

# 2017 Sinking Fund Millage Proposal

## 2017 Sinking Fund Election Question Frequently Asked Questions

On May 2, 2017, the community will be asked to vote on approving an increase in the district's Sinking Fund millage.

Here are answers to frequently asked questions about the Sinking Fund millage.

### 1) ***What is a Sinking Fund millage?***

Sinking Fund is the millage levied in Michigan dedicated to support the repair and construction of school buildings. Sinking Fund dollars allow us to preserve General Fund dollars for instruction, programs, teacher salaries and other basic district operating costs.

### 2) ***Why seek an increase the AAPS Sinking Fund at this time?***

In the Ann Arbor Public Schools, we are responsible for more than 3.4 million square feet in 34 schools and properties, located in the City of Ann Arbor and surrounding townships. The average age of these properties is currently more than 60 years, and to extend their useful lives, these buildings require additional repair and restoration. During previous years of downturn, important repairs have been deferred in order to preserve spending on classrooms, teachers, and programs.

### 3) ***How, exactly, are Sinking Fund dollars used?***

As stewards of public property, the district needs to maintain its buildings. The Sinking Fund millage is a pay-as-you-go method for building repairs and projects. The district does not pay interest on the money used.

Here are some examples of what the sinking fund can pay for:

- Boilers to heat buildings
- Paving of parking lots
- Roofing
- Building system replacements such as HVAC and plumbing
- Accessibility needs as per the Americans with Disabilities Act

### 4) ***May the Sinking Fund revenues be used to provide or supplement salaries?***

Under state law, sinking fund proceeds may not be used to pay teacher or administrator salaries.

### 5) ***What else is not allowed as Sinking Fund expenditures?***

Sinking Fund proceeds may not be used for things such as:

- Equipment (except security equipment)
- Furniture
- Painting (except as needed for new construction)
- Preventive and routine maintenance

**6) What does a 2.5 mill rate mean for my taxes?**

1 mill is a tax of \$1 per every \$1,000 in value for your home. For the repair and improvement of school properties, a homeowner pays \$50 per year per \$100,000 of home value (a taxable value of \$50,000).

		Estimates of Annual Cost to Taxpayer	
	Millage	A2 Median Home Value of \$300K (\$150K Taxable Value)	Homeowner Calculator per \$100K of Home Value (\$50K Taxable Value)
Current	1 mill	\$150	\$50
Proposed	2.5 mills	\$375	\$125

- Currently, AAPS Sinking Fund Millage costs homeowners approximately \$4/month, or about \$1/week, per \$100K of home value.
- The proposed replacement would increase that amount to approximately \$10/month or \$2.40 per week.
- For a home value of \$300,000, the homeowner currently pays \$150 per year and about \$3 per week. The proposed replacement would increase these amounts to \$375 per year and about \$7.20 per week.

**7) What happens if the Sinking Fund millage is not approved in May?**

Even if the sinking fund millage is not approved, the district’s responsibilities would not change and we would have to make some tough choices.

**8) Didn’t we approve a Sinking Fund millage in 2013?**

Yes. That sinking fund millage covers from 2013 to 2019. The vote on May 2 is to replace the existing Sinking Fund with an increase beginning in 2017 and extending through 2026. The district asks the community to vote for the Sinking Fund a couple of years before it is implemented in order to do thoughtful planning for schools and classrooms.

**9) Why is the District proposing the use of modular classrooms to house the expansion due to additional housing development?**

Modular classrooms will be used, at least initially, until we identify where students will enroll from the new housing developments; modular classrooms serve as a lower-cost way to ensure that the district is prepared for additional students while also taking a conservative approach to expansion plans before we construct additions.

**10) What impact will taxes paid by the owners of new houses from added residential developments have on the money raised by the Sinking Fund?**

More projects have been identified than could be covered by the Sinking Fund millage; additional dollars raised from new developments will allow more of the designated projects to be completed.

**11) With so many older buildings, why is AAPS spending on repairs rather than consider replacing aging schools?**

Our schools still have solid bones, and a review of their overall condition shows replacing roofs, boilers, and other improvements are more cost effective than replacing the school.

**12) Is the proposed expansion of schools needed because of schools of choice students from outside of the district?**

No. Approximately 1,000 new students are expected over the next seven years from new developments within the Ann Arbor Public Schools. Over recent years, the district has been strategic in how schools of choice seats have been made available so that AAPS has used Schools of Choice as a valve, to help fill classrooms in areas that would otherwise be underutilized.

**13) How will I know when the Sinking Fund is being used?**

The Board of Education must approve all expenditures over the State Bid Limit of \$23,412. Recommendations for purchases are brought to the Board of Education in a public meeting as required by state law for briefing and approval.

**14) What is the difference between a Bond and a Sinking Fund millage?**

A *bond* is a form of borrowing, which means taxpayers must pay back the borrowed funds over a period of years with interest. A *Sinking Fund* millage is levied, not borrowed, which means the revenues are generated from a tax and does not involve the district taking on additional debt or interest expense.

**15) When and how can I get more information?**

The district will offer community forums (see dates and locations below) and also will maintain updated information and an informational video on the [a2schools.org](http://a2schools.org) website.

**Community Forums with Superintendent Swift  
6:30 PM – Middle School Media Centers**

Thursday, April 13 - Scarlett Middle School, 3300 Lorraine  
Thursday, April 20 - Tappan Middle School, 2251 E. Stadium Blvd.  
Tuesday, April 25 - Clague Middle School, 2616 Nixon Rd.  
Thursday, April 27 - Slauson Middle School, 1019 W. Washington

**16) When is the election, how do I find out where to vote, and when are the polls open?**

Election day is May 2 and polls will be open from 7 am to 8 pm. You will find your polling location by visiting the Washtenaw County Elections Division website:

[http://www.ewashtenaw.org/government/clerk\\_register/elections/el\\_precincts.html](http://www.ewashtenaw.org/government/clerk_register/elections/el_precincts.html)

**17) What will the Sinking Fund question look like on the May 2<sup>nd</sup> ballot?**

**PUBLIC SCHOOLS OF THE CITY OF ANN ARBOR**

**PROPOSAL TO REPLACE SINKING FUND MILLAGE**

*This proposal would replace and extend the authority last approved by voters in 2013 and which expires with the 2019 levy for the Public Schools of the City of Ann Arbor to levy a sinking fund millage. This proposal would allow the use of proceeds of the millage for all purposes previously permitted by law as well as newly authorized security improvements.*

As a replacement of existing authority, shall the Public Schools of the City of Ann Arbor, County of Washtenaw, Michigan, be authorized to levy 2.50 mills (\$2.50 per \$1,000 of taxable valuation) to create a sinking fund for the purpose of the construction or repair of school buildings, including school security improvements, and the improvement and development of sites and, to the extent permitted by law, for other purposes, including, but not limited to, the acquisition and installation of furnishings and equipment, by increasing the limitation on the amount of taxes which may be imposed on taxable property in the School District for a period of ten (10) years, being the years 2017 to 2026, inclusive? It is estimated that 2.50 mills (\$2.50 per \$1,000 of taxable valuation) would raise approximately \$20,193,874 in the first year that it is levied.

*(Under state law, sinking fund proceeds **may not** be used to pay teacher or administrator salaries.)*

YES

NO