Our strategy is to protect general fund dollars for the day-to-day operational expenses, for which no other funding is available. We can do this by paying for those items that can be paid with sinking funds – roof repairs, parking lot repairs, etc. – with these dollars rather than general fund dollars.

7. Why not ask for the full 1.0 mill, that the community approved many years ago?

Approximately twenty (20) years ago, Chelsea voters authorized the Board of Education to levy a 1.0 mill sinking fund. This renewal request is for 0.9250 mill. Over time the Headlee Amendment to the State constitution rolled back the approved amount from 1.0 mill to 0.9283 mill to 0.9250 mill. The Board of Education has been prudent by not levying the fully authorized millage rate every year, based on the needs of the District. For example, during the 2015 tax year the Board of Education levied only .75 mill based on needs, even though it was authorized to levy .9250 mill, as rolled back by Headlee.

8. When and where do I vote on the sinking fund?

This proposal will be on ballot for the May 3, 2016, election. Voters will vote at their regular polling places. Absentee ballots may be obtained from your city or township clerk.

9. What is the wording on the ballot?

BUILDING AND SITE SINKING FUND MILLAGE RENEWAL PROPOSAL

This proposal renews .9250 mill of building and site sinking fund millage previously approved by the voters that will expire with the 2016 levy.

Shall the currently authorized millage rate limitation on the amount of taxes which may be assessed against all property in Chelsea School District, Washtenaw and Jackson Counties, Michigan, be renewed by .9250 mill ($0.9250 on each $1,000 of taxable valuation) for a period of 10 years, 2017 to 2026, inclusive, to continue to provide for a sinking fund for the construction or repair of school buildings, acquisition of sites, and all other purposes authorized by law; the estimate of the revenue the school district will collect if the millage is approved and levied in 2017 is approximately $792,000?

10. How do I get more information about the sinking fund?

You may speak with David Killips, Superintendent of Schools, or any school administrator for additional information regarding the sinking fund proposal. Members of the Board of Education would also be pleased to discuss this with you. You may call the main district number, 734-433-2200, to be directed to any of these persons. You may also get information from the Chelsea School District website: www.chelsea.k12.mi.us.
Sinking Fund 101

1. What is a sinking fund?
   A sinking fund is a school revenue account designated for school building renovation and major repairs. This sinking fund renewal proposal requests authorization to levy up to 0.9250 mill ($0.9250) on each $1,000 of taxable valuation) for 10 years, 2017 to 2026, for “the construction or repair of school buildings, acquisition of sites and all other purposes authorized by law.” In 2016, this will generate approximately $792,000. For nearly 40 years, Chelsea voters have supported schools with a millage dedicated to the renovation and repair of our schools.

2. Is this an increase in the tax rate?
   No. This is not a tax rate increase. This is not a new tax. This is a request to renew our existing sinking fund millage, which expires this year.

3. What types of projects can a sinking fund support?
   Past uses of sinking fund revenues have included roof replacements, fencing and sidewalks, accessibility renovations, fire-safety upgrades, parking lot repairs, and restroom renovations. The specific uses of sinking fund revenues are spelled out in legislation and administrative guidelines from the Department of Treasury. Rather than using general fund dollars for such items, a sinking fund provides a designated source for these needs. Without a sinking fund, general fund dollars must be used for building repair and renovation needs, which would impact the funds available for the day-to-day operations of our schools.

4. Why can’t we just vote on a proposal for general funds?
   State school funding laws do not permit our school district to levy any mills beyond the 18 mills that it levies on non-homestead property to pay for day-to-day operational expenses such as salaries, benefits, classroom materials, and instructional resources. Prior to 1994, school districts were allowed to ask voters for additional general fund millage. When Proposal A was passed in 1994 the option was no longer allowed.

5. Is this needed? Didn’t the bond take care of all of the school’s buildings needs?
   Our community has supported bond issues and the sinking fund in the past. Bond issues and sinking funds have different allowable expenses and some similar uses. One significant difference allows the sinking fund to be used for major repairs, but not general maintenance. Repairs are not an allowable use of bond proceeds. Our community provided facilities are in great shape and are heavily used. Many repairs and improvements will be needed in the future in order to maintain the community investment in our facilities.

6. At this time, why is this so important?
   Over the last fifteen (15) years our budget has remained relatively constant. However, expenses such as utilities, retirement contributions, supplies and insurance costs have continued to climb. Chelsea’s state funding is 97% of what it was as compared to the 2008-09 school year. The chart on the next page shows state funding per student each school year for the last eight (8) years in Chelsea.