



Ann Arbor Public Schools Funding

Yesterday, Today and Tomorrow



School Funding circa 1993-1994

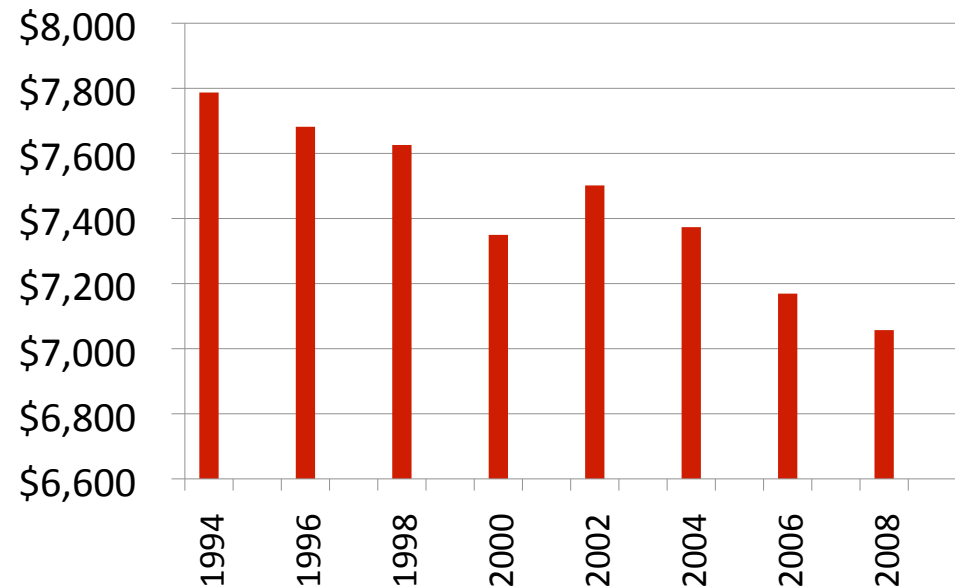
- In 1993, schools were funded locally by property millages. Ann Arbor voted to fund its schools at a higher rate than most communities in Michigan.
- In 1994, Proposal A passed. A minimum per student amount (the Foundation Allowance) was set and school funding was drawn from the 2% increase in state sales tax revenue. Property taxes plummeted.
- From 1994 – 2002, \$17 billion less in taxes was collected to fund the school aid fund.
- Local school districts could now only raise funds through a county-wide millage. **Local control is eliminated.**

Except...

- Public school districts could ask voters to approve a property tax millage to pay for **capital improvement bonds** for building construction and maintenance.
- The use of a capital millage bonds has increased 210% since Proposal A to over \$11 billion in 2001.
- A district **CANNOT** use funds from a bond issue to support operating expenses, i.e. teacher salaries.

State funding for schools has declined.

**Ann Arbor Public Schools
has reduced costs by
over \$15 million in just
the last four years to
keep pace with declining
state funds.**



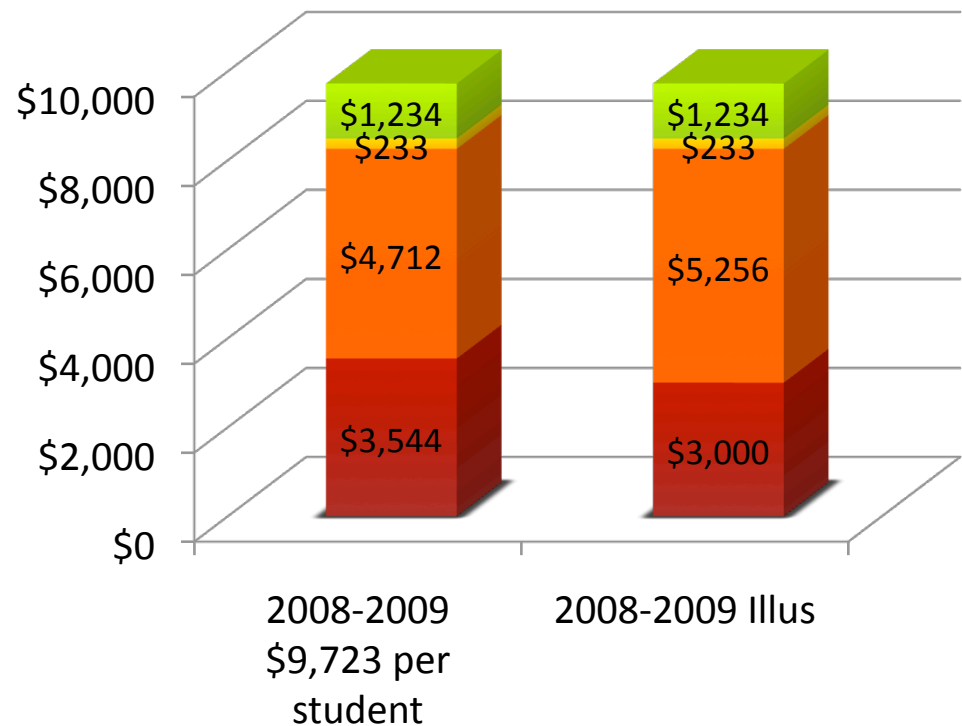
Real dollars, adjusted for inflation

State spending mandates have grown

- Contributions to the retirement account for teachers are mandated by the state.
- State mandated retirement contributions have increased by over twice the rate of inflation.
- Increased student testing requirements for schools are unfunded mandates from the state and federal government.

School Funding Components Today

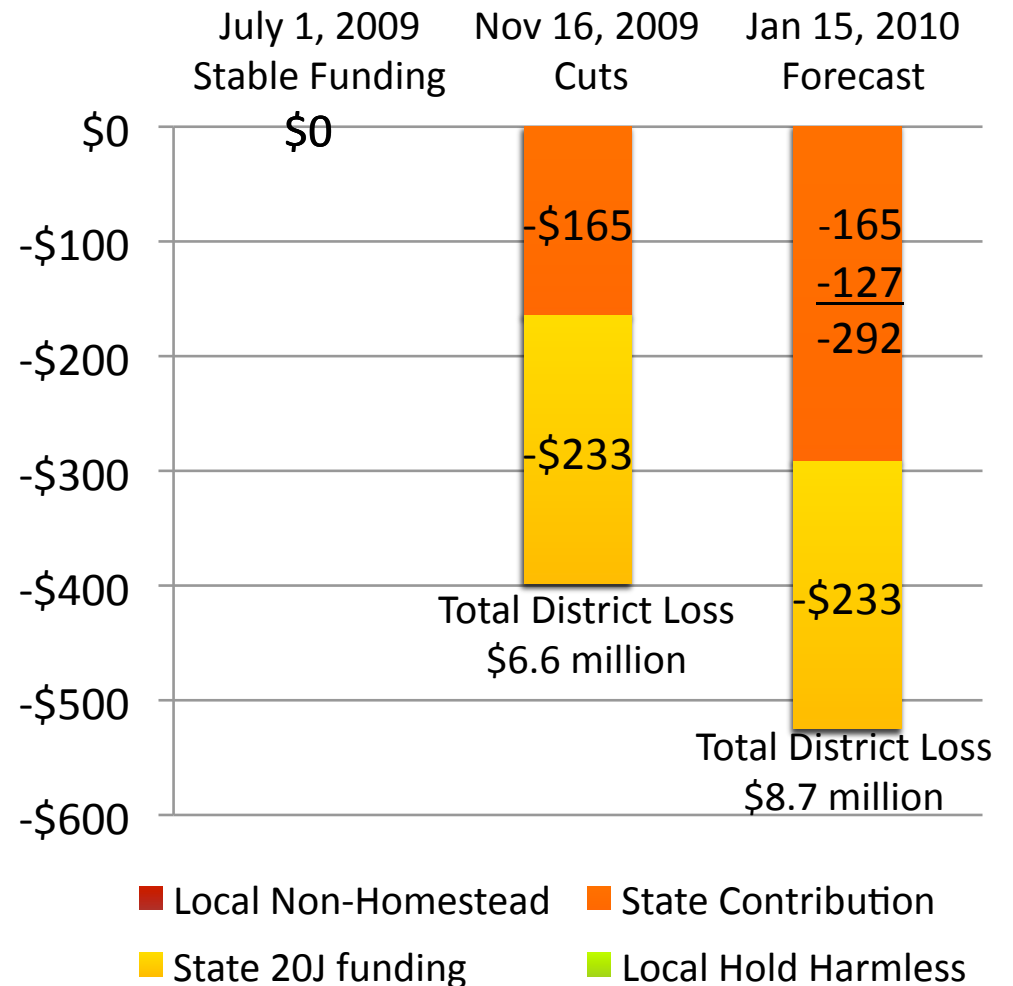
- Local Hold Harmless is the excess in funding that Ann Arbor contributed compared to other districts in 1994.
- State 20J funding assures all districts receive the same foundation increase.
- State Contribution is a plug number to fill the gap between Local Non-Homestead taxes and the Foundation Allowance of \$8,489 per student.
- Local Non-Homestead are property taxes (18 mills) paid to the State



- Local Non-Homestead
- State Contribution
- State 20J funding
- Local Hold Harmless

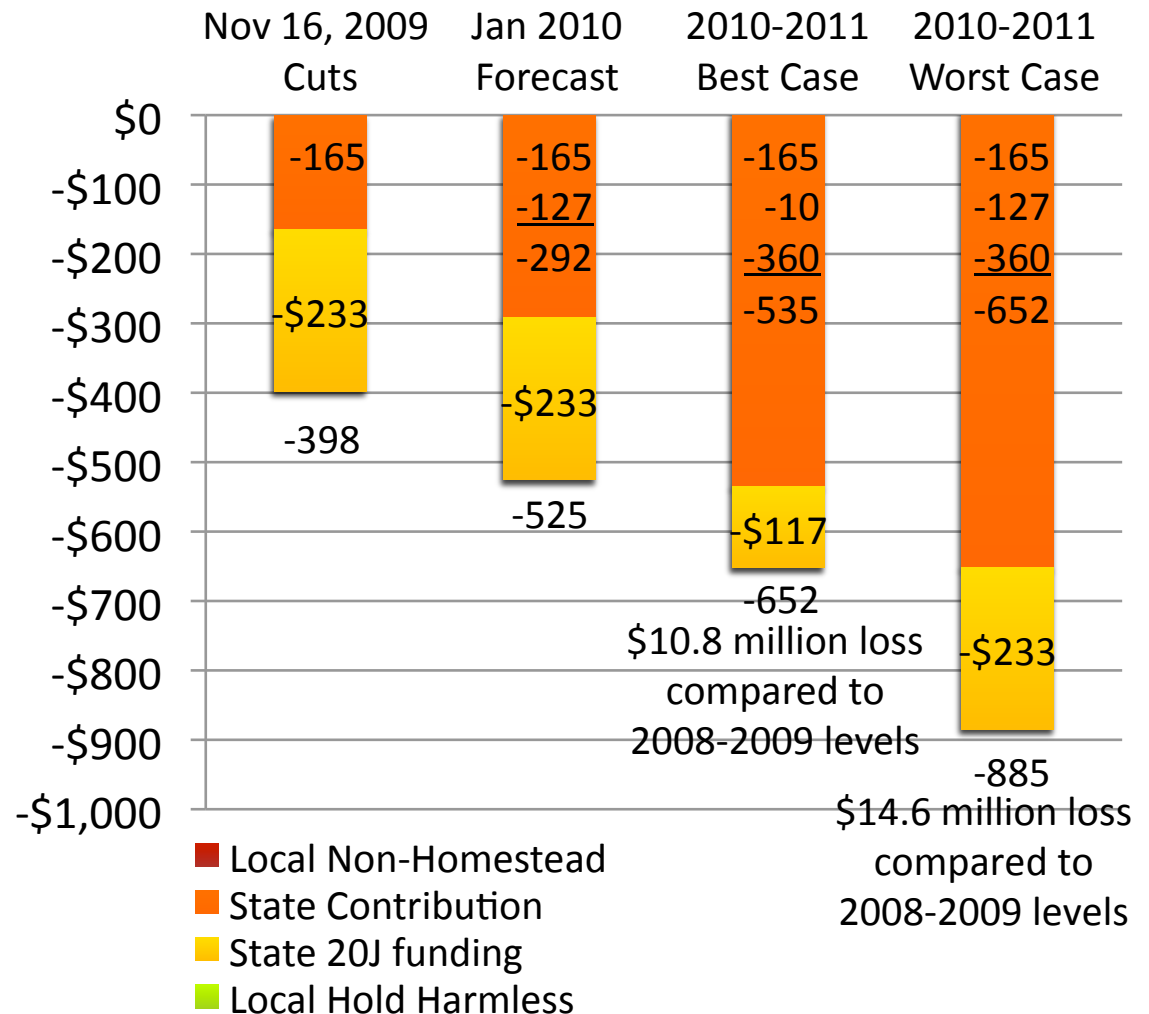
School Funding Cuts Today

- Reliance on State Sales Tax revenue has dramatically decreased state funds for schools as the economy has declined - resulting in a \$165 per student cut.
- State 20J funding was line itemed vetoed by the Governor.
- The County Wide Millage was not supported, except by the Ann Arbor Public School District.
- All cuts are retroactive to July 1, 2009. Cuts must be made in the remaining 7 months of the year to cover full 12 month cut.



School Funding Cuts Tomorrow

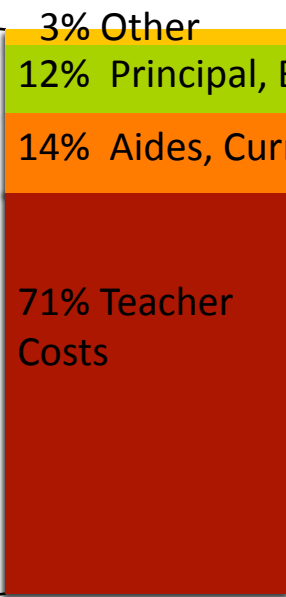
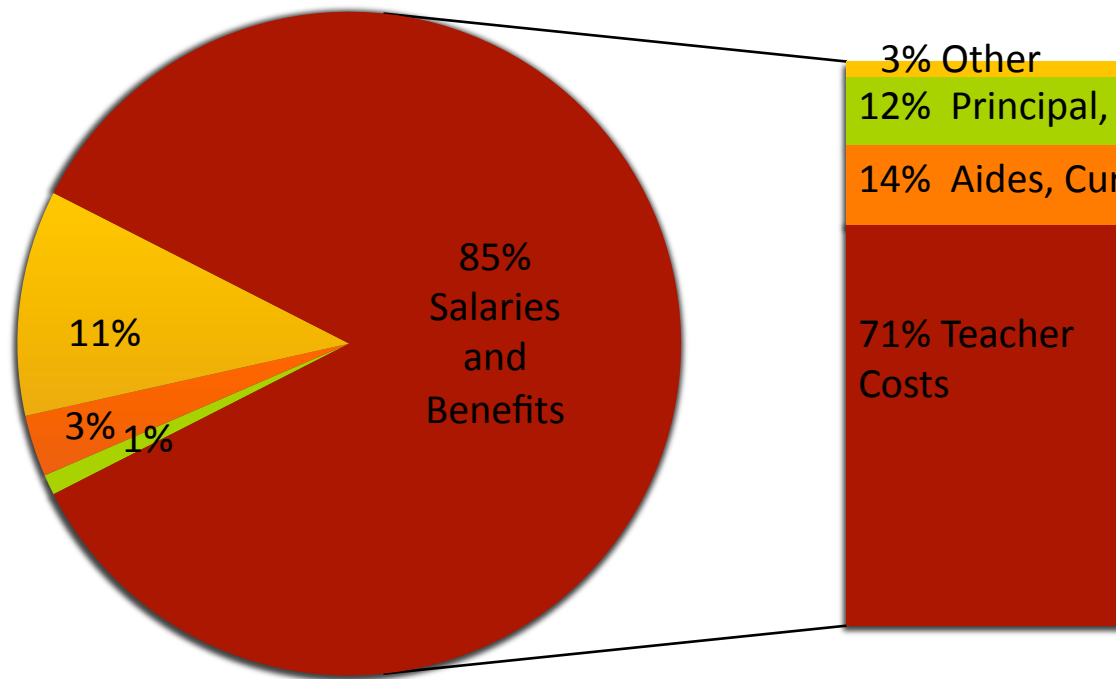
- Economic forecasts do not show improvements in Michigan economy for 3-4 years.
- ARRA funds – federal stimulus funds – which have been filling gaps in state school funding run out in 2010-2011.
- Additional state revenue is not found to offset reductions in current tax collections.



Fund Equity is at risk

Budget Scenarios	2009-2010 July 1, 2009 Stable Funding	2009-2010 Nov. 16 Cuts \$398 per pupil	2010-2011 Best Case \$652 per pupil	2010-2011 Worst Case \$885 per pupil
Student Count	16,489	16,489	16,489	16,489
TOTAL Revenue	\$187.3	\$180.7	\$175.3	\$171.3
Base Educational Expense	\$191.4	\$191.4	\$191.4	\$191.4
Step, FICA, Retirement Adj.	+\$1.4	+\$1.4	\$3.2	\$3.2
Fringe Increase - Inflation	+\$1.6	+\$1.6	\$2.2	\$2.2
Early Retirement Inc Payout	+\$0.6	+\$0.6		
Budget Reduction Plan	-\$2.7	-\$2.7		
TOTAL Operating Expenses	\$192.0	\$192.0	\$197.3	\$197.3
Deficit	(-\$4.7)	(-\$11.3)	(-\$22.0)	(-\$26.0)
Fund Equity – Beginning Bal.	\$28.7	\$28.7	\$17.4	\$17.4
Fund Equity – Ending Bal.	\$24.0	\$17.4	(-\$4.6)	(-\$8.6)
Fund Equity – 15% minimum	\$27.9	\$27.1	\$26.3	\$25.7

The driving cost in our district is people.



- Contracted Services
- Supplies & Equip.
- Utilities & Insurance
- Salaries and Benefits

➤ Teachers include Classroom Teachers, Media Specialists, Counselors, Social Worker

➤ Teacher:Student Ratios
Elementary – 1:23-25
Middle School – 1:28
High School – 1:29

Detailed Budget information

- If you would like to deep dive into the Ann Arbor Public School budget you can...
 - Go to <http://www.aaps.k12.mi.us>, look in Publications on the right hand side for Budgets
 - Go to www.aaps.k12.mi.us/aaps.home/aaps_budget_questions and view frequently asked questions about the budget.
 - Request a budget report from BALAS at 994-2200

Get involved in the discussions

- Ann Arbor affirmed the desire for excellent schools so now... How do we keep our excellent schools with immediate and looming state funding cuts?
- Local opportunities
 - Understand our schools districts funding challenges
 - Participate in district wide community conversations in January 2010 focused on 2010-2011 budget.
 - Attend a Board of Education Meeting, review BOE materials
 - Investigate alternative school funding opportunities like the Ann Arbor Public Education Foundation, PTOs, and specialty clubs.
 - Keep up-to-date on AAPS News with the new bi-monthly AAPS News, available at <http://news.a2schools.org>

State level opportunities

- Michigan Parents for Schools at www.miparentsforschools.org
- Attend rallies and meetings with SOS –Save our Schools at www.sosmichigan.com
- Write your legislator about your concerns with Michigan's education funding model

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