

**Marquette-Alger RESA
Special Education Headlee Millage**

The fiscal picture for our school systems is more bleak and uncertain now than it has been in recent history. Revenue sources are shrinking while our needs and demands are growing.

In Marquette and Alger Counties we work cooperatively and collaboratively to seek a mutually satisfactory solution to local district funding issues, especially in the area of Special Education. In Special Education, we must deal with increasing state and federal mandates, a growing number of students benefiting from our excellent special education programs and services, and funding that has not kept pace with these demands.

Due to the Headlee amendment, MARESA's millage rate has been decreasing every year resulting in reduced property taxes collected in the Special Education Fund. The rollbacks occurred because additional properties were added to the tax rolls in Marquette and Alger Counties that caused the taxable value of the property to grow by more than the rate of inflation.

As a result, local districts have had to spend general fund dollars on mandated special education programs and services. In 1986, Marquette and Alger County voters approved a one mill levy for special education. In 1995, voters increased this levy to two mills following the decentralization of special education services back to local districts.

In addition to the 2 mills collected for special education, a formula was created and approved that enabled all school districts to benefit from this millage. While no increases in the two mill Special Education levy have been sought since 1995, the Headlee amendment has steadily decreased the millage from 2.0 to 1.75 mills this past year. These rollbacks occur because additional properties have been added to the tax rolls in Marquette-Alger RESA that caused the taxable value of the property to grow by more than the rate of inflation. The result is a loss of \$564,000 this school year in revenue for special education programs and services.

The law allows MARESA to ask voters in Marquette and Alger Counties to approve a Headlee Override Millage. This vote would allow MARESA to restore the tax rates at the original rates and also allow MARESA to avoid some future Headlee reductions. The Headlee Override Millage must be voted on by all voters in the MARESA boundaries and include both homestead and non-homestead property owners. All proceeds would remain in the Special Education Fund.

Marquette-Alger RESA
Special Education Millage Proposal
Tuesday, May 4, 2010

Definitions

- SEV – State equalized valuation. The SEV is 50% of the property's true cash value.
- Mill - \$1 for each \$1,000 of SEV.
- A home valued at \$100,000 has a SEV of \$50,000. The tax would be \$1 times 50% (SEV) times 2.0 (tax rate on homestead property).

History

- Proposal A. Passed in 1994, it established a base foundation level for per pupil funding. This allowed districts with low SEV to receive more in state aid. However, local school districts were now responsible for all retirement costs. This rate has grown from 5% in 1994 to 16.94% this year and is expected to rise to 19.41% for the next school year. This represents an approximately 15% increase in retirement costs alone.
- Millage rate for homestead (primary residence) property capped at 6 mills and non-homestead (second homes, camps, businesses) capped at 18 mills.
- The Headlee rollback states that if the SEV of the school district grows by more than the rate of inflation, the tax rate is rolled back to the amount which would equal the amount raised by inflation.

Local Impact

- Due to the Headlee amendment MARESA's millage rate has been decreasing every year resulting in reduced property taxes collected in both the General and Special Education Funds. The rollbacks occurred because additional properties were added to the tax rolls in the Marquette-Alger RESA that caused the taxable value of the property to grow by more than the rate of inflation.
- The 2.0 mills voted tax rate for Special Education in Marquette-Alger RESA has been rolled back to approximately 1.75 mills currently. The taxes collected at this rate would equal the amount collected with an assessment of 2.0 mills on SEV growing at the rate of inflation.
- The resulting effect on Marquette-Alger school districts was a loss of approximately \$565,000 in Special Education revenue last year.

Proposal

- Passage of the Headlee override ballot proposal would allow Marquette-Alger school districts to assess the full 2.0 Special Education mills when the Headlee rollback takes place.
- Since the millage rate has now been rolled back, the maximum millage that can be assessed on property in the future is 1.75 mills. Therefore, if another rollback were to occur, 1.75 mills would be rolled back, not 2.0 mills.
- The ballot asks for 0.75 mills for 20 years. Only the amount needed to reach 2.0 mills would be assessed. That would have been 0.25 mills this past school year.
- If only 0.25 mills were asked for on the ballot and a future rollback occurred that was more than 0.25 mills, Marquette-Alger RESA would still not be able to assess the full 2.0 mills.

Marquette-Alger RESA
BALLOT PROPOSAL AT A GLANCE
FOR THE MAY 4, 2010 ELECTION

REASON FOR REQUEST

- ❑ To maintain the funding that voters approved in 1986 and 1995 – **THIS IS A RESTORATION OF THE 2.0 MILL LEVY APPROVED BY VOTERS.**
- ❑ If this election is not successful, local districts will lose approximately \$565,000 of funding for the 2010-2011 school year.

THE PROBLEM

- ❑ The 1.0 mill approved by voters in 1986 and 1.0 mill approved in 1995 for special education services in the Marquette and Alger County school districts has been reduced to 1.75 mills because of a Headlee rollback, resulting in a loss of approximately \$565,000 in revenue for 2009-2010.
- ❑ The rollback occurred because additional properties were added to the tax rolls on a schedule that caused the taxable value of all property in the district to grow by more than the rate of inflation.
- ❑ This vote is requested MARESA, on behalf of the 13 local school districts to **collect the full 2.0 mills, which voters approved in 1986 and 1995, on all properties.**

THE PROPOSAL

- ❑ At the May 4th election, voters will be asked to vote on an increase of 0.75 mills for 20 years -- *(although the ballot language uses the word **INCREASE**, it is actually **RESTORING** millage from a decreased millage rate).*
- ❑ If passed, MARESA will levy only that portion of the 0.75 mills necessary to restore the total rate to 2.0 mills – which is the maximum allowable by law.

HOW MUCH WILL IT COST?

- ❑ The first year impact on all properties will be approximately 0.25 of a mill, or 25 cents on every \$1,000 of taxable value.

ELECTION INFORMATION

Date: May 4, 2010

Poll Locations: Local school district polling locations.

Polls Open: 7 a.m. to 8 p.m.

FOR MORE INFORMATION, CONTACT YOUR LOCAL SCHOOL DISTRICT