

### Q&A Sinking Fund Rebuttal

*This rebuttal seeks to provide more discussion and raise awareness of concerns with the Sinking Fund Renewal. It is very important that taxpayers understand that they are being asked to renew a tax on January 15<sup>th</sup>, 2008.*

The goal of this rebuttal is to facilitate debate and discussion, not create enemies. Our democratic system relies upon voters taking the time to think critically about important matters at hand. While I am in full support of the Romeo Community Schools and especially the teachers and staff who teach my children, I am asking leadership to represent the community's needs above what their own special interests.

Listed below is information provided by the district to taxpayers in preparation for the January 15<sup>th</sup> vote. **My responses to their “Frequently Asked Questions” are listed in red.**

### Frequently Asked Questions About the Romeo Community Schools' January 15<sup>th</sup> Ballot Proposal

#### Q. What is a Building and Site Sinking Fund Proposal?

A. The law allows for Michigan school districts to ask voters for Sinking Fund dollars for the purpose of remodeling and/or repairing facilities. Essentially, it allows districts to keep education dollars in the classroom and provides a separate, local revenue source for building upkeep.

**A. This is true. On March 15<sup>th</sup>, 1994 Proposal A went into effect. This created the current funding source for the school district, the General Fund. It also created the ability for individual districts to ask taxpayers to vote on additional funding sources. In the district's information, look for language that avoids using the term “increase” or “additional.” They are asking you to vote for a tax over and above what the State of Michigan thinks the district can maintain at a high level. See a complete history of Romeo's funding under Proposal A.**

#### Q. What is the ROMEO building and site Sinking Fund proposal?

A. Voters are asked to renew the district's Building and Site Sinking Fund tax rate of 1.25 mills (\$1.25 per \$1000 of the taxable value of homes) for another four years. If approved, the Sinking Fund would provide approximately \$8 million in revenue over a four-year period without a tax increase. The proposal was previously approved in 2000 and 2004. The current Sinking Fund millage expires on June 30<sup>th</sup>, 2008.

**A. While this statement is true, it is incomplete. The district fails to mention that voting to renew the sinking fund is voting to keep taxes where they are at for four additional years. Defeating this will mean that taxpayers will pay 1.25 mills less per year for the next four years. 2000 and 2004 were good times for our local economy. Romeo families simply cannot afford this tax today in 2008 through 2012.**

#### Q. Is this a tax increase?

A. No. This is simply a renewal of the current tax rate. If approved, residents school tax rate will remain the same.

**A. Yes. The current Sinking Fund expires on June 30<sup>th</sup>, 2008. We have completed our 2004 obligation. By renewing the Sinking Fund we are turning down a tax decrease.**

#### Q. How will the renewing of the Building and Site Sinking Fund affect the school district?

A. With the Sinking Fund, much needed repairs and maintenance can be done without sacrificing instructional funds. Romeo has been facing reductions in programs and services due to state-wide funding cuts. This problem is compounded when you factor in the average age of most of our buildings being over 50 years old. Similar to your home, repairs such as roofing, heating and cooling, ventilation and window replacements become necessary and can be a major drain on your home budget. If approved, a Sinking Fund will protect our community assets and help to provide a top-notch learning environment for our students.

**A. Let's begin with grammar and mathematics. “The average age of most of our buildings being over 50 years old.” You want to convince the public to spend**

\$8 million with that sentence? An average age of district buildings includes *all* by default. When you say “average” and “most” in the same sentence you are misleading people. *Is it an average? Or is it most?*

As far as the content, the General Fund includes enough money to educate students, pay staff, fund programs, and maintain the buildings. As Jennifer White points out, most districts do this plus maintain a Fund Equity “savings account” of 10-15% that can be used for building maintenance and repairs.

“Romeo has been facing reductions in programs and services due to state-wide funding cuts.” And yet staff contracts have **not been renegotiated** to reflect these decreases. Increases in salaries have continued as scheduled despite the reported decreases. Additionally, project contractors continue to be chosen based on criteria *other than quality and price of bid*. (Union status) As a solution, the district has chosen to fund normal maintenance and repairs with the Sinking Fund for the last 8 years. In other words, they are not nor have any plans to live within their means. *Instead they ask the public for more taxes.*

**Q. How many specific projects are planned in the next four years?**

A. A volunteer citizen group helped to identify and prioritize over 150 needed Sinking Fund projects. Projects to be completed are in the areas of health and security value, energy management and classroom improvements. For example, health and security improvements under consideration include emergency school and site lighting, making school entrances more secure, improving air quality in schools and playground fencing. Learning environment suggestions include restroom renovations, replacing worn roofs, flooring and carpeting. Plumbing upgrades are also recommended at several schools.

A. Notice the difference in language between “priority” and “suggestions” and “under consideration.” In other words, the school district is making no guarantees that any of these projects will be completed. They will later decide what projects to do. The taxpayers foot the bill while the board decides how to spend the windfall. *What they seem to be after is renewing their slush fund!* The district says there are over 150 projects to be completed. Yet the list they have published includes just 31. (Little or no capital improvements on the list.

All of these seem to be normal maintenance.) The public would be wise to vote no on this item until the district can guarantee funds will be limited to items on the list. Further, spending from the fund should be openly discussed at board meetings and the public given ample evidence that appropriate contractors are chosen based on the communities needs, *not the requirements of the teachers union.*

**Q. How are the current school conditions?**

A. Our school conditions vary by age of the building. For example, 195 parents from Powell Middle School recently signed a petition seeking upgrades and remodeling of the 34 year-old building. Their petition cited aging water and septic systems, worn out original carpeting, air circulation issues (including classroom temperatures of over 90 degrees in the windowless building), and restroom upgrades. Classes at Powell have already been cancelled twice this year due to water system breakdowns.

A. Why weren't Sinking Funds used for Powell from 2000-2008? Was upgrading the Romeo High School auditorium more important to the district than those issues at Powell? What about improvements to the football stadium? Where those more important than the school it shares a parking lot with? Further, there is no guarantee that these items will even be addressed with these Sinking Fund dollars. Moreover, if the district does go forward with the improvements at Powell.

**Q. Are there any limits on the uses of Sinking Fund revenues?**

A. Yes. Sinking Funds can only be used to repair and remodel facilities, or to buy, develop and construct buildings and sites. These funds cannot finance salaries, school buses, technology equipment or classroom supplies.

A. What the district fails to mention is that this is simply offsetting costs that should be included in the General Fund into a fund for building maintenance. So renewing this Fund is allowing them to continue overspending the General Fund and taxing us on top of our current taxes to pay for things that should be included in the General Fund.

**Q. What is the advantage of a Sinking Fund proposal compared to a district bond proposal?**

A. A Sinking Fund tax is a pay-as-you-go revenue source. It does not require the interest payments of a Bond Issue loan.

A. In other words, this is free money to the district. They don't have to pay it off and they incur no penalty for mismanaging the General Fund. With the Sinking Fund the only people who profit are the contractors hired. With a bond, both the contractors and the bond purchasers profit while the district gets a capital improvement.

**Q. Why do our schools seem to need so much work to keep them up-to-date?**

A. Our buildings and sites receive a total of at least 1.1 million visits by students and community members each year. Six of our 13 facilities are 50 years of age (or older), including the 80-year-old Romeo Middle School.

A. This isn't something unique to Romeo. Every district in Michigan deals with building maintenance issues. If the district spent its General Fund based on what they could afford this wouldn't ever be an issue and the public would not be asked to pay additional tax.

**Q. What are the tax implications of renewal of the 2004 Sinking Fund tax rate?**

A. If approved, the local Sinking Fund tax rate of 1.25 mills (that was approved in 2004) would continue. For local homeowners this tax is about \$10.25 monthly before normal federal and state deductions. This is not a tax increase.

A. This is a tax increase. Voting against it means our taxes go down by 1.25 mills on June 30<sup>th</sup> 2008. It is correct to say that renewing the Sinking Fund is *business as usual for the district*. It guarantees that for the next 4 years they will operate on an unbalanced budget and will seek renewal of the tax in 2012.

**Q. Will my tax rate go up if this renewal is passed?**

A. No. It is a renewal of a current millage.

A. Yes. It is an increase as the current millage expires in June 2008. This is a word-play game.

**Q. What are some of the recent Sinking Fund projects?**

A. This summer, 35 projects were accomplished using Sinking Fund dollars. They included work on classrooms, band and choir rooms, roofing, restrooms, flooring, damaged sidewalks, parking lot and drainage at school sites. Our high school practice field and Barnabo Athletic Field also received extensive repairs and upgrades.

Since 2004, nearly 100 projects have been accomplished. These projects include: sidewalk replacements at 7 schools, heating and air systems at 4 schools, outside lighting improvements at 4 schools, fire safety upgrades and remodeling at our high school auditorium, and high school music and science classrooms.

We completed roofing replacements (or repairs) at 7 schools and 2 other facilities; installed new entrance doors and window replacements at 7 schools; water and sewer piping upgrades in 3 schools, and bathroom and floor repairs in nearly all schools. Other projects include parking lot upgrades, playground and school site improvements in 8 school buildings, and an extensive update of our district auditorium and pool.

A. Maybe it's just me, but isn't this list mentioning the same projects more than once to make it seem more significant than it is? Also, if these were all done in the last 4 years why are most of these same items on the list for the next 4 years? When these projects are completed are there no guarantees on the quality of these projects? Also, note how few of these projects list the building. Are we supposed to believe the same buildings need new roof repairs 2-3 years after repairs were completed?

**Q. Is the fact that we participate in Schools of Choice creating the need for a Sinking Fund election?**

A. No. This election is simply to provide much needed funds for health, safety, security and classroom upgrades without using money earmarked for instruction. We currently have 32 students district-wide participating in Schools of Choice. Our district receives over \$7,000 in aid for every enrolled Schools of Choice student. Please note, these students provide their own transportation and join existing classes, so this option is actually a positive revenue source for the district.

A. While I don't think Schools of Choice students impact the district significantly, it should be noted that those families do not pay into the Sinking Fund yet benefit from it. I do disagree with the statement "upgrades without using money earmarked for instruction." The General Fund, if managed correctly, should be ample to meet the districts needs. The General Fund is for the entire districts use, not 100% for instructional purposes.

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**On January 15th, 2008  
vote no on the Romeo  
Sinking Fund.**

**On January 15th, 2008  
tell the Board of Educa-  
tion to balance the  
budget.**

## **5 Suggestions to the Board of Education**

1. **Balance the *entire budget* within the General Fund.** Start now for the next budget cycle!
2. **Immediately begin renegotiating any/all contracts with district employees to reflect current economic conditions.** (Consider buyouts, early retirement, adjusting benefits, freezing pay increases, and other creative means to control costs better.) Instead of waiting for other districts to do this and doing what they do, lead the way.
3. **Pass a board policy prohibiting political activity of district employees during work hours.** Likewise, prohibit district resources from being used politically. (E-mail system, printing equipment, etc) Using teachers and our children to manipulate voters must stop immediately. Teachers were hired to teach our children, allow them to focus on teaching.
4. **Open up the bidding process to all licensed contractors.** If any company is to be favored it should be companies who are based out of the district.
5. **Stick to the normal election cycle.** Cease special elections. The most important votes should be timed to be when the most voters will be at the polls. Repeatedly attempting to sneak votes past the public is ruining your reputation.