduced its insurance costs and 403b program costs by almost \$30,000 through rebidding. In 2012, the district will investigate rebidding its auditing services and banking services with a target of achieving at least another \$15,000 in savings.

Bottom-line, the district has responded well to the funding cuts implemented by the state over the last two years. For this school year alone, the district's per pupil funding is essentially unchanged from 2005. But, the real challenge in this restrictive funding environment is not only to reduce costs, but to identify where to efficiently reduce costs so the district's educational and extra-curricular programming remains strong. We encourage you to visit the Michigan Department of Education web site (www.michigan.gov/mde) as well as the Northville Public Schools website (www.northville.k12.mi.us) to review the district's test scores, graduation rates, etc., which compare favorably to other high performing school districts in the state. Hopefully, you will consider these positive educational results, as well as the district's stewardship of the funding it has received, in your evaluation process for the Non-Homestead Millage Renewal Request on the November 8th ballot.

Q: How are Michigan school districts funded?

Public schools in Michigan receive most their funding on a per pupil basis from the state. The amount a school district receives per pupil is called the Foundation Allowance. The per pupil foundation allowance for Northville Public Schools is currently \$8,019. This represents the major portion of Northville Public Schools revenues and is funded from two sources: (1) local revenue — 18 mills collected on Non-Homestead property in the district, and (2) state revenue. For example, the Foundation Allowance funding calculation is as follows:

Student Count (adjusted count for K-12 general education)	6,936
Per-Pupil Foundation Allowance	x <u>\$8,019</u>
Total Foundation Allowance	\$55,619,784
18 mills Collected on Non-Homestead Properties	- <u>\$8,000,000</u>
Amount Paid by State	\$47,619,784

By law, to obtain the Total Foundation Allowance, Northville Public Schools must collect the maximum local Non-Homestead Millage for this portion of the budget. The state reduces its obligation to districts by this amount and only pays the balance. Therefore, it is critical to continue to collect 18 mills on Non-Homestead properties in the school district.