

Hold Harmless School Districts and Section 20j

When voters approved Prop A 15 years ago, they were told those districts which had shown strong support for their schools would NOT be penalized – they'd be “held harmless.” The plan was to bring lower funded districts up to close the funding gap. Since 1994, about 2/3 of Michigan school districts have received a 125% increases in funding while “hold harmless” districts have been held to about 17% total increase. And to make matters worse, taxpayers in these “hold harmless” districts have been required to subsidize the other districts AND pay an average of 12 mills to maintain their funding. All other Michigan homeowners pay only 6 mills.

A problem was discovered in 1999 which resulted in these districts NOT being held harmless. Since additional property tax millage could not be approved under the constitution to fix the problem, Section 20j was created in the school aid act to make sure “hold harmless” meant just that.

Since 20j's adoption, detractors like to call this a bonus for wealthy districts. Nothing could be further from the truth. This simply maintains the promise of Prop A.

Two years ago, Lansing hatched a plan to give nearly 700 districts twice as much in the annual funding increases as the 51 “hold harmless” districts. It's known as the 2 x plan.

Now the governor is proposing to abandon the promise of Prop A and cut 20% of the 20j funding. (Some districts would see nearly 100% of their 20j funding cut with the Granholm Plan.) Not only does she want to give other districts twice as much annual funding, now she wants HH districts to take twice the cuts of other districts in tough times. It's not fair and it's not honest. A 17% funding increase over 15 years has drained fund balances, caused program cuts, caused class sizes to grow, and caused buildings to close.. These districts educate 1 in 7 Michigan school children and represents some of the best schools in America.

If the governor's plan is approved, it will mean HH districts will have received no funding increase during her 7 years as governor – some will have seen a net reduction in funding. You can't provide a world class education with such actions.

2/09

HH Talking Points

*Districts receiving half as much of an annual increase in funding shouldn't see twice as much in cuts when times are tough

*If cuts are necessary, treat all schools the same

*HH districts have to get taxpayer approval for the extra millage required to hold us harmless. Homeowners in the other districts only pay 6 mills; ours pay about 12 on average.

*Talk about the cuts in your budget and specific changes you've made to live with declining state support

*1 in 7 Michigan children are educated in HH districts, many among the best in the country

*None of these districts receive any of the regular \$300 million-plus in at-risk funds and few receive any of the nearly \$300 million given to districts with declining enrollments.

*51 districts receive 20j funds. They are as large as Dearborn, small as Clarenceville and few would call most of them "wealthy." Most are now HH districts because their communities valued good schools and supported millage to provide it. Many of our buildings meet at-risk designation but are banned from receiving at-risk funding due to their HH designation. Places like Centerline, Auburn Hills, and Romulus are not "wealthy" like some would like you to believe.

*We estimate more than \$400 million has been cut from HH budgets since Prop A. A 17% increase over 15 years coupled with 40% inflation is not holding these districts harmless.

*Tweaking Prop A is not the answer to Michigan's school funding problem

Hold Harmless Action Plan

*The school aid bill starts in the House this year. Contact your state house members, tell them your story, and ask them to oppose any school aid bill which tampers with 20j. It likely will be voted on before April 1. Do the same with state senators who will have the bill between April and June

*Have school boards adopt resolutions telling the impact on your district, share that with your local legislators and local media

*Engage parents and civic/business groups to join in opposition to tampering with 20j

*Use facebook, twitter, blogs, podcasts, and emails to compliment snail mail and phone calls. If you don't know how to use these tools, ask your kids – they will

*Watch for a power point Walled Lake is developing to tell the story, use it or develop your own to make sure your community becomes informed advocates

*Share your resolutions, press clips, responses, and effective communications with Pete Dion in Novi so he can fan them out to HH leaders