

Can Farmington Schools Lower Tax Rate?

Continued from Page 1A
The statewide impact of collective bargaining rights for teachers is seen by examining pay increases since 1965. The year legislation was passed giving teachers the right to bargain collectively.

authority to give pay hikes. The average statewide increase was 3% a year. Once teacher unions entered the scene, the average statewide annual pay

hike was 9%. In the metropolitan Detroit area, teachers have been setting for 10-12% annual pay hikes. A comparison shows that

instructional costs have outgrown the tax base by 10% and are growing 2% faster than the budget. This comparison confirms that nothing significant can be done to pare millage rates without trimming the instructional program.

It is almost certain teachers will negotiate another pay hike this summer, which will virtually eliminate any possibility of a millage reduction and may necessitate an increase. Last year, 89% of the school districts in Michigan paid their teachers less than did Farmington public schools. However, last year Farmington schools paid their teachers about \$400 a year less than districts with comparable enrollments (10,000 to 20,000).

The Michigan Education Association (MEA), teachers bargaining unit, has taken the position that teachers have been underpaid for years and now deserve reparations from the taxpayers.

Unless the pace-setting districts toe the line this summer, Farmington schools will be asked to give another 10% pay hike or face the possibility of a strike.

As long as Farmington is below the pay scale in its enrollment class, teachers will have a bargaining point and will press hard unless discouraged by the pace-setting districts such as Detroit, Dearborn, Livonia and Grosse Pointe.

THE FINAL condition which leads to the conclusion there cannot be a millage reduction this year is the mechanics of state aid for education.

Lansing takes the position that state aid should be passed out according to the local district's ability to shift for itself. Ideally, low-income school districts receive more state aid per pupil and the high-income districts less. Ability to

pay is viewed by the state as the richness of the local tax base or SEV.

The yardstick in state aid formulas is the SEV per pupil, or the total tax base divided by the total number of students in a given district.

The higher the SEV per pupil, the less money per pupil the state kicks back to local districts. We have already seen that in five years the Farmington schools' total SEV has increased 102%, while enrollment has grown by only 21.6%.

What has happened, then, is that each year in this period, Farmington taxpayers have contributed more percentage, wise as the state kicks in less.

Farmington; and 65% of the districts in Michigan have a lower SEV per pupil than Farmington does.

However, a comparison between Farmington schools and districts of comparable enrollment shows that Farmington has a lower SEV per pupil, asks for slightly less from local taxpayers and gets slightly more state aid per pupil.

Although Farmington may be on the short end regarding state aid receipts, there are 22 other districts with 345,000 students throughout Michigan in the same position.

Without educational reform, the trend will continue, and

expenditures increased by \$92, but the budget was in the black; and the surplus climbed slowly to \$74,000.

This year, per pupil expenditures jumped by \$85 leaving a surplus of \$144,000. If the surplus was not there, the district would have had a \$300,000 deficit this year.

The 70-71 budget will wipe out this surplus entirely. In the absence of educational reform legislation, the school board must operate on a deficit budget, trim programs or ask for a millage hike.

THE BOARD has taken the position it will not operate on a deficit budget.

Technically, it is illegal for schools to operate in the red, but in 1967-68 some 66 districts in the state had deficits.

But according to the Citizens Research Council of Michigan, the problem for most of the deficit districts was not lack of local tax capacity (SEV) but lack of local tax effort (millage rate).

It is not likely Farmington's school board will have to choose between program reduction or request for more millage since passage of educational reform is certain. What effect that will have cannot be measured until the actual bills are signed by the governor.

In summary, it is certain Farmington schools cannot reduce millage without educational reform passage.

This cannot be blamed solely on either teachers negotiating for higher pay, the state aid formula, inflation or population growth.

But a combination of the above four conditions, and their interactions, have placed Farmington Schools in a vice which could result in financial choking in the near future without intervention from Lansing.

analysis

In 1965-66, the state supplied 55.9% of the total revenue for Farmington Schools with local taxpayers supplying 42.6%.

In 1969-70, the state has contributed only 40.3% of the total Farmington school revenue with local taxpayers contributing 57.4%.

Of course, the state has given more money each year: \$3.6 million in 1965-66 and \$5.2 million this year. But to have local taxpayers: \$2.7 million in 1965-66 and \$7.4 million this year. Total revenues have jumped from \$6.3 to \$12.9 million.

The result is that while school revenues have increased by 100% in five years, the state's share has grown by only 60% and the taxpayers' share by 250%.

The obvious disparity has led to the condition where taxpayers are paying more and enjoying it less.

A statewide comparison shows 90% of the districts in Michigan collect less from their taxpayers than Farmington; 55% of the districts receive more state aid than

each year Farmington taxpayers will be expected to carry a greater burden to operate their schools.

This trend, along with other conditions, negates the possibility of a millage reduction. In fact, a request for additional millage may have been on last June's school ballot had it not been for that \$1 million surplus mentioned earlier.

AT THE END of fiscal 1965-66, Farmington School District carried a surplus of \$1.15 million in its operating budget.

During that year, Farmington schools were spending \$473 per pupil. The next year, the district spent \$51 more per pupil, but the surplus increased by \$17,200.

During FY 1967-68, the district spent \$72 more per pupil, and the surplus dropped sharply to \$765,000. In fact, if the surplus had not existed, the district would have been faced with a \$570,000 deficit in 1967-68.

The next year, per pupil

School Tax Squeeze Versus Family Budget

In 1965, the William Smith family purchased a \$25,000 home in Farmington and moved their belongings to their new residence.

That fall, the Smiths enrolled son John in Farmington public schools and began to feel like members of the community.

THAT YEAR it cost \$473 for John to get an education. Of this amount, Dad paid \$200 in local school taxes, the state paid \$264 and federal and county funds amounted to \$9.

During the following five years, Dad's earnings increased by 25% and the Smith residence is now worth \$40,000. The grocery bills are higher, and Dad and Mom are talking a lot about budgets and economizing.

It is now 1970 and it costs \$780 for son John to get an education. That's \$300 more than when the Smiths first moved here five years ago.

In 1970 Dad pays \$448 for son John's schooling while the state pays \$316. Federal and county funds account for \$16. Although it costs \$300 more to educate John, Dad is paying \$248 more than he did five years ago, while the state's contribution is only \$52 more.

Because Dad has placed Mom on a budget, he gets a little shaken when the tax bills come in the mail. He wants John to get an educa-

tion, but should his share more than double in five years?

DAD ATTENDS a school board meeting and discovers that of the \$780 it costs to educate John, \$585 goes to Mrs. Mary Jones - John's teacher.

He doesn't want Mrs. Jones to get paid less, so Dad asks about the remaining 25% of the budget. He is told the school board has control only over 5% of the budget with the remaining 95% involving fixed costs, including Mrs. Jones' salary.

A few of the things Dad learned are: total instructional costs have grown by 112% since 1965; the school budget has increased by 110%; the school district's tax base has grown by 102%; enrollment by 21.6%; the faculty by 31.3%; number of classrooms by 6.7%; and a million dollar surplus in 1965 is now reduced to \$144,000.

It now costs Dad \$8 more a week to educate John than when the Smiths first moved to Farmington five years ago. Dad grumbles, but pays. Meanwhile, grandmother cannot make her house payments any more and may be moving to the Smiths' Farmington household.

Dad grumbles again and wonders who's getting smarter - him or John?

Promoted

Larry Napier, son of Mrs. Julia F. Napier of 2886 Greyfield, Farmington Township, has been promoted to Army SP4 while serving as a machine gunner with the 101st Airborne Division, Company C, 2nd Battalion, 501st Infantry in Vietnam.

He is stationed at Fire Base Bastogne near the Song Bow River and has been in Vietnam since December 1965.

Carolyn Welti Studies Abroad

Carolyn Welti, daughter of Mr. and Mrs. Carl Welti of 3054 Westmeath, Farmington is one of 199 Kalamazoo College juniors who will soon be returning from six months of study abroad.

Miss Welti left last September for Hannover, West Germany.

On Dean's List

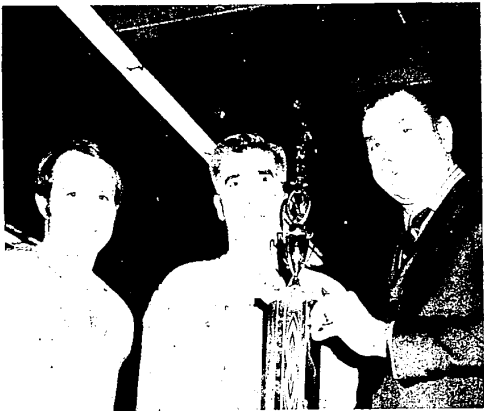
Betsy Brush, of 2245 Manning Road, Farmington, has been named to the dean's list at Butler University for the first semester of the 1969-70 college year. A grade average of at least a "B" is required.

Marine Serves

Marine PFC Russell C. Lapworth of 20826 Pearl, Farmington, is serving with the Second Marine Aircraft Wing, at the Marine Corps Air Station, Cherry Point, N.C.

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BASKETBALL CHAMPS—Regular season champion of the Farmington City Recreation basketball league is the Farmington Joycee team sponsored by L. and H. Wood Co. Tony Mazza, left, and John Finlayson, center, accept the championship trophy from City Manager John Dinan. Finlayson was the captain of the team which entered the city tournament with an 8-2 record. (Event photo)



WATER, WINTER WONDERLAND—Residents on Canfield in eastern Farmington Township say lack of ditches along Canfield often floods their yards. Both Farmington Township and Oakland County disclaim responsibility for the ditches. A recent photo shows water from the ditches spilling onto the road. (Event photo)

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