

**DETROIT SCHOOL OPERATING MILLAGE RENEWAL PROPOSAL**

At the city primary election on September 14, 1993, Detroit voters will be asked to renew for eight years all 32.25 mills of the extra-voted millage that supports operations of the Detroit School District. The district also levies 8.83 mills that is allocated within the 15 mill limit that does not require voter approval.

**School Operating Millage Proposal**

Shall the 32.25 mills (\$32.25 per \$1,000) previously approved by the electors as an Increase In the limitation on the total amount of taxes which may be imposed on the assessed valuation, as finally equalized, of property In the School District of the City of Detroit be renewed for eight (8) years, July 1, 1994 to June 30, 2002, inclusive, to provide In part the funds to operate and maintain the school system?

If the governor signs Senate Bill No. 1 as expected, which would exempt all property from school operating millage starting with the summer tax bill In 1994, the vote on this ballot proposal to renew school operating millage will be voided. If, however, Senate Bill No. 1 is not implemented or some local property tax millage is authorized as part of the replacement package, the requested millage renewal might be needed. The method of funding public schools after the 1993-94 fiscal year is not known at this time.

**Detroit Schools Tax Rate** The total 1993-94 millage rate for the Detroit Public Schools is 46.88 (\$46.88 per \$1,000 of SEV), 1.52 mills less than the 1992-93 rate of 48.40 mills. Allocated mills were increased by .18 by the Wayne County Tax Allocation Board. Voter approval of one mill for operating support of Wayne County Community College released .25 mill from the 15-mill constitutional limit allocated to the community college by state law. The remaining .07 mill was allocated to the regional education services agency. Millage required to pay principal and interest on school building and site bonds declined by 1.2 mills as the total payment required fell from \$28.9 million in 1992-93 to \$25.4 million In 1993-94. Debt millage levied to repay deficit bonds approved by the voters in 1989 declined by .5 mill (this millage is counted as operating millage for purposes of state aid distributions).

**School District of the City of Detroit Millage**

	<b>1993-94</b>	<b>1992-93</b>	<b>Change</b>
Allocated	8.83	8.65	+ .18
Extra-voted	32.25	32.25	<u>0.00</u>
Total Operations	41.08	40.90	+ .18
Deficit Funding Bonds	1.00	1.50	- .50
Capital Bonds	4.80	6.00	<u>-1.20</u>
Total Mills	46.88	48.40	-1.52

Source: School District of the City of Detroit

The Detroit school district's allocated millage includes .64 mill that is required by state statute to be passed through to the Detroit Public Library, which itself levies an additional two mills authorized by the voters.

### School District of the City of Detroit Millage

	Operating	Deficit Bond Retirement	Capital Debt Retirement	Total
1994	41.08	1.00	4.80	46.88
1993	40.90	1.50	6.00	48.40
1992	40.90	1.20	4.30	46.40
1991	40.90	1.50	4.00	46.40
1990	40.90	1.50	5.00	47.40
1989	35.90	-	5.50	41.40
1988	35.90	-	5.50	41.40
1987	35.90	-	5.00	40.90
1986	35.90	-	5.50	41.40
1985	35.90	-	4.50	40.40
1984	31.90	-	4.60	36.50
1983	31.90	-	5.00	36.90

Source: School District of the City of Detroit, Annual Financial Reports

Since 1984, all votes on portions of the 32.25 extra-voted mills have included the same expiration date of June 30, 1994. The last renewal of three mills in 1992 was requested for two years only, and represented the last stage of a strategy to coordinate expiration dates for existing extra-voted millage. This strategy forces voters to approve or reject all extra-voted millage with one vote, and allows the school board to accurately state that failure to approve the millage will close down the district.

The September 14, 1993 Detroit School District vote applies only to existing millage and does not include a request for new millage. Presumably, any future Detroit requests for additional millage within the 50-mill would also have been coordinated with the newly established June 30, 2002 expiration date for extra-voted millage.

**Detroit Schools Tax Base** The school district's property tax base is the state equalized value (SEV) of property in Detroit, less the value of tax increment finance districts. The 1993-94 adjusted tax base is \$5,575,615,824. A tax rate of 32.25 mills on the 1993-94 base yields a levy of \$179.8 million; the delinquency rate is about ten percent.

**State Aid** For the ten-year period 1983 through 1992, the Detroit school district ranked very near the bottom of the 524 K-12 school districts in property tax base (state equalized value or SEV) per pupil. The state, which compensates districts that have low SEV per pupil by guaranteeing school districts a specified amount of revenues per pupil per mill levied, provided

over \$4.5 billion to the Detroit district in the ten-year period. State school aid is based on a formula that in 1992-93 guaranteed \$96.27 per operating mill per pupil, plus a flat \$268 per pupil, plus a possible \$74 per pupil in incentive grants. The local school property tax levy for operations and deficit bond retirement is subtracted from the guaranteed amount to determine the state contribution. In Detroit, each \$1.00 of local school operating taxes produces about \$2.43 in state general membership aid. Although Detroit is one of the very poorest districts when measured by its own tax base, the money transferred to Detroit through state school aid has placed Detroit's current operating expenditures per pupil in the top 20 percent of districts in the state.

### School District of the City of Detroit

	SEV per Pupil	Rank	Current Operating Expenditures per Pupil	Rank
1992	\$29,901	516	\$4,982	86
1991	29,693	517	4,554	102
1990	28,649	519	4,311	96
1989	27,006	521	3,996	98
1988	27,078	517	3,864	82
1987	26,302	521	3,696	75
1986	25,375	521	3,374	93
1985	25,222	520	2,9771	20
1984	24,614	523	2,7661	23
1983	24,870	522	2,5961	19

Source: State Department of Education, Bulletins 1013 and 1014

From 1983 through 1992, current operating expenditures per pupil in the Detroit district increased by \$2,386, or 92 percent. The consumer price index for urban consumers in Detroit increased by 36 percent during that period.

According to state Department of Education data for the school year ending June 30, 1992, local sources of revenues provided 24 percent of Detroit school district general fund revenues. Local sources provided an average of 66 percent of general fund revenues in all school districts in Michigan, and 72 percent in districts other than Detroit.

Revenues from state sources provided 65 percent of general fund revenues for the Detroit School District in the fiscal year ending June 30, 1992. On average, all Michigan school districts including Detroit received 29 percent of their general fund revenues from the state; the average for school districts other than Detroit was 24 percent. The Detroit School District received 11 percent of general fund revenues from federal sources\* compared to an average of four percent for all school districts in Michigan.

In 1992, the Detroit School District had 11 percent of all public school pupils in the state, and received 26 percent of the state school aid.

**Pupils and Teachers** In the ten-year period 1983 through 1992, the number of students in the Detroit district declined by 31,548, from 213,558 to 182,010. While the number of students declined by 15 percent, the number of teachers in 1992 was nearly identical to the number in 1983. The result of fewer pupils and about the same number of teachers has been a decrease in the ratio of pupils to teachers from 25 to 22.

#### School District of the City of Detroit

	State Aid Members	Number of Teachers	Pupil/Teacher Ratio	Average Teacher Salary
1992	182,010	8,454	22	\$44,074
1991	181,264	8,644	21	41,760
1990	182,332	8,154	22	38,199
1989	188,925	8,388	23	33,967
1988	192,747	8,681	22	33,547
1987	195,871	8,333	24	33,206
1986	203,574	8,528	24	30,795
1985	206,790	8,403	25	28,221
1984	210,331	8,397	25	26,865
1983	213,558	8,469	25	25,525

Source: State Department of Education, Bulletins 1013 and 1014

Detroit teachers are in the second year of a two-year contract which included a four-percent wage increase the first year and a three-percent increase this year. The average teacher salary in the Detroit district has increased from \$25,525 in 1983 to \$44,074 in 1992P according to state reports. This is a ten-year increase of \$18,549 or 73 percent, more than twice the 36 percent increase in the CPI. During this period, the statewide average teacher salary increased from \$25,726 in 1983 to \$41,490 in 1992, an increase of 61 percent. In 1983, the average Detroit teacher salary was one percent below the statewide teacher salary; in 1992, the average Detroit teacher salary was \$2,584 or six percent above the statewide average.

**Financial Condition** The Detroit School District incurred a financial crisis in 1989, when the unreserved, undesignated fund balance was a negative \$159.6 million. In September of 1989, voters approved an increase of five operating mills and the sale of \$160 million of deficit funding bonds to be repaid from an unlimited property tax. The district has recorded small accumulated surpluses in the most recent three years for which financial data have been published.

**School District of the City of Detroit  
Unreserved, Undesignated Fund Balance**

1992	\$ 2,081,099
1991	2,443,422
1990	6,436,748
1989	(159,574,943)
1988	(69,038,913)
1987	(33,437,343)
1986	(18,143,687)
1985	(18,584,607)
1984	(48,588,410)
1983	(43,117,094)
1982	(36,446,530)

Sources: School District of the City of Detroit, Annual Financial Reports