

School Election Update: Operating, Bond and Sinking Fund Millage Proposals



Michigan School Business Officials 2018 Annual Conference

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School Ballot Proposals

- Operating Millage.
- Debt Millage: Voted Capital Improvement Bonds.
- Building and Site Sinking Fund Millage.
- Recreation Millage.
- Regional Enhancement Millage.

School Election Date Options



- ❑ A school district may submit a ballot question to the school electors on one of the following dates:
 - Regular election date (i.e., one of the three fixed dates)
 - A date when a city or township within the school district's jurisdiction is holding an election; or
 - A "floater" election date.
- ❑ Ballot question must be submitted to the school district's Election Coordinator no later than 4 p.m. on the twelfth Tuesday before the election date.

Three Fixed Regular Election Dates

- ❑ The three fixed regular election dates are as follows:
 - First Tuesday after the first Monday in May;
 - First Tuesday after the first Monday in August;
 - First Tuesday after the first Monday in November.*

*The November regular election date, even-years only, is the school district's Regular School Election date.

Note: The March Presidential Primary election date is also an available election date (second Tuesday in March, e.g. March 10, 2020).

Floater Election Dates

- Any Tuesday that falls more than 30 days before or 35 days after one of the four fixed regular election dates.
- Requires initiative petition.
- 3,000 signatures or 10% of voters who voted in the last gubernatorial election

Fixed Regular Election Dates

2018	2019	2020
N/A	N/A	Tuesday, March 10, 2020**
Tuesday, May 8, 2018	Tuesday, May 7, 2019	Tuesday, May 5, 2020
Tuesday, August 7, 2018	Tuesday, August 6, 2019	Tuesday, August 4, 2020
Tuesday, November 6, 2018*	Tuesday, November 5, 2019	Tuesday, November 3, 2020*

*Regular School Election Date

**Presidential Primary Election Date

Picking an Election Date - Considerations

- Expiration or rollback of current operating millage authorization.
- Coordination with proposed project timetable.
- Cost.
- Turn-out/ballot fatigue/other ballot issues?
- “Stealth Election.”

Operating Millage Proposal

- Proposal A did not eliminate need to vote school operating millages
- School Operating Millage: 18 mills
 - Non-homestead levy
 - Hold harmless levy
- Operating millage proposals do not actually authorize millage; instead they seek authority for an increase in the constitutional limitation on millage which may be levied by a school district. The School Board approves the actual levy within the limit.
- Authorization limited to 20 years.

Operating Millage Proposal

- ❑ Operating Millage Renewal, Restoration, Increase or Headlee Override.
- ❑ Headlee Rollbacks on the rise!
- ❑ Increase v. Renewal.
- ❑ The Headlee Rollback cushion?

Operating Millage Proposal

RENEWAL OR CONTINUATION

- Previous authorization is about to expire.
- New increase for the identical amount levied in the immediately preceding year or a lesser amount.
- May include increase but cannot exceed 0.5 mills.

Operating Millage Proposal

HEADLEE CUSHION PROPOSAL

This proposal would restore, replace and extend the authority of the _____ School District to levy the statutory limit of 18.00 mills on non-homestead property (principally industrial and commercial real property and residential real property) which currently expires with the School District's 2018 levy and allow the School District to continue to levy the statutory limit of 18 mills on non homestead property in the event of future Headlee rollbacks of up to 3 mills.

Shall the limitation on the amount of taxes which may be assessed against all property, except principal residences and other property exempted by law, situated within the _____ School District, County of _____, Michigan, be increased to 21 mills (\$21.00 per \$1,000 of taxable value), with 18 mills being the maximum allowable levy (\$18.00 per \$1,000 of taxable value), for a period of _____ (__) years, the years 2018 to 20__, inclusive, to provide funds for operating expenses of the school district? This millage would raise approximately \$_____ in the first year of levy.

Bond Proposal

- ❑ A school district may borrow money and issue bonds of the district to defray all or a part of the cost of **purchasing, erecting, completing, remodeling, or equipping or reequipping, except for equipping or reequipping for technology, school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities, or parts of or additions to those facilities; furnishing or refurnishing new or remodeled school buildings; acquiring, preparing, developing, or improving sites, or parts of or additions to sites, for school buildings, including library buildings, structures, athletic fields, playgrounds, or other facilities; purchasing school buses; acquiring, installing, or equipping or reequipping school buildings for technology.**
- ❑ Unlimited debt levy with voter approval.

WHAT'S NEW ON THE SCHOOL BOND FRONT?

- Need for capital projects remains strong.
- Size and scope of projects have shifted from space addition to renovation, technology, and buses.
- Security, security, security!!
- Energy Conservation Improvements: Newer more efficient systems.
- Tax base recovery making it possible in some cases to bond with existing debt millage.
- Multiple bond proposals considered.
- Negative credit pressures? Interest rates still low – Michigan outlook ↑

Developing a Bond Program

- Determine Bonding Capacity.
 - Single or multi-series?
 - Millage rate management
- Identify Projects.
- Qualified or Non-Qualified Bonds? (Michigan School Bond Qualification and Loan Program).
- Lead time for Treasury Pre-Approval.
- Election Dates

Michigan Department of Treasury
3881(R. 09-16)

Completion: Required for Qualification.

Application for Preliminary Qualification of Bonds

School Bond Qualification and Loan Program
for

[Enter Legal Name of School District]

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Utilization Summary Pg 6-Util Summary

Facility Summary Pg 7-Facility Summary

Cost Summary Pg 8-Cost Summary

*Include building floor plans and cost estimates for each project.

For additional information about the School Bond Qualification and Loan Program, visit:

Michigan Department of Treasury
Bureau of State and Authority Finance
School Bond Qualification and Loan Program
430 West Allegan Street
Lansing, Michigan 48922
517-335-0994
517-241-1233 (f)
<http://www.michigan.gov/sblf>

RECENT SCHOOL BOND ELECTION RESULTS

Bond Election Results of Bond qualified under the School Bond Qualification and Loan Program:

August 2016	November 2016	May 2017	August 2017	November 2017
12 Bond Elections	5 Bond Elections	25 Bond Elections	4 Bond Elections	27 Bond Elections
8 Passed	3 Passed	10 Passed	3 Passed	19 Passed
4 Failed	2 Failed	15 Failed	1 Failed	8 Failed
67% Success Rate	60% Success Rate	40% Success Rate	75% Success Rate	70% Success Rate

Building and Site Sinking Fund: Permissible Uses Expanded

Pre-2017 Voter Authorization	Post-2016 Voter Authorization
<ul style="list-style-type: none"> • Voter Approval 	<ul style="list-style-type: none"> • Voter Approval.
<ul style="list-style-type: none"> • Up to 5 mills for up to 20 years. 	<ul style="list-style-type: none"> • Up to 3 mills for up to 10 years.
<ul style="list-style-type: none"> • Purchase of real estate for sites for, and the construction or repair* of, school buildings. 	<ul style="list-style-type: none"> • Purchase of real estate for sites for, and the construction or repair* of, school buildings, for school security improvements, or for the acquisition or upgrading of technology.
<ul style="list-style-type: none"> • NO EQUIPMENT OR FURNISHINGS. 	<ul style="list-style-type: none"> • NO EQUIPMENT OR FURNISHINGS OTHER THAN SCHOOL SECURITY IMPROVEMENTS AND ACQUISITION AND UPGRADING OF TECHNOLOGY.
<ul style="list-style-type: none"> • NO MAINTENANCE** 	<ul style="list-style-type: none"> • NO MAINTENANCE**
<ul style="list-style-type: none"> • ANNUAL AUDIT 	<ul style="list-style-type: none"> • ANNUAL AUDIT

* Repair – putting back in good condition – curative.

** Maintenance – keeping in good condition – preventative.

★ Voter approval to replace existing Sinking Fund authorization?

Replacement Sinking Fund Proposal

- ❑ Consider requesting voter approval for replacement sinking fund authorization to take advantage of new law
- ❑ Target election without cost (e.g. general school election)
- ❑ If voters do not approve replacement proposal, the existing proposal would continue to be authorized.

Sample Replacement Ballot Language

SINKING FUND MILLAGE REPLACEMENT PROPOSAL

This proposal would replace and extend the authority last approved by voters in 20__ and which expires with the 20__ levy for [School District] to levy a sinking fund millage. This proposal would allow the use of proceeds of the millage for all purposes previously permitted by law as well as newly authorized security improvements and the acquisition or upgrading of technology.

As a replacement of existing authority, shall [School District], County of _____, State of Michigan, be authorized to levy 3.00 mills (\$3.00 per \$1,000 of taxable valuation) to create a sinking fund for the purpose of the purchase of real estate for school building sites, the construction or repair of school buildings, school security improvements, the acquisition or upgrading of technology and any other purpose which may be allowed by law, by increasing the limitation on the amount of taxes which may be imposed on taxable property in the School District for a period of ten (10) years, being the years 2017 to 2026, inclusive? It is estimated that 3.00 mills (\$3.00 per \$1,000 of taxable valuation) would raise approximately \$_____ in the first year that it is levied.

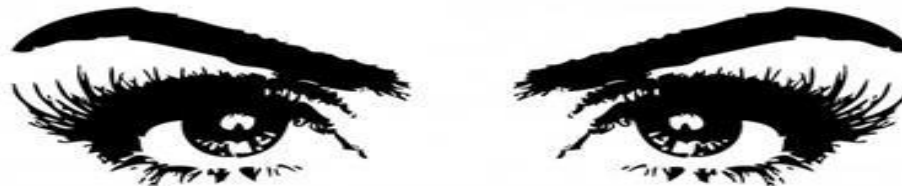
(Under state law, sinking fund proceeds may not be used to pay teacher or administrator salaries.)

Certification of Tax Levy

- Summer tax levy.
- Winter tax levy: September 30.
- Current year ballot proposals.

Michigan Campaign Finance Act (“MCFA”) Update

- ❑ 60-Day Black-Out/Gag Order Gone!
- ❑ Recent activities by Secretary of State.
- ❑ You are being watched...
 - Educate administrative staff, including building level administrators



Advocate? No! Inform? Yes!

- School districts are prohibited from spending public funds or using other resources for campaign activities, including the election or defeat of candidates or ballot proposals.
- School Districts cannot expressly advocate for a ballot proposal but may use its resources to inform (i.e. factual information).

Do not use language like:	However, you may say:
This will really help our kids.	The bond issue is intended to benefit every child in the district.
This will benefit everyone in the district.	Make an informed decision.
We really need your help.	There is a lot of information available.

Michigan Campaign Finance Act: Public Officials

A **Board member or Superintendent** may express his or her views on a ballot proposal at any time without using school district resources. Statements should not imply that they are expressing the viewpoint of the entire school district or its school board.

A **Board member or Superintendent's** occasional, incidental use of public resources (such as telephones, computers, offices, stationary, or postage) to communicate his or her views on a ballot proposal to constituents or the media is permissible.

A **Board member or Superintendent** may discuss a ballot proposal at a school board meeting.

A school board may adopt a resolution supporting or opposing a ballot proposal.

