

It Takes A Millage



To Educate A Child

The Washtenaw Schools Millage: Data Related to Proposal I

Data pertained in this document is sourced appropriately. This data has been gathered to help inform citizens related to the Washtenaw Schools Millage on the Nov. 3rd ballot as Proposal I.

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This data pack is not intended to replace editorial and/or other written documents, but rather, to support this effort through data.

Preparing Students for the 21st Century

Our children and grandchildren – and our community’s children – need an excellent education to prepare them adequately for living in the 21st century.

The 21st century will require:

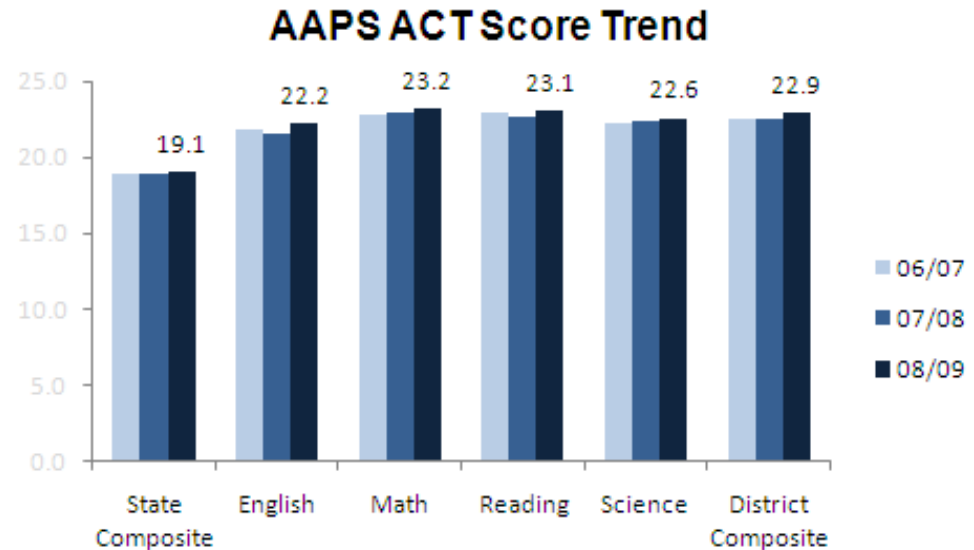
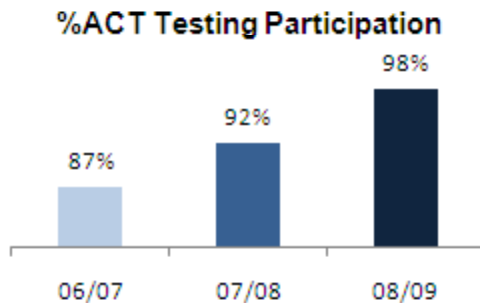
- **Preparation for post graduation study:** Every high school student is given the test preparation and testing opportunity to compete in the ACT college exam, and already high participation continues to increase.
- **Technological competencies:** Students from Kindergarten through high school are instructed using technological innovations that were unavailable 10 years ago.
- **World Language proficiency:** Students in the 3rd grade will be adding Spanish language to the curriculum this year through a ground-breaking partnership with the University of Michigan.
- **College education = prosperity:** States with the highest percentage of their population with college degrees have the highest per capita income. AAPS boasts record numbers of students continuing onto higher education. Michigan ranks 34th in percentage of population with a college degree and 33rd in per capita income.

Strong Schools, Strong Community

AAPS Performance – An Asset Worth Protecting

AAPS outperforms the state across a broad spectrum of measures: MEAP scores, ACT scores and participation, graduation rate, participation and performance in advanced programming across a diverse set of topics.

Our students score 20% higher than the state composite, which is significant as 98% of our 08/09 students participated in the ACT, reflecting broad achievement.

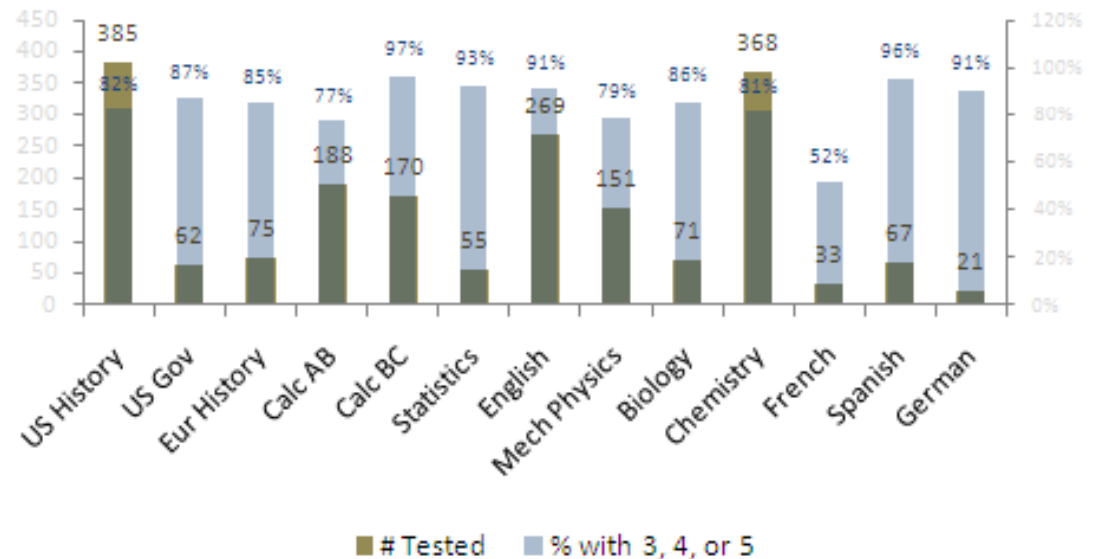


Strong Schools, Strong Community

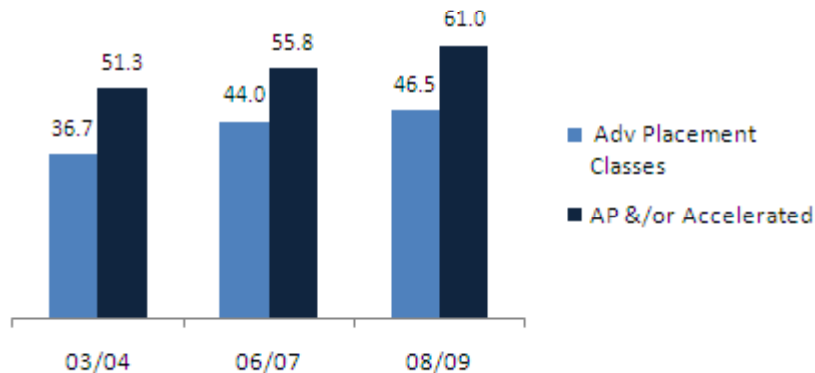
AAPS Performance – An Asset Worth Protecting

61% of our 08/09 class participated in accelerated programs. Students are performing well across a wide variety of accelerated programs.

AP Scores of 3+ for 08/09 Students



% 11th & 12th Grader Accelerated Program Participation

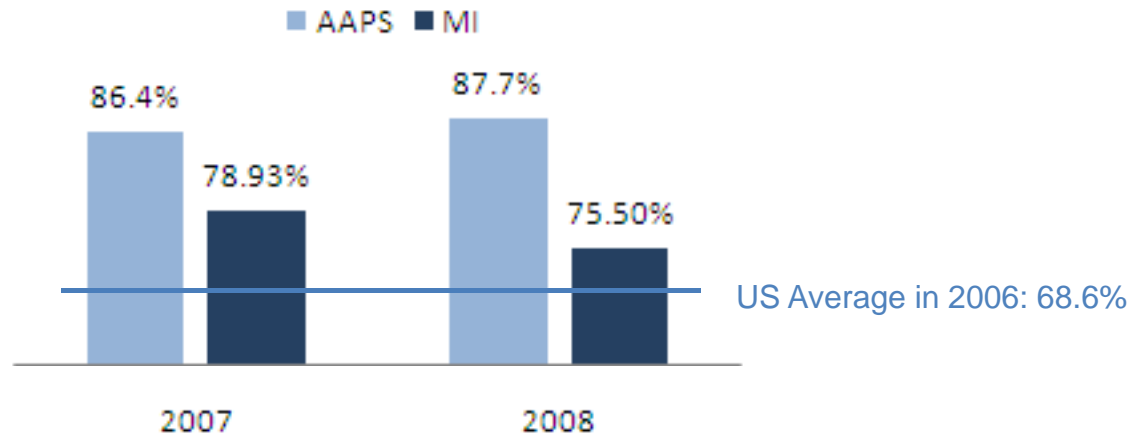


Strong Schools, Strong Community

AAPS Performance – An Asset Worth Protecting

One of our most important performance measures is our graduation rate. The AAPS continues to improve our graduation rate, which was 16% higher (or 12.2 percentage points) than the average for Michigan and 28% higher (or 19.1 percentage points) than the national average.

Graduation Rate

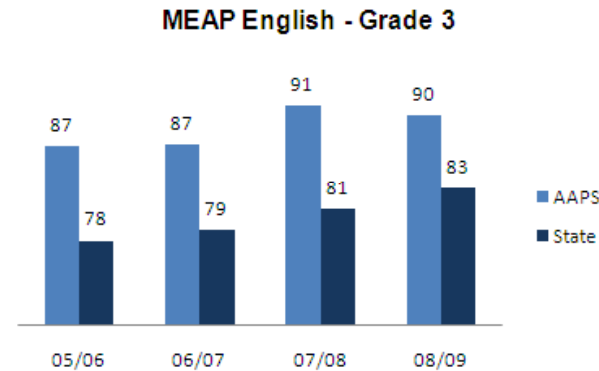
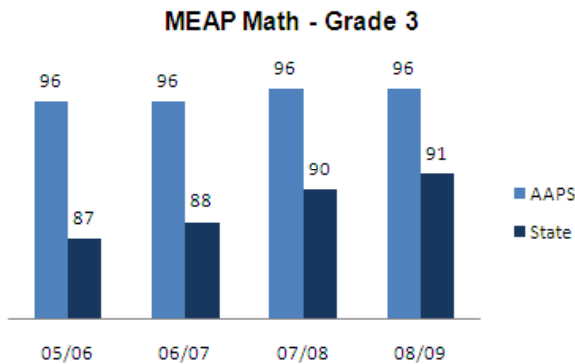
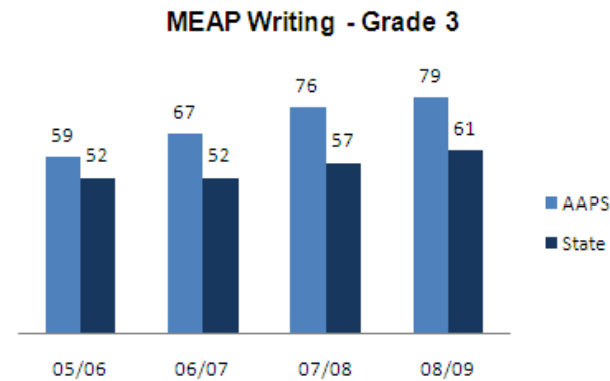
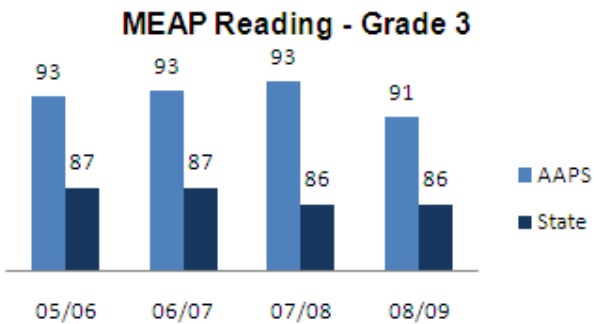


Source: AAPS: AAPS; MI: Center for Educational Performance and Information, www.michigan.gov/, 2007 and 2008 Cohort Graduation and Dropout Rates Report; US: National Center for Higher Education Management Systems, Public High School Graduation Rates, 2006 data.

Strong Schools, Strong Community

AAPS Performance – An Asset Worth Protecting

3rd Grade MEAP scores across MEAP topics



Source: AAPS; all grades data available through AAPS.

Why the Millage is a Good Investment

County Millage is Best Return on Investment

The Washtenaw Schools Millage returns 100% of the revenue generated to the students, distributed on a per pupil basis. For Ann Arbor residents, we will receive \$0.71 for every dollar raised, which is almost twice the \$0.38 for every dollar we receive in all other education-related state millages.

Constituent District	Two Mills
Ann Arbor	11,209,169
Chelsea	1,805,447
Dexter	2,477,564
Lincoln	3,261,427
Manchester	865,953
Milan	1,778,896
Saline	3,748,612
Whitmore Lake	831,030
Willow Run	1,358,160
Ypsilanti	2,663,743
Total	30,000,000

Ann Arbor will generate ~\$15M in taxable revenue and receive \$11.2M back through a per student allocation.

Sources:

- (1) AAPS Count Day numbers reflect September Count Day only; these are unaudited and will adjust a blended number for the Winter Count Day.
- (2) http://www.mlive.com/politics/index.ssf/2009/10/gov_granholm_considers_additio.html

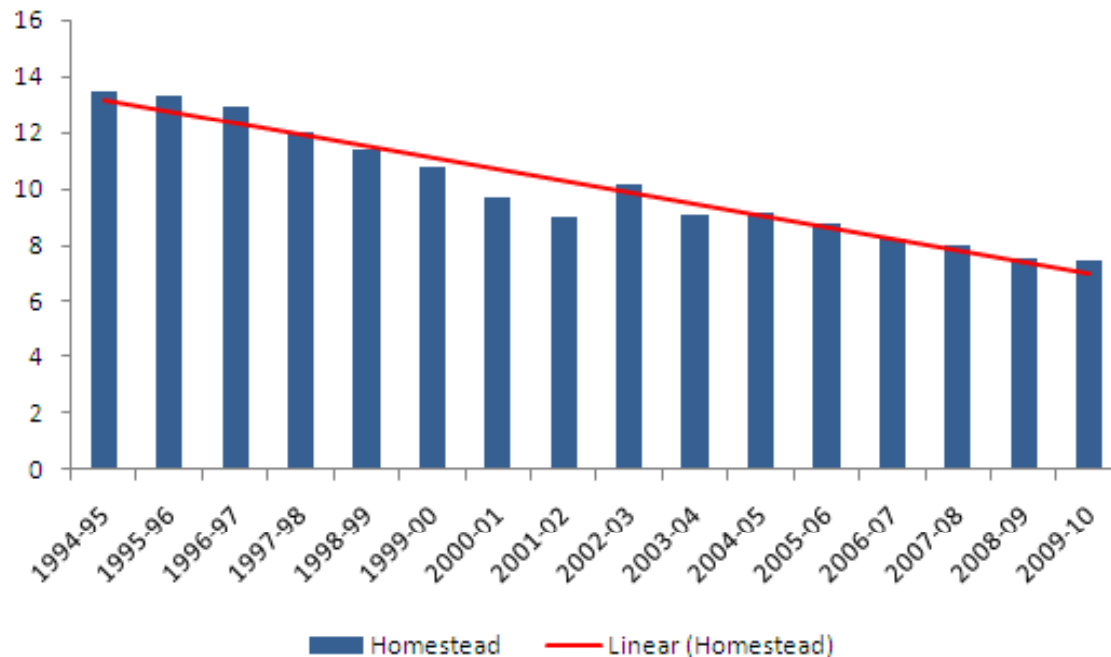
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Millage Trends – We Aren't Investing What We Used To

Ann Arbor has historically valued education as a community. Our K-12 programs receive less state funding now than they did even a few years ago. In 2001 – 2003, the % of state personal income tax for the School Aid Fund (SAF) was 3.655%. In FY 2010, only 3.221% of state personal income is dedicated to the SAF. Even with the Washtenaw District Millage, we will be investing \$31M less in our schools today as compared to our priority for education in 2001 – 2003.

Current millage trends reflect a net decline of 44% since 1994. Even with the passage of the millage, we will be investing significantly less than we have historically: 13.4 mills in 1994 vs. 7.4 mills in 2009.

Millage Rate Trends



Source:

(1)AAPS Finance

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Impact of Quality Education on Housing Values

In August 2009, Cyberhomes ⁽¹⁾ released a study linking the quality of education to median home values. The national study covered 6,000 zip codes. The study found that median home values in zip codes with highly-ranked schools (per Greatschools) were 62% higher than those in average-ranked zip codes, and 92% higher than those in low-ranked zip codes.

This study used Q1 2009 data.

Source:

(1)<http://www.cyberhomes.com/content/news/09-08-13/home-value-school.aspx>

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Impact of Millage on Homeowners - Sample

Impact of 2 mills for homeowners

If you file an itemized tax return, it allows much (if not all) of this tax to be returned at both the Michigan Property Tax and federal level, depending on income level and status relative to state and federal income tax regulations. ⁽¹⁾

Home Value	Taxable Value	Annual Cost
\$150,000	\$75,000	\$150
\$200,000	\$100,000	\$200
\$250,000	\$125,000	\$250
\$300,000	\$150,000	\$300

Note ⁽²⁾:

Over 50% of homes in Ann Arbor fall into the \$225,000 home value range or below.

Source:

- (1) Michigan Property Tax Guidelines for Homestead Property Tax Exemption: http://www.ci.eaton-rapids.mi.us/documents/assess_miguidehomeexemp.pdf
- (2) Property Database of the Equalization Department, Washtenaw County

AAPS Cost Containment Effort

AAPS has cut \$16 million from the operating budget in the past 4 years alone.
AAPS has reduced costs in the following ways:

- Reduced Staff
- Reduced Health Care Costs
- Reduced Insurance & Legal Costs
- Consolidated Services at the County Level
- Reduced Capital Needs Expenditures
- Reduced Departmental Budgets

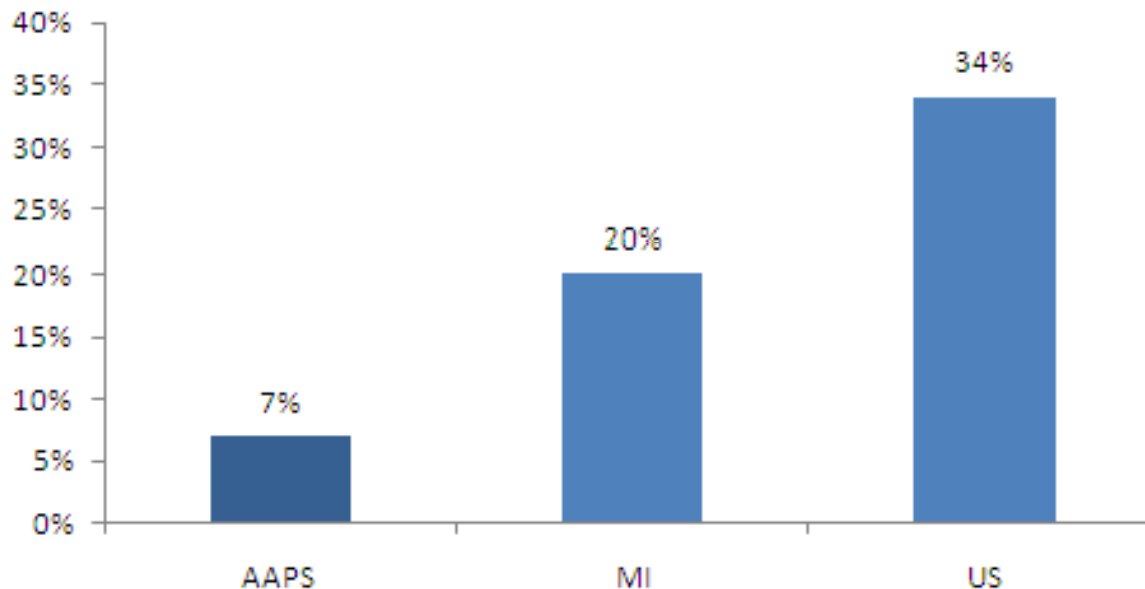
Sources:

<http://www.aaps.k12.mi.us/2009millage/faqs>

AAPS Cost Containment Effort

AAPS has contained health care costs even as it provided excellent medical benefits. AAPS medical costs grew by 7% from FY 2005 to FY 2009. Nationally, costs increased by a much greater 34% over the same time period ⁽¹⁾. In Michigan, health insurance premiums have increased more than 20% during this period⁽²⁾.

5 YR Medical Cost Increase (2004 - 2009)



AAPS has capped health insurance premiums, regardless of the program. This results in cost shifting to the employees.

Sources:

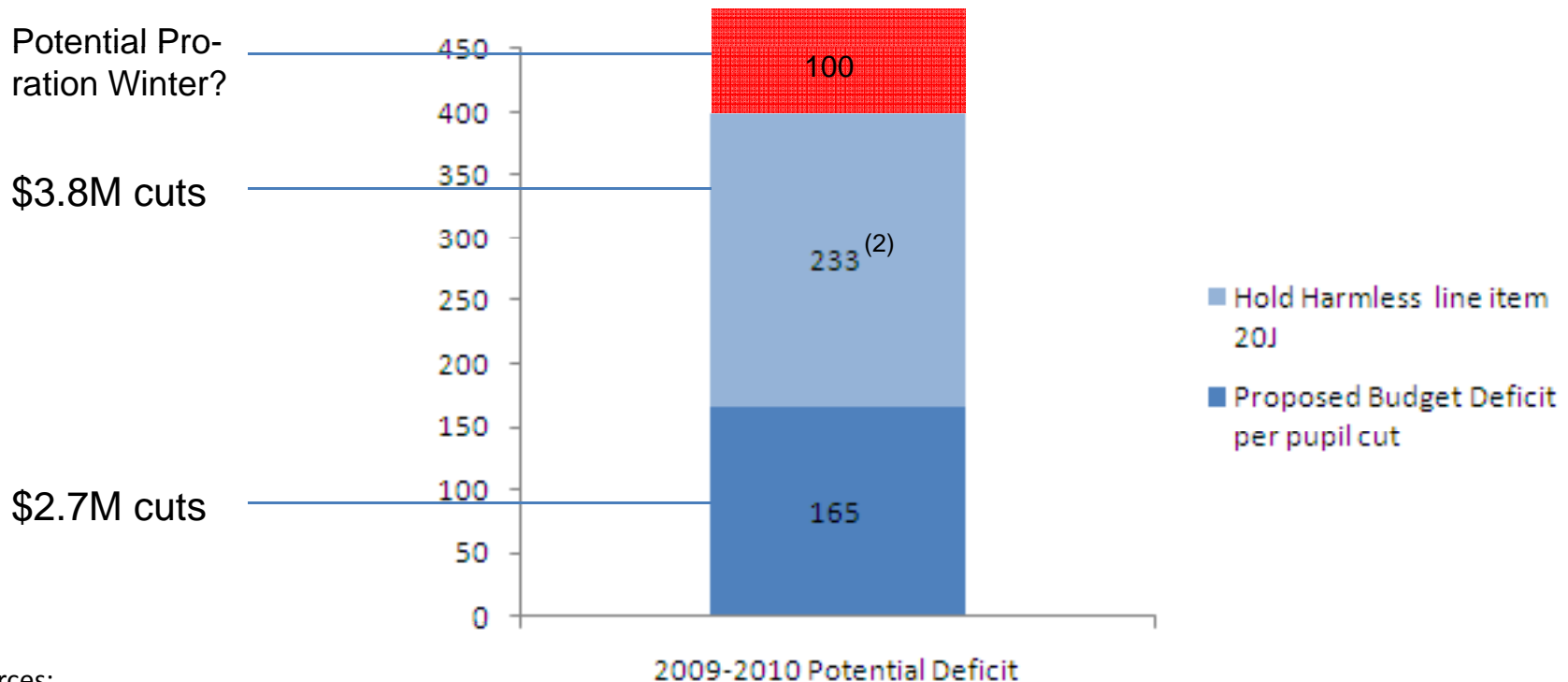
(1) HRET Survey of Employer-Sponsored Health Plans, [www.whitehouse.gov/assets/documents/Health Insurance Premium Report](http://www.whitehouse.gov/assets/documents/Health_Insurance_Premium_Report)

(2) Why Health Reform Must Cover the Rising Costs of Health Insurance Premiums, The Commonwealth Fund, August 2009, data brief, <http://www.commonwealthfund.org/Content/Publications/Data-Briefs/2009/Aug/Paying-the-Price-How-Health-Insurance-Premiums-Are-Eating-Up-Middle-Class-Incomes.aspx>

State Funding for Education

The Crisis Before Us – 2009/2010 School Year

With 16,489 ⁽¹⁾ students attending Count Day in AAPS, we were preparing for a \$165 per student cut, or \$2.7 million cut for AAPS. County wide, there are ~44,000 students, reflecting a \$7.3 million cut in Washtenaw County. The state budget proposed a cut on the line item 20J Hold Harmless funding per student (\$233 per student in Ann Arbor), reflecting an additional \$3.8 million cut, or \$6.5 million mid-year loss of revenue for AAPS – this year.



Sources:

- (1) AAPS Count Day numbers reflect September Count Day only; these are unaudited and will adjust a blended number for the Winter Count Day.
- (2) http://www.mlive.com/politics/index.ssf/2009/10/gov_granholm_considers_additio.html

State Funding for Education

The Crisis Before Us – 2010/2011 School Year

In addition to the ~\$400 loss per student in 2009/2010, based on state revenue projections, the AAPS will likely receive an additional \$400 per pupil reduction in funding for 2010/2011. This equates to \$800 per pupil reduction in funding for 2010/2011.

2010-11 Budget Projection Scenarios				
(In millions)	AFTER REDUCTIONS	----- PROJECTED -----		
	<u>ITEM DESCRIPTION</u>	<u>No Change</u>	<u>\$200 Loss</u>	<u>\$400 Loss</u>
Blended Count:		16,489	16,489	16,489
Revenue		\$186.04	\$182.74	\$179.44
EXPENDITURES:				
	Basic Expenditures (Estimated for FY 08)	\$191.39	\$191.39	\$191.39
	Salary Differential/Vacancy Savings	(\$0.95)	(\$0.95)	(\$0.95)
	Step, FICA, Retirement	\$1.92	\$1.92	\$1.92
	Fringe Increase	\$2.18	\$2.18	\$2.18
	Retirement Rate Adjustment	\$1.79	\$1.79	\$1.79
	Utilities Increase	\$0.40	\$0.40	\$0.40
	AAEA Negotiations Settlement	\$0.00	\$0.00	\$0.00
	Other Barg. Units (settled contracts)	\$0.00	\$0.00	\$0.00
	Early Retirement Incentive Payout	\$0.00	\$0.00	\$0.00
	Budget Reduction Plan	\$0.00	\$0.00	\$0.00
	TOTAL EXPENDITURES	\$196.73	\$196.73	\$196.73
	Balance/ Deficit	(\$10.69)	(\$13.89)	(\$17.29)
	Fund Equity - Beginning Balance	\$ 24.01	\$ 24.01	\$ 24.01
	Fund Equity - Ending Balance (Est.)	\$ 13.32	\$ 10.02	\$ 6.72

Sources: AAPS Community Presentation, October 19, 2009

Understanding the AAPS Budget

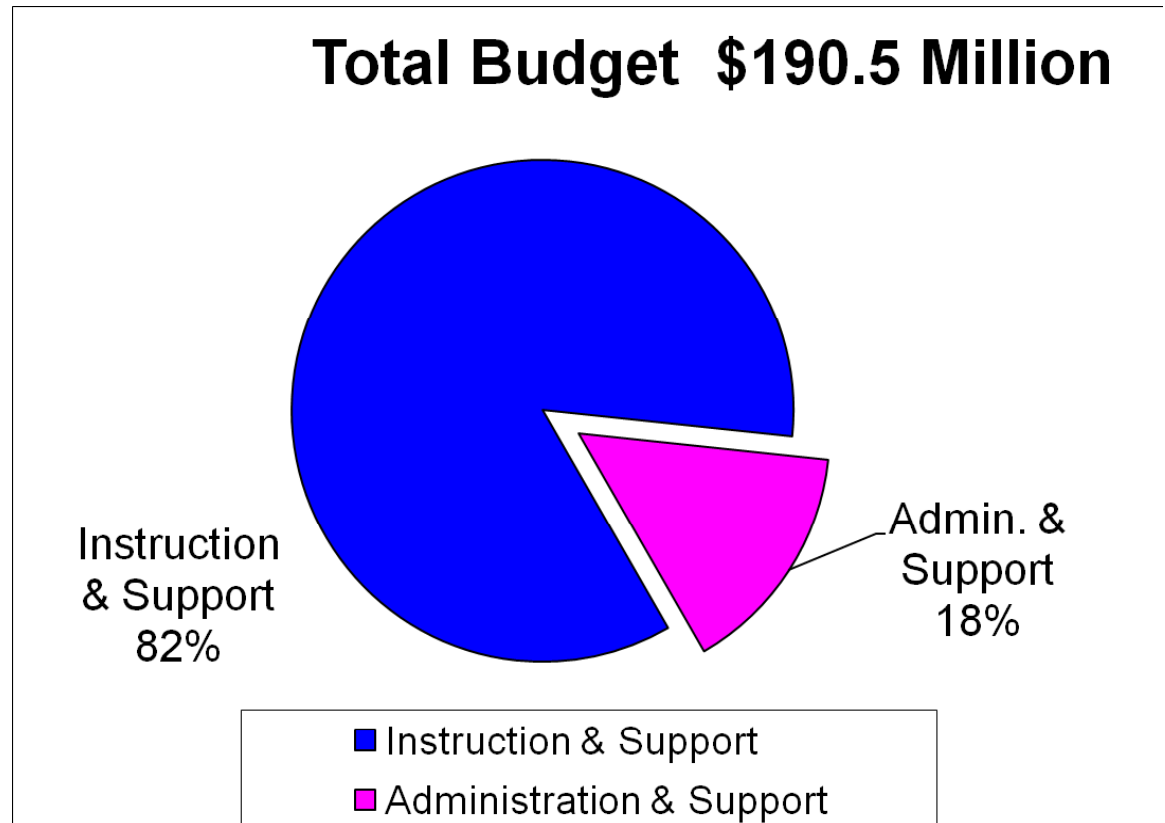
Operating Expenses

Instruction & Support:

- Teachers
- Teacher Assistants
- Technical Assistants
- Coordinators
- Building Administrators
- Building Secretaries

Administration & Support:

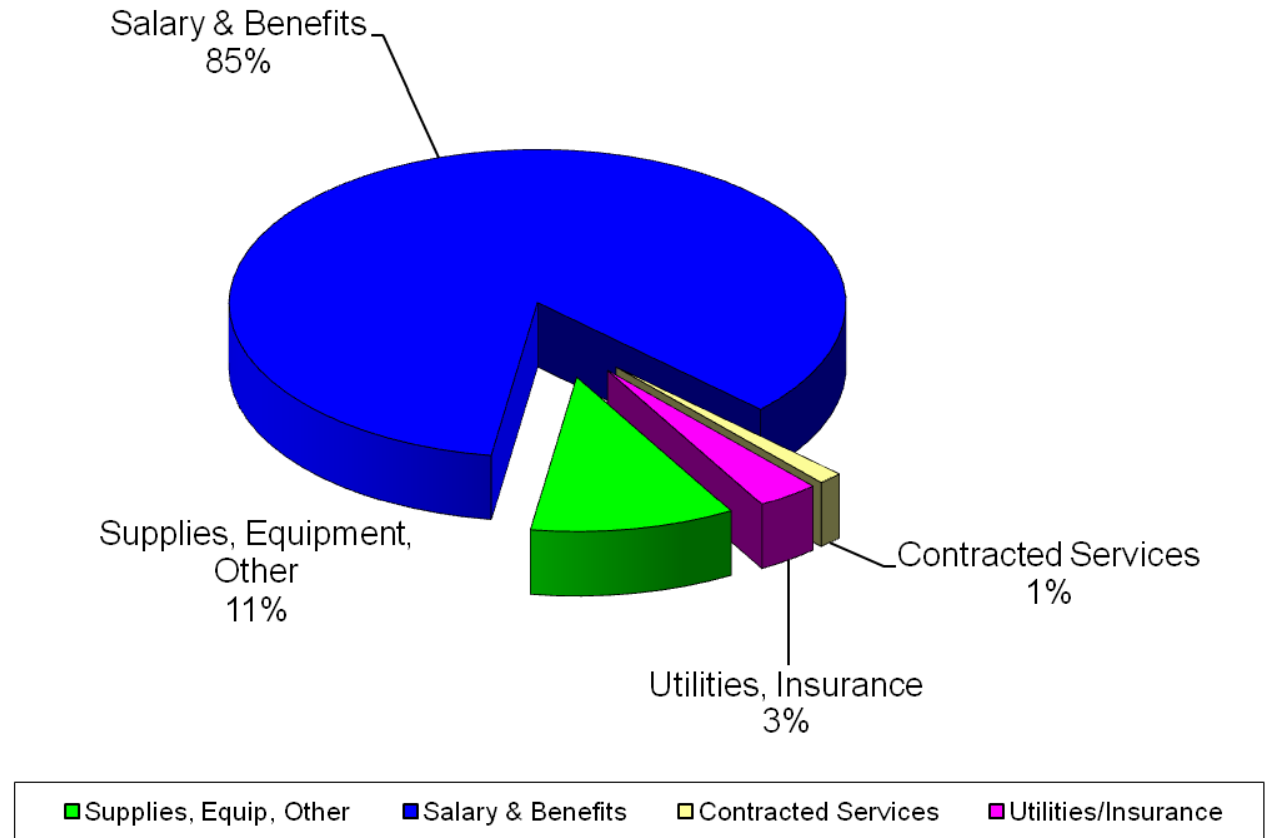
- Central Administration
- Directors/Supervisors
- Administrative Support (Executive Secretaries)
- Custodial/Maintenance
- Transportation



Understanding the AAPS Budget

Operating Expenses

85% of operating expenses are in salaries & benefits, making cuts most likely to be focused there.



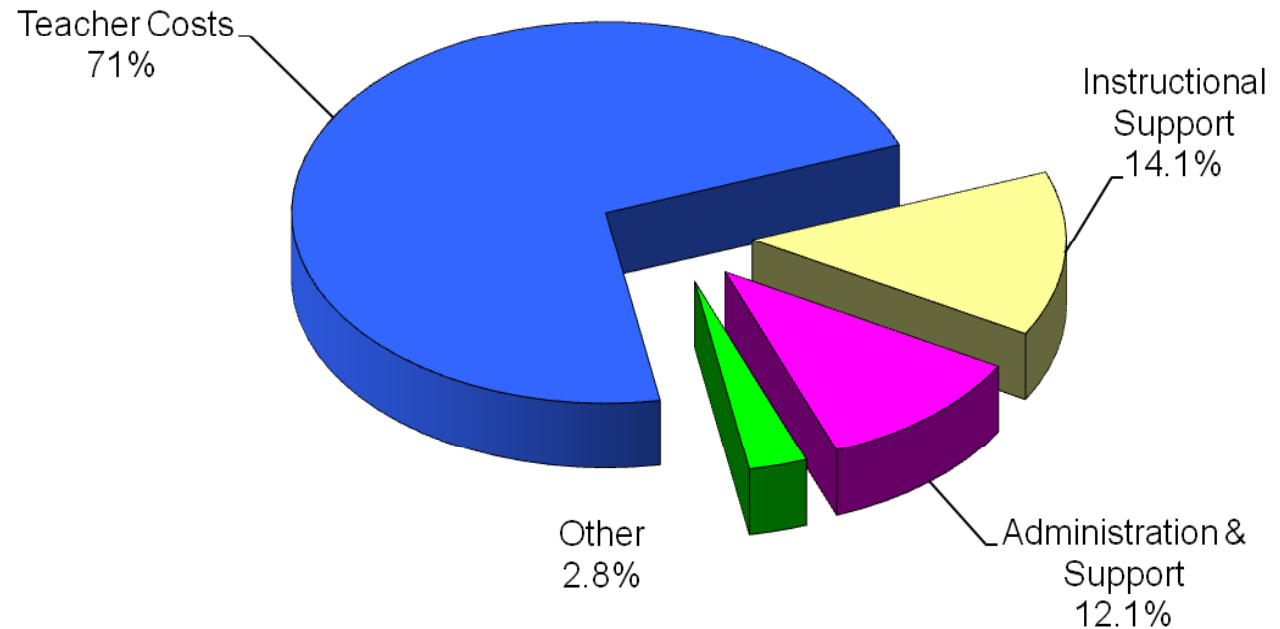
Understanding the AAPS Budget

Operating Expenses

Teachers are 71% of staff costs:

“Teacher” includes the following:

- Classroom Teachers
- Media Specialists
- Counselors
- Occupational/Physical Therapists
- Social Workers
- Speech Therapists
- Teacher Consultants
- Nurses



■ Total Teacher Costs ■ Instructional Support ■ Administration & Support ■ Other

Average Teacher to Student Ratios in AAPS (1):

Elementary School: 1 teacher : 23 – 25 students

Middle School: 1 teacher: 28 students

High School: 1 teacher: 29 students

Sources: AAPS Community Presentation, October 19, 2009; data from 2007/2008, based on audited financial statements

Note: (1) Average teacher ratio for general classes: reading, math, science, English; does not include social worker case load, etc.

Impact of a \$15M Deficit in 2010/2011

Program Cuts Will Have to Be Made

Given that the operating budget is primarily staff, budget cuts will have to impact school programming. In order to address a \$15M budget deficit, AAPS would have to reduce at least 200 positions. This would impact what AAPS can offer in terms of programs.

Impact of Deficit on Programs:

- Increase in class size
- Program reductions such as:
 - Art
 - Music
 - Physical education
 - Athletics
- Reduction in enrichment opportunities
- Reduction in services such as:
 - Transportation
 - Custodial
 - Maintenance