

# School Spending bridging the gap

## How 1 district gets by with less

By Carolyn DeMarco  
staff writer

As large families with small incomes have done for years, the Pontiac School District is just getting by. While nearby districts, such as Bloomfield Hills and West Bloomfield, are asking voters for money for fine arts additions, Pontiac students have no art at all. While some districts are bemoaning the lack of orchestral strings programs, Pontiac elementary youngsters get no band instruction, and general music instruction only once a week for 20 minutes, for half the school year.

New Pontiac schools Superintendent LaBarbara Gragg is experienced in making shrinking dollars stretch. She formerly was an administrator in the Detroit Public Schools.

A former colleague in that system, Seymour Gretchko, is current superintendent of the healthy and wealthy out-of-formula West Bloomfield District.

"She's a fine administrator, wonderful on curriculum, but what can you do in a system without money?" he said of Gragg. "Her hands are tied."

**INEQUITY STARES** Gragg in the face each working day. The in-formula district suffers from a low tax base in a poor area with declining industry. Pontiac's 16,750 students — down from 18,879 a year ago — are being educated with a deficit budget of \$65 million. Only 56 percent comes from local taxes. The remainder is in state and federal aid, which will be jeopardized if the district goes out of formula, due to declining enrollment, next year.

In the adjoining West Bloomfield School District, for example, 493 students — up from 492 a year ago — were educated with \$22.7 million, 95 percent from local taxes. (West Bloomfield is sixth of 28 Oakland County districts in expenditures per pupil.)

## Out-of-formula may not = rich

By Casey Hans  
staff writer

Five Oakland County school districts will likely fall outside the guidelines for receiving state aid this fall, making them "out-of-formula" districts.

The new status will benefit most of these districts, but officials say the change won't make them wealthy. Clarenceville, Pontiac, Waterford, Lake Orion and Oxford are currently within the formula for receiving state aid, but have either decided, or are considering, whether they want to be a part of the 1989-90 school year.

"There's nothing exotic about going out-of-formula," said Ronald Joyce, business manager for the Lake Orion district, which covers part of Oakland Township near Rochester.

If a district has fallen out-of-formula because they are \$1 over the formula limit, they "may be worse off," Joyce added, because of restrictions on other types of state funding.

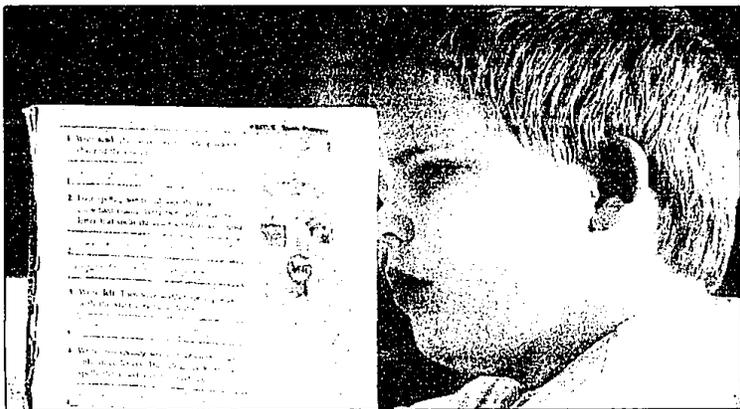
When districts go out-of-formula, most of the operational money then comes from local property taxes.

**IN OAKLAND COUNTY**, half of the 28 districts are currently out-of-formula. If the five aforementioned districts shift this fall, only nine Oakland County districts will continue receiving state aid.

Ken Cool, a supervisor in the state Department of Education who works with finance issues, said when a district falls out-of-formula "the sky's the limit" — other than the constitutionally required tax rollback for the Headlee Tax Limitation Amendment. Voters decide how much they will give their schools. The state cap on how much money districts receive is gone and increases in local property taxes then go directly to the district.

In Clarenceville, a district which straddles the border of Wayne and Oakland counties and covers part of Farmington Hills, this fall's move to out-of-formula has already been announced.

"We'll see several significant improvements, if the SEV (state equalized property value) continues to go up," said outgoing Clarenceville Su-



Dan Keeshlism, a Pontiac School District third-grader, gets the basics, but no art, no band and general music instruction just once a week for 20 minutes for half the school year.

The difference works out to \$1,145.25 less per pupil to Pontiac school youngsters than their West Bloomfield schools counterparts. It translates in ways ranging from no frills basic teaching, large class sizes, skeleton staffs and outdated materials in the elementary schools, to shortened days and limited extracurricular activities at the high schools.

Ironically, a number of West Bloomfield residents in the northeast section of the township are in the Pontiac District. But many of them have elected to send their children to private schools, further lowering the enrollment figures and the total state aid dollars to the school.

"THIS DISTRICT has a big history of making sacrifices and working with limited funds," Gragg said.

"The rule used with my cohorts has been to cut anything but services to students."

"Presently we have a five-period day at the high school. Our North Central certification is in jeopardy. We are trying to restore a six-day period to 50 percent of the students."

The preservation and restoration is being done with a deficit budget, which means even more cuts for the next school year. Pontiac is one of 15 districts statewide that are projecting deficits by June 30.

"We have to cut. By state mandate we have to have a balanced budget."

AS A PRECAUTIONARY move, hundreds of teachers have been pink-slipped for the coming school year, some with seniority dating back to 1976.

For general classrooms in grades kindergarten through high school, an intermediate school district chart lists only 502 teachers. By comparison, West Bloomfield kindergarten through high school general classroom teachers number 242. So West Bloomfield has half the number of teachers for only a quarter of the students of Pontiac.

The number of Pontiac administrators is also shrinking. A comparative chart lists 13 central administrators for Pontiac and 12 for West Bloomfield.

GRAGG SEES a pinpoint of light at the end of the tunnel coming from a growing Auburn Hills, a community served by Pontiac Schools.

"Five hotels and a major shopping center are planned by 1990. That and

taxes from other developing properties will accrue to us. . . . In 10 years we'll be a nicely moored district."

"One day someone will wake up and see we are killing kids across the nation with inequity. One day there will be a dawn and people will realize that criticizing the educational system is less important than survival."

Until then Gragg is committed to giving Pontiac students a good education. Can it be done without money?

"There is no reason why the human beings called teachers — they've been doing it since history began — cannot address the issues that are important to learning in and out of the schools," Gragg said.

### Formula in's and out's

| In-formula     | Out-of-formula   |
|----------------|------------------|
| Berkley        | Avondale         |
| Brandon        | Birmingham       |
| *Clarenceville | Bloomfield Hills |
| Clarkston      | Clawson          |
| Ferndale       | Farmington       |
| Hazel Park     | Lampere          |
| Holly          | Novi             |
| Huron Valley   | Oak Park         |
| *Lake Orion    | Rochester        |
| Madison        | Royal Oak        |
| *Oxford        | Southfield       |
| Pontiac        | Troy             |
| South Lyon     | Walled Lake      |
| *Waterford     | West Bloomfield  |

\*Considering or will go out of formula in 1989-90 school year

perintendent Michael Shbler. "The community's going to benefit from that. Before the state paid less and the residents paid more."

The end result is that the students will benefit.

The out-of-formula status will immediately allow Clarenceville to offer much more to students in the coming school year. Thanks to an increased SEV of \$10 million and the passage of a 3.5-mill increase in April — which knocked them out of the state aid formula track — Clarenceville will be able to offer formal reading programs for seventh and eighth graders, have smaller class sizes at all levels, introduce art for middle school students and hire back several laid off teachers plus add two new ones.

**THE TREND** toward out-of-formula in Oakland County is generally positive, educators say, especially in light of increasing property values which make for more dollars per student. But the change doesn't mean districts can now be considered wealthy.

At Waterford schools, which includes part of West Bloomfield Township, finance director Bruce Rule said the additional money would keep programs status quo for the coming school year.

Staff writer Ted Schneider contributed to this report

### Achievement levels compared

| District         | Dropout Rate | College Bound | ACT Scores (avg) |
|------------------|--------------|---------------|------------------|
| Birmingham       | 1%           | 85%           | 21               |
| Bloomfield Hills | under 1%     | 93%           | 21.4             |
| Clarenceville    | 3%           | 60%           | 18.7             |
| Farmington       | 3%           | 76%           | 20               |
| Pontiac          | 10%          | 60%           | 14.2             |
| Rochester        | NA           | 74%           | 20.7             |
| Southfield       | 3.2%         | 82.5%         | 19.5             |
| Troy             | under 1%     | 90%           | 20.7             |
| Walled Lake      | 7.5%         | 60%           | 18.7             |
| West Bloomfield  | under 1%     | 89%           | 19.7             |

Some say socio-economics have more to do with achievement than school quality.

## 'Haves': It's not all rosy

By Brian Lysaght  
staff writer

The Oakland County school districts of Southfield, Birmingham, Bloomfield Hills, West Bloomfield and Farmington are some of the wealthiest in the state.

They have more money and spend more to educate students than most places in the state and county. They collect their share of state and national awards for quality.

But on the business side at least, it is not entirely rosy. School officials in these districts say they are not seeking sympathy, and they probably wouldn't get any anyway.

"Nobody sympathizes with a rich man," said Birmingham schools business director Richard Perry.

But the Birmingham district, still reeling from voters' 2:1 rejection of a \$65 million building renovation bond issue in March, cut \$1.47 million from its operating budget to pay for needed building renovations.

The district, for the first time in several years, will next year authorize its maximum operating levy.

"How can I cry when we have that tax base and are fourth highest in spending per child in the county?" asked Superintendent W. Robert Docking.

Meanwhile, Bloomfield Hills and Farmington officials anticipate the decline of construction that has steadily expanded their tax base.

Farmington is undertaking expensive building and repair programs now while the money is there.

**SCHOOL OFFICIALS** in these districts see the need for school funding reform, and are bracing for the effects of the plan Michigan voters may pass in November.

Docking said the state needs to pump an additional \$500 million into in-formula school districts.

"That would begin to address the equity problem," Docking said.

Most everyone agrees there is an equity problem. One mill is worth



Birmingham schools students Ron Theis (left) and Chris Kauth work with an IBM assembly robot during their robotics class at Southeast High School. The robot uses high-tech fiber optics as it simulates industrial assembly procedures.

\$1.9 billion in Farmington, the highest in the county, and \$1.8 billion in Southfield and Birmingham.

The same mill is worth \$140 million in Madison Heights, \$160 million in Brandon, and \$175 million in Clawson.

Farmington schools deputy superintendent Michael Flanagan said the Farmington school board is evaluating independently each finance reform proposal, and would want any changes in the financing system to be gradual to mute any negative effects.

"Kids who live in these so-called poor districts may grow up to become adults in Farmington," Flanagan said.

To make school financing reform saleable, legislators must link school finance with property tax reform and guidelines for quality in the school, Docking said.

He favors the plan which would raise the sales tax to six cents per dollar to reach the needed \$500 million.

Naturally, school officials from wealthy districts want to protect their portions when property tax reform proposals are considered.

**THE ROBIN HOOD** approach — taking from the wealthy districts, like Southfield and Birmingham — to give to poor districts would not work, they say.

"That would create another set of problems," Docking said.

He said local taxpayers have proven their willingness to pay for good schools and that high property values are buoyed by a school district with a good reputation.

School officials said that high spending per student means students in Birmingham and Bloomfield Hills generally have smaller classes, quality programs and extensive services.

But the county's population is aging and fewer taxpayers have children in school. In Birmingham only 30-35 percent.

their tax money to support the existing high level of school services, said Perry, the Birmingham business director.

"Our taxpayers are paying to get a certain level of bus service, a certain level of educational program, a certain level of community education program and a certain level of extra curricular activity," Perry said.

The average total tax bill in the Birmingham district is \$3,045, he said.

**WHETHER VOTERS** are more or less willing to support schools at the ballot box is unclear, probably as it has always been. Bond issues to pay for building renovations or construction have been rejected in Birmingham and Troy, and approved in Farmington and Bloomfield Hills.

Asked if voters are reacting more strongly against bond issues, Docking said: "I don't have any evidence that's happened here."

The Bloomfield Hills school board is expected to ask voters permission to sell bonds for more improvements late this year or next year.

Birmingham, meanwhile, will start to pay for building renovations out of its operating fund next year, while trying to determine "what the community wants us to do" to improve its aging building stock.

Farmington's Flanagan said he doesn't think voters are more strongly anti-tax now than in the past, although former Oakland County prosecutor L. Brooks Patterson is leading such a revolt against ever-increasing assessments.

"It ebbs and flows probably," he said. He mentioned the anti-tax movement of the early 1980s, the era of anti-tax crusader Robert Tisch.

Docking pointed out that voters have rejected all but one of at least nine state-wide ballot initiatives to limit property taxes. Periodically, local school districts try to roll that Headlee Tax Limitation Amendment back — some with success.

## Terms at a glance

Here's a list of often-used terms related to public schools:

- **ASSESSED VALUE** — What your property is worth. Assessments are based on prices paid for comparable local houses sold in the past year. The assessed value is one-half the presumed market value.
- **STATE EQUALIZED VALUE (SEV)** — What all the property in a school district is worth — at least for tax purposes. SEV, multiplied by the tax rate, determines how much property tax the district collects. For instance, a house worth \$100,000 would have an assessed value of \$50,000. With a tax rate of 30 mills, the owner would have to pay \$1,500 in taxes.
- **MILLS, MILLAGE** — Used to figure tax payments, a mill equals \$1 in taxes for every \$1,000 of assessed value. Millage is another name for tax rate.
- **STATE AID FORMULA** — Michigan public school districts are guaranteed a fixed amount of dollars for each student per mill of tax. Some districts don't need state aid to reach the minimum. These out-of-formula districts receive no state aid for operations, while in-formula districts depend on state aid to balance their budgets. All districts receive state aid for special education and selected other programs.
- **ALLOCATED MILLAGE** — The amount of millage a district has. A minimum 15 mills can be collected from property owners without voter approval. A county tax allocation board does out portions of that money to local taxing authorities, including schools and community colleges.
- **AUTHORIZED MILLAGE** — Any new taxes, approved by voters, above the 15 allocated mills.
- **TRUTH IN TAXATION** — When property values go up, school districts can get more money from taxpayers without raising taxes. By law, school districts can keep that extra money only if they hold a public hearing, called a Truth in Taxation hearing, to discuss the situation. If they do not vote to keep that increase, their tax rate is cut, keeping overall tax payments the same.
- **HEADLEE TAX LIMITATION** — If property values increase faster than the cost of living, the district's maximum authorized tax rate is reduced. If the school district was collecting the authorized maximum, taxes will go up no faster than the inflation rate. Not all school districts levy all of their authorized tax rate, so they may be able to raise taxes faster than the rate of inflation. The Headlee Tax Limitation Amendment is named for its sponsor, Farmington Hills insurance executive Richard Headlee.
- **HEADLEE OVERRIDE** — When property values rise faster than come under the Headlee limitation, voters can be asked to waive that limitation, thereby paying even higher taxes than if the Headlee limitation stood.
- **CATEGORICAL AID** — State law demands that certain services be performed by school districts, including busing and special education programs. The state provides aid to school districts in each category, based on enrollment. This "categorical" aid is received by all districts, whether they are in-formula or out-of-formula.
- **50-MILL LIMITATION** — Michigan property owners can't be asked to pay more than 50 mills for general day-to-day operations of a local school district. Taxes used to pay off district bonds, however, aren't subject to the 50-mill limit, pushing the overall school tax rate for some property owners higher than 50 mills.
- **OPERATING MILLAGE** — The money a school district uses for day-to-day operations, including payroll, materials, maintenance and utilities. It is subject to the 50-mill state limit.
- **EARMARKED MILLAGE** — The money paying for school construction or projects such as asbestos removal or changes to make school buildings more energy efficient — school districts can ask voters to approve a special millage, sometimes called a debt levy. This earmarked millage is used to pay off bonds.
- **FUND EQUITY** — List all a school district's assets, subtract liabilities and what's left is fund equity, or fund balance. Typically, little of a school district's fund equity is in cash.

This list was compiled by staff writer Kevin Brown.