

# Grosse Pointe Public School System

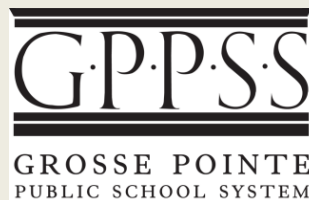
## *Financial Transparency Series*



## **OVERVIEW OF 2010-11 TAX LEVY APPROVAL**

**SEPTEMBER 27, 2010**

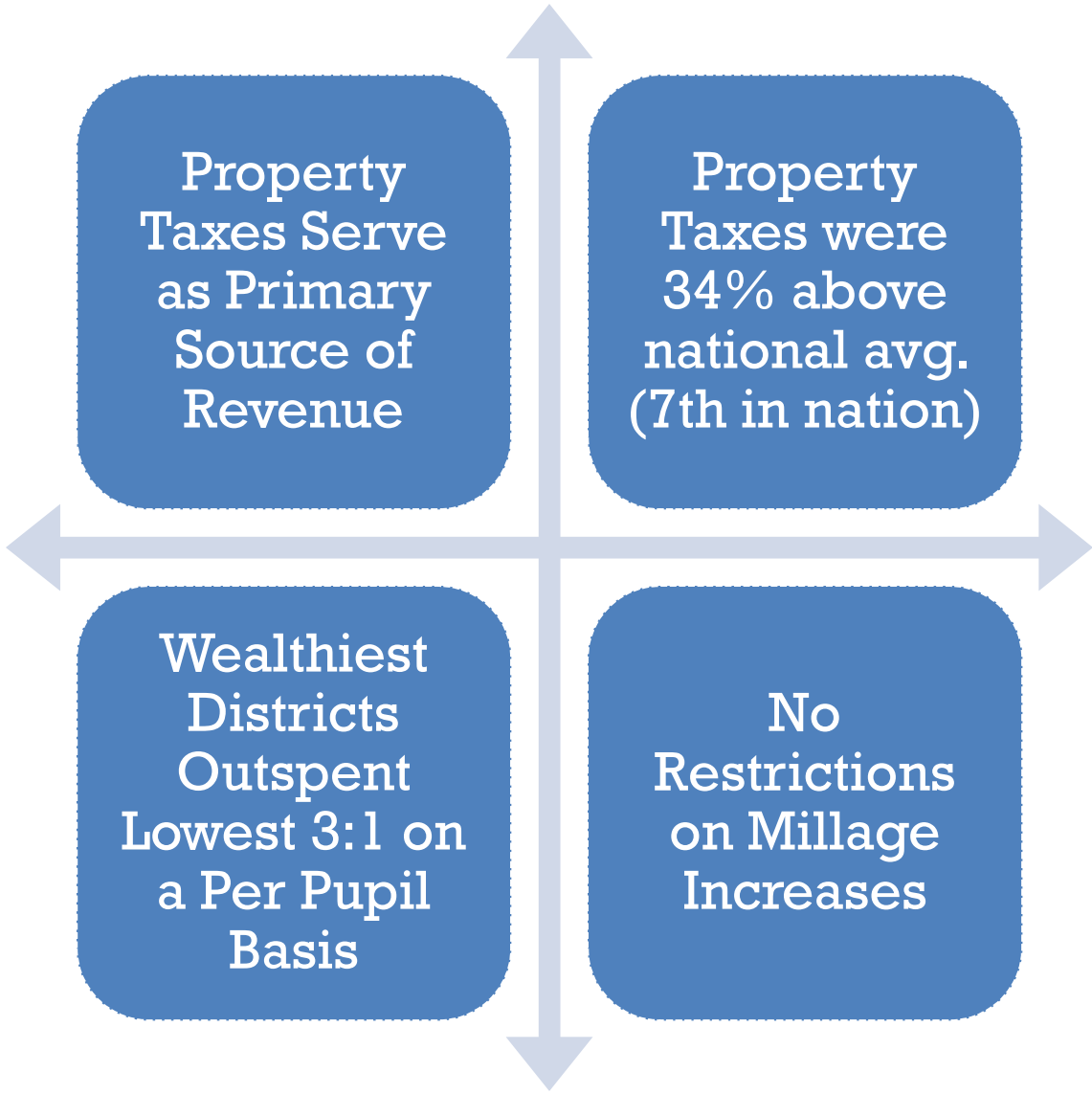
***BRENDAN WALSH, BOARD OF EDUCATION TREASURER***





## ***Before Proposal A***

*Why School  
Finance and  
Tax Reform  
Were Hot  
Issues in  
Michigan in  
1993*



Property  
Taxes Serve  
as Primary  
Source of  
Revenue

Property  
Taxes were  
34% above  
national avg.  
(7th in nation)

Wealthiest  
Districts  
Outspent  
Lowest 3:1 on  
a Per Pupil  
Basis

No  
Restrictions  
on Millage  
Increases

# School Operations Millages Post Proposal A

## *Taxes That Can Be or Are Levied for District Operations*



### State Foundation Millage

- A 6 mill levy against all homestead property
- Local district can't increase or decrease
- No vote and no option for local districts to opt out

### Non-Homestead Property Tax

- Maximum of 18 mills (subject to Headlee rollback)
- Requires voter approval, available to all districts

### Hold Harmless Homestead Property Tax

- For districts that spent > \$6,500 per pupil in 1994
- Requires voter approval (subject to Headlee)
- Fixed amount per pupil; no increases since 1995

### Commercial Personal Property Tax

- First 12 of 18 mill Non-Homestead tax are exempt
- Also taxed at Homestead Hold Harmless Rate

# Bond and Sinking Fund

*Levied against Homestead and Non-Homestead Property*



## Bond Millage

- Levied by 86% of Michigan districts
- Average state-wide rate is 4.788
- GPPSS proposed rate is 1.5083
- Will be paid off in 2032

## Sinking Fund Millage

- Levied by 25% of Michigan districts
- Average state-wide rate is 1.388
- GPPSS proposed rate is .9738
- Renewed by voters in November, 2009

***Neither can be used for Human Resources costs***

# Practical Implications of 1994's Proposal A



Reduced school property taxes, increased sales, other taxes.

School funding based on student enrollment.

Revenue per pupil is set, capped by state.

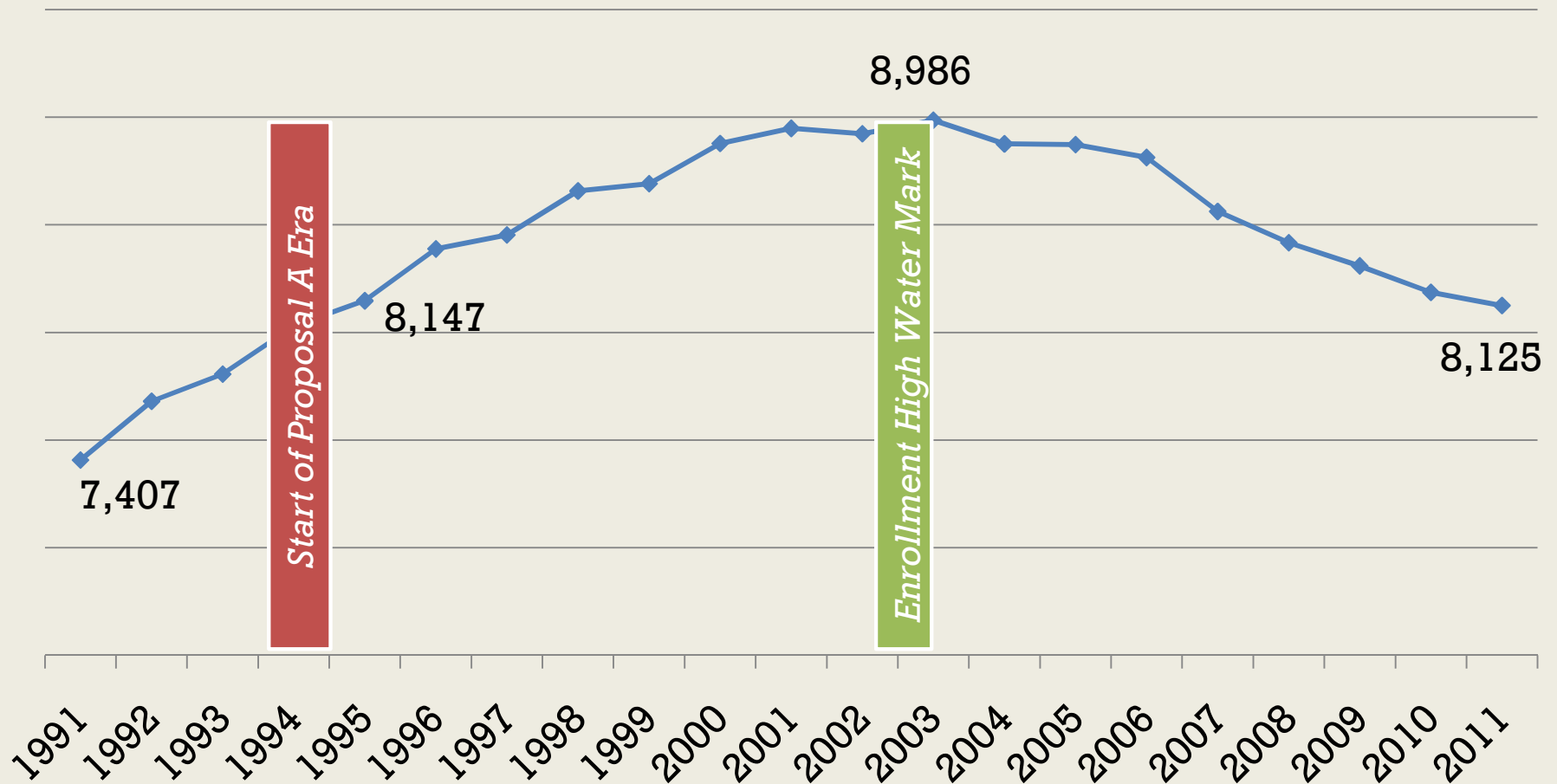
State responsible for majority of public school funding.

Low spending districts got “leveled up” to close gap.

Highest spending districts allowed a Hold Harmless Millage.

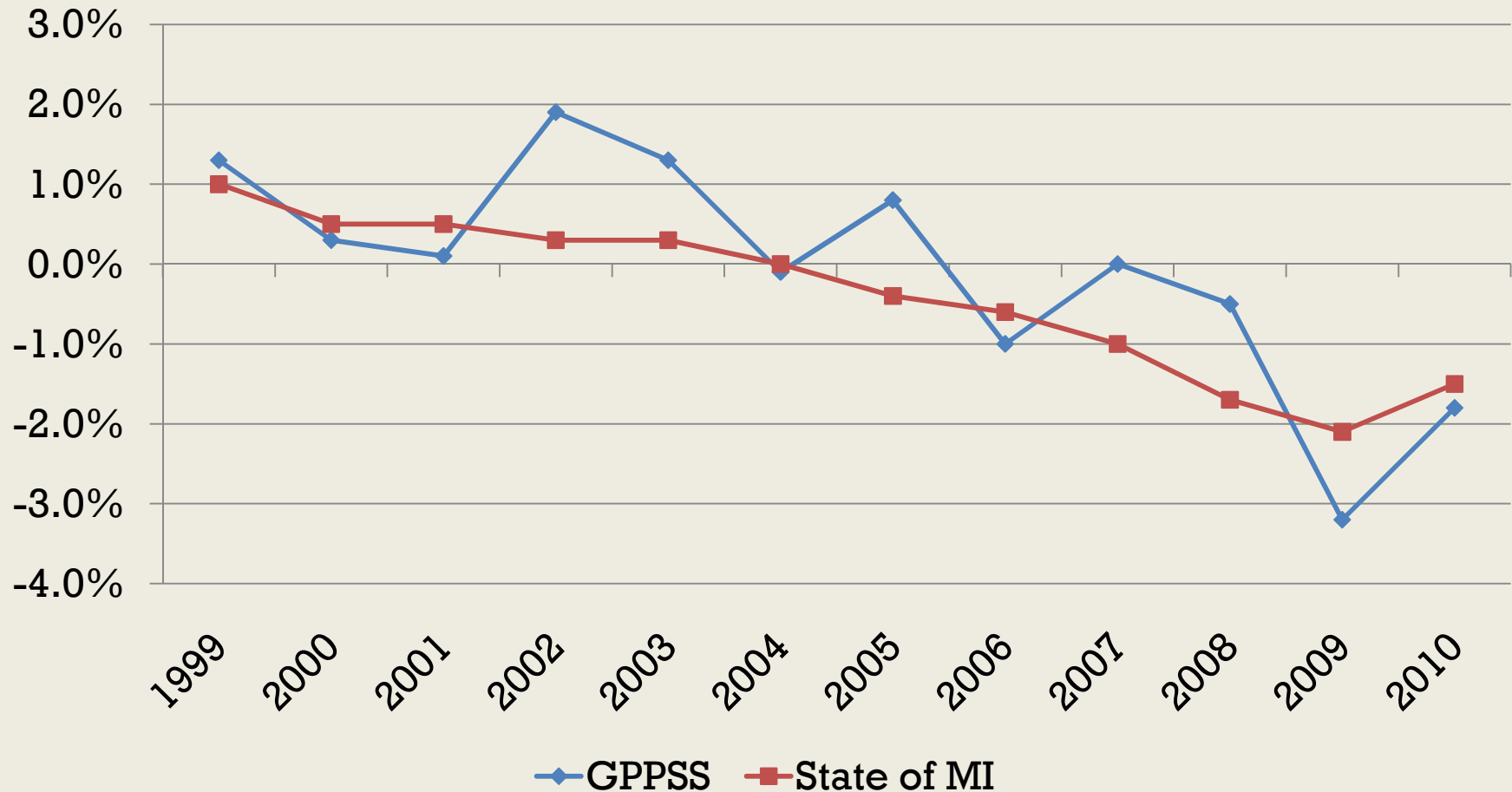
# GPPSS Enrollment from 1991 to 2011

*Elementary Class Size Average Lower now (22.4) than 1993 (23.1)*



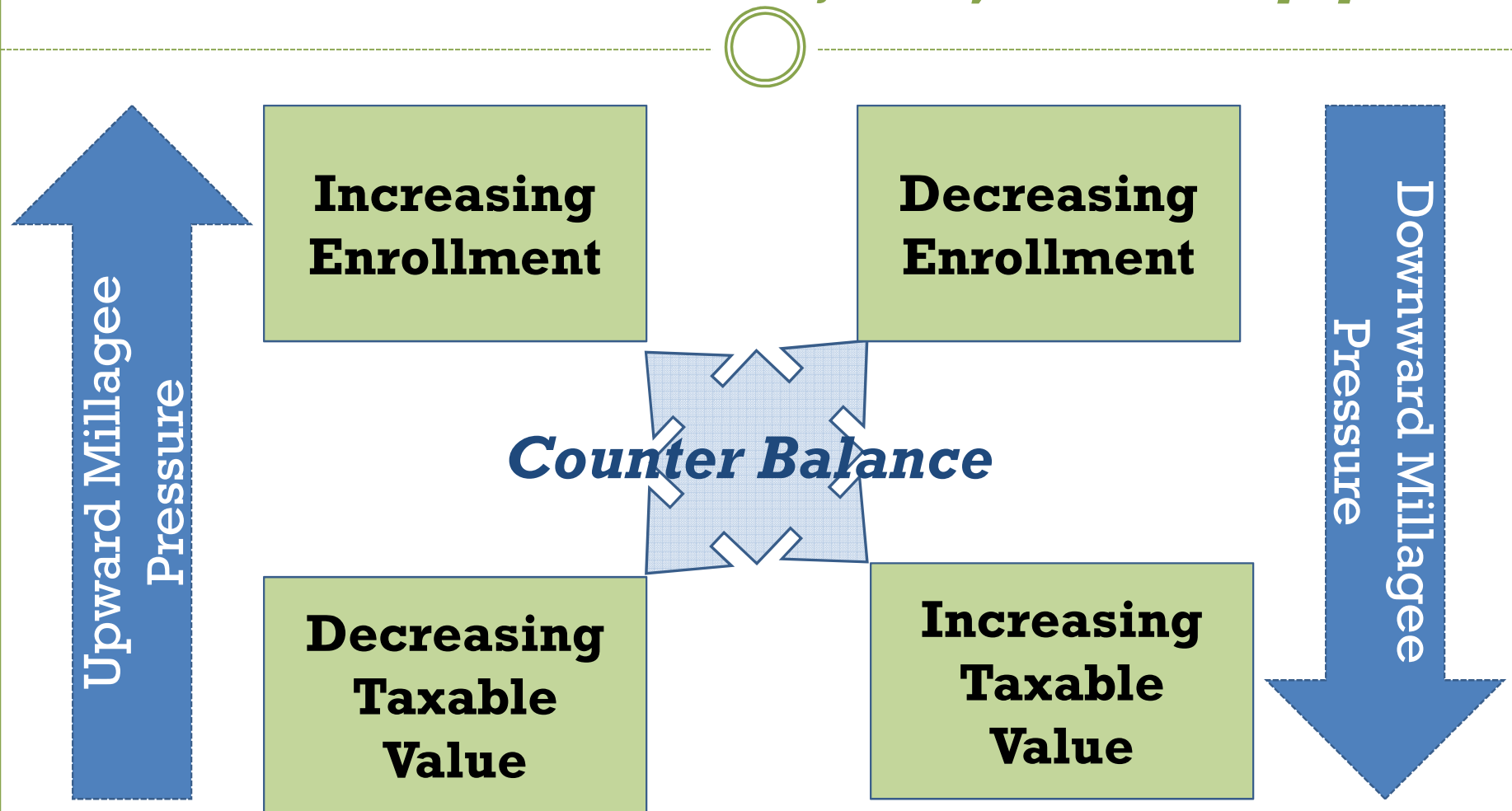
# State of Michigan and GPPSS Student Enrollment

*Year over year percentage change shows GPPSS' correlates with state's pattern*



# Formula Driven Hold Harmless Millage Rate

*In GPPSS the variables will adjust to yield \$1,893/pupil*

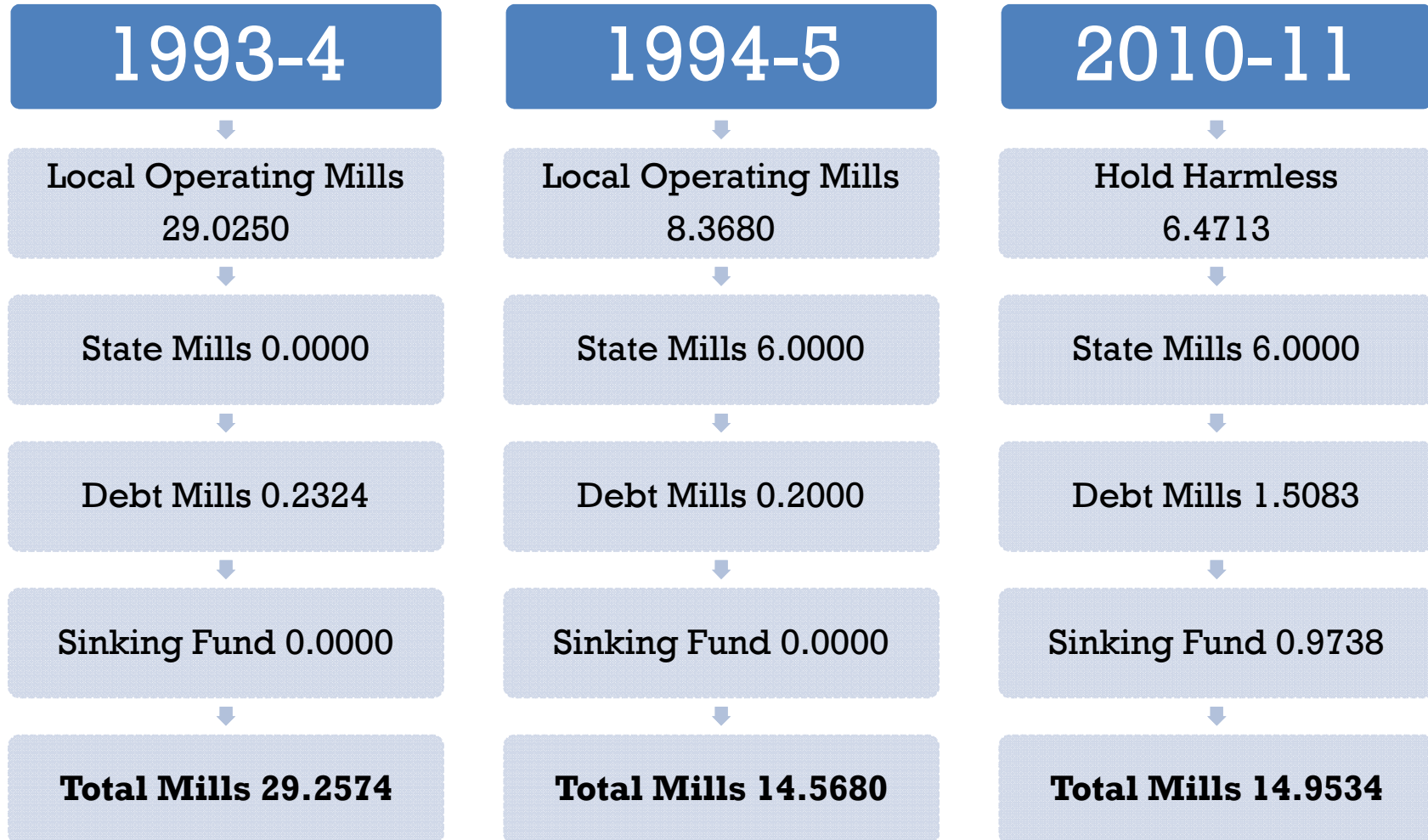


**Proposal A self corrects tax rates to ensure fixed per pupil funding**



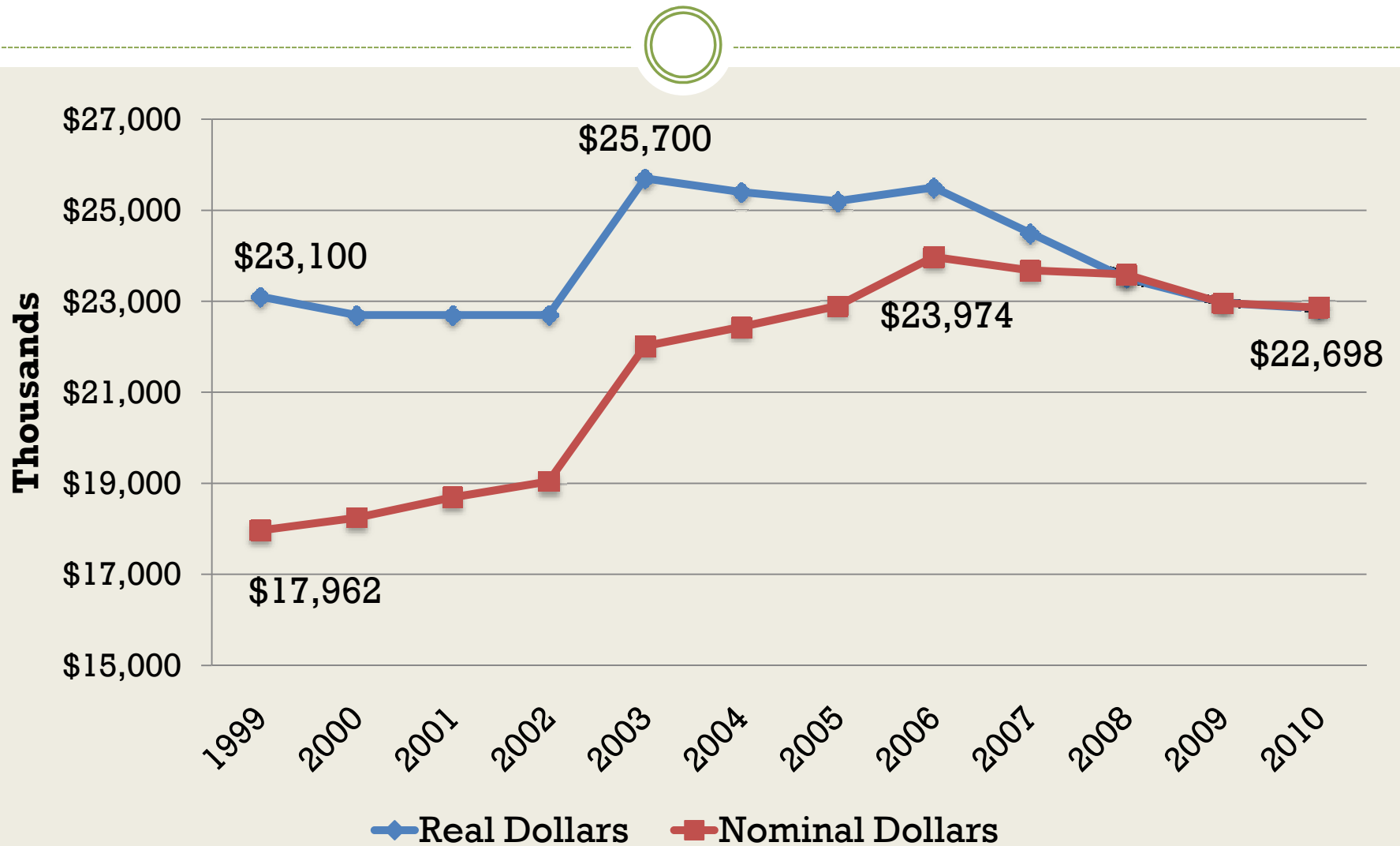
# Proposal A's Impact on Homestead Millages

*In GPPSS School Property Tax Rates Went down 50%*



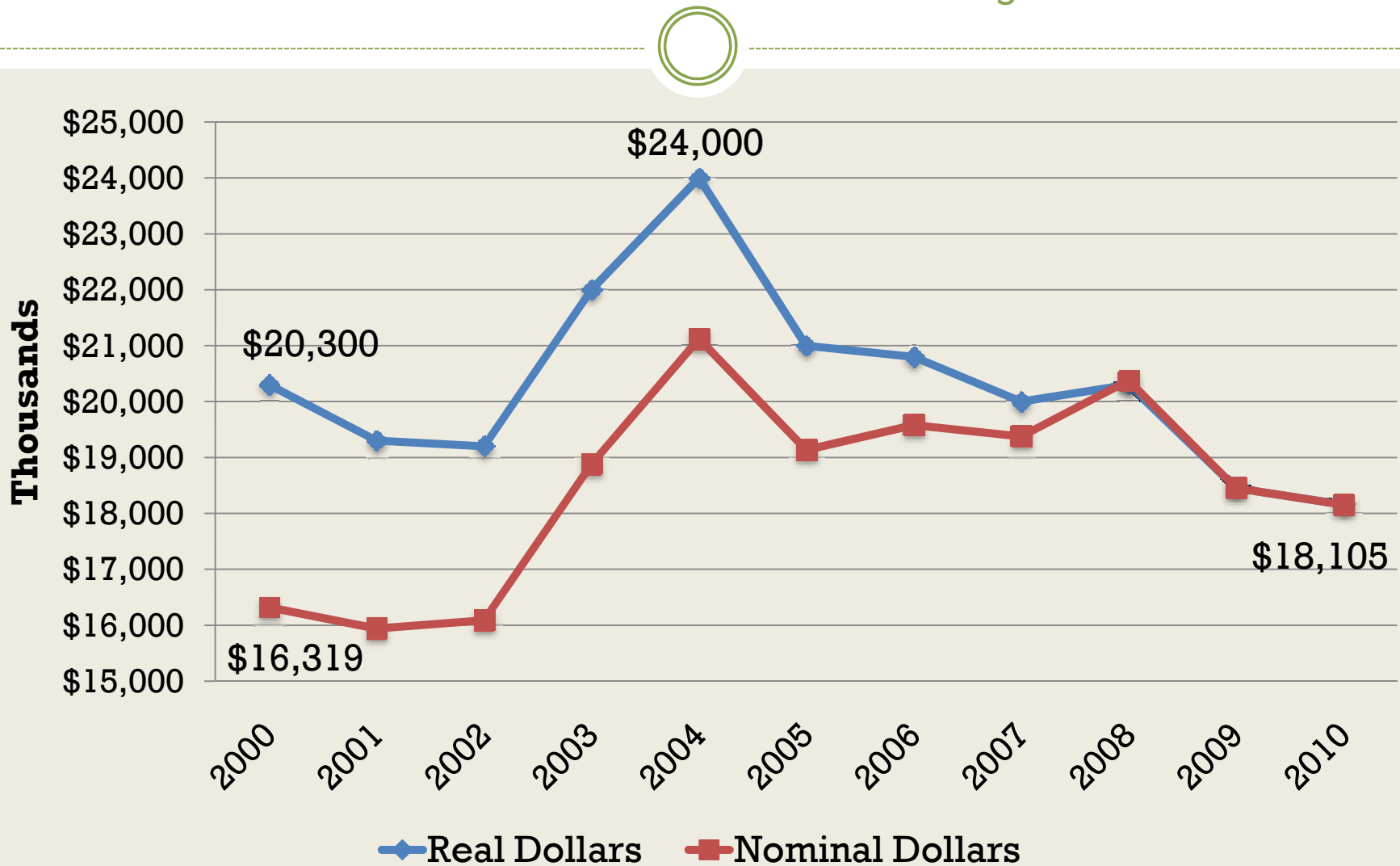
# Local Foundation Allowance Revenue (Per Pupil x Enrollment)

*Combined Real Local Homestead & Non-Homestead Tax Revenue lower than 1999*



# Combined Local Homestead, Technology and Sinking Fund

*In real dollars homeowner tax revenue is 25% less than high-water mark of 2004*



# Comparison of Enrollment and Staffing from 1993 to 2010



Student and Staff Data	September, 1993	September, 2010	% Change '93-'10
General Education Student Enrollment	7,850	8,125	3.5%
Total Number of Teachers	527	569	8.0%
Pupil : Teacher Ratio ( <i>lower is better</i> )	14.90	14.28	-4.1%
Average Elementary Class Size	23.1	22.3	-3.5%
Public Librarians	14	0	-100.0%
Clerical Staff	93	47	-49.5%
Plant and Cafeteria Staff	108	68	-37.0%
Classroom Assistants/Paraprofessionals	108	130	20.4%
Administrators	30	30	0.0%
Other Regular Staff	35	22	-37.1%
<i>Total Employees</i>	<i>915</i>	<i>866</i>	<i>-5.4%</i>
Total Teachers and Classroom Assistants	635	699	10.1%
All Other Employees	280	167	-40.4%

# Benchmarking GPPSS to Statewide Rankings

*Note variance of expenditure/pupil by category vs. revenue/pupil*



Per Pupil Revenue or Expenditure	1994 Rank (out of 524)	2008 Rank (out of 775)
Total Revenue per Pupil	14	44
Basic Instructional Expenditure	14	32
Total Instructional Expenditure	15	29
Instructional Support Expenditure	26	44
Administrative Expenditure	56	381
Support Services Expenditure	24	206
Operations and Mntc. Expenditure	15	201
<b>Enrollment Ranking Statewide</b>	<b>36</b>	<b>31</b>

## Summary

*Proposal A has dramatically reduced tax revenues*



### Local Taxes and Fees

- Down \$1,041,787 from 2009-10
- Down \$1,940,214 from 2006-7

### GPPSS State Tax Revenues

- Down \$6,369,103 from 2007-8

### General Fund Expenditures

- Down \$6.8MM from 2009-10
- Down \$9.2MM from 2007-8