



ROYAL OAK SCHOOLS

A COMMUNITY OF EXCELLENCE

Frequently Asked Questions

Regarding Operating Millage Proposal on the November Ballot

1. What is a millage?

A millage rate is the rate at which property taxes are levied on property. A mill is 1/1000 of a dollar. Property taxes are computed by multiplying the taxable value of the property by the number of mills levied.

2. What is this millage?

This millage is asking Royal Oak Schools voters to restore and extend both the non-homestead 18 mills and the hold harmless millage for a period of 10 years. Both millages will appear in one ballot question, as the hold harmless is a subset of the 18 mills.

3. What is non-homestead? What is hold harmless?

The non-homestead millage is for non-homestead properties – so this is not on the resident's primary home.

The hold harmless millage is levied on primary residences and will be restored to its previous level of 3.4 mills.

4. Will this increase the property tax rate on my home?

For Royal Oak Schools homeowners, this millage restoration will extend the current authority for homeowners and will not increase tax rates over the current authorization.

5. Who is taxed?

18 mills is taxed on the non-homestead properties: the properties that are not the primary residence.

Hold harmless millage is on the homesteads. This millage is set at an amount necessary to generate \$851 per pupil so that Royal Oak Schools can receive its full per pupil foundation allowance (in 2019/20 the foundation allowance was \$9,118).

The ballot question caps the number of operating mills which may be levied on homesteads at 3.4 mills.

6. What is being asked on the ballot?

This proposal would restore and extend the authority of Royal Oak Schools to levy mills for general school district operating purposes and provide a small cushion to protect the authority to levy the minimum required amounts necessary to allow the District to receive its full per pupil foundation allowance.

7. How does the district use the funds?

These 2 millage rates combined generate \$23 million dollars for the general operations of the District. The money the district receives from the Operating Millage supports the day-to-day operations of the school district, including salaries for teachers and staff, and represents approximately 46% of the overall General Fund budget.

8. How is it different from a bond?

A bond millage is specific to be used for renovation, instructional equipment, site improvements, buildings and additions. Bond dollars cannot be used for general operations of the District. The non-homestead and hold harmless millage restorations are specific to general operations of the District and will mean a loss of funding if not approved. The state does not make up this revenue if the voters do not approve the proposal.

9. Why is this vote necessary?

Under state law, school operating millage authority expires periodically. For Royal Oak Schools to continue to receive the full State Foundation Allowance for each student, this millage must be reauthorized by the voters from time to time. This millage was last approved in 2013 (with a non-homestead cushion approved in 2016).

10. What does the state expect?

The State of Michigan expects Royal Oak Schools to collect the full amount of both the non-homestead and the hold harmless millage. The State does not make up the difference in revenue if Royal Oak Schools does not collect it through this voter-approved millage.

11. What happens if it doesn't pass?

Without these millages Royal Oak Schools would lose \$4,220 of its \$9,118 per student foundation allowance at the 2019-20 level. The loss of this funding may cause the District to have to make difficult choices to balance the budget, including possible program cuts, increased class sizes, staff lay-offs, and/or service cuts.

12. What are the details of the restoration and replacement millage proposal for Royal Oak Schools for homeowners?

This authorization will merely enable the district to continue to collect the full per pupil amount allowed under Proposal A and related legislation. As part of the proposal, voters will have the opportunity to authorize 19.25 mills, of which no more than 3.40 mill could

be levied on homesteads, for general operating purposes for the next 10 years. Currently, the district levies 2.2902 mills on homesteads.

13. What is the maximum levy amount in this operating millage for business owners?

By law, school districts cannot levy more than 18 mills, even with voter approval of a higher rate. Royal Oak Schools has experienced rollbacks that would have resulted in a loss of revenue to the district had we not had a previous cushion in place. Both the 2013 authorization and the cushion against rollbacks approved in 2016 expire with the 2020 tax levy. The State does not make up the lost revenue when rollbacks reduce millage authority below 18 mills. Royal Oak Schools is requesting a 1.25 mill cushion (for a total of 19.25 mills) on non-homestead properties to protect the 18 mill levy against future Headlee Amendment rollbacks (losses).

14. What is the Headlee amendment and how does it affect these millage rates?

The Headlee amendment to the Michigan Constitution caps annual increases in property values at 5% or the rate of inflation, whichever is less (except when the property is sold). When the rate of growth of property values exceeds the rate of inflation (as it has several times in the last nine or ten years), the Headlee amendment reduces the authorized tax rate this is referred to as a rollback.

15. Have we had this already? How long? Renewal?

This is an extension and restoration of an authorization first approved in 1994 and last approved in 2013, with a small non-homestead-only cushion approved in 2016. The current authorization expired with the 2020 tax levy.

16. Who is eligible to vote for the election on Tuesday, November 3, 2020?

Registered voters living in the Royal Oak Schools boundaries are eligible to vote.

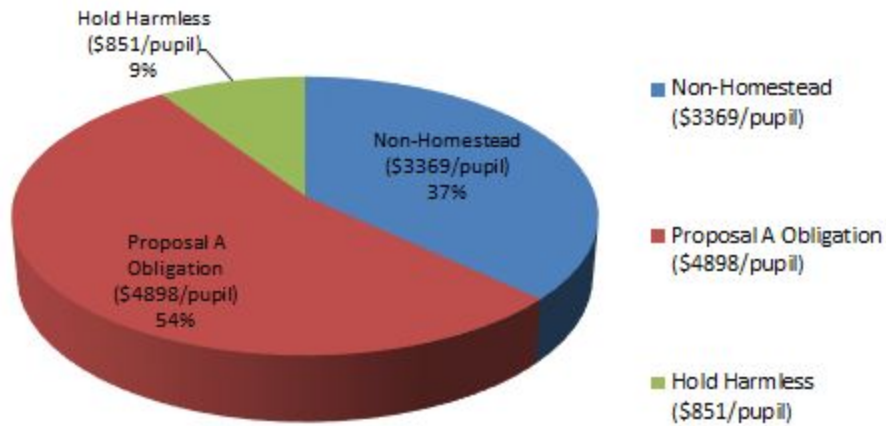
17. When is the election and where do I vote?

Election day is Tuesday, November 3. Polls are open from 7 AM to 8 PM. You can find your voting location through the State of Michigan website: www.Michigan.gov/VOTE .

→ 46% of Royal Oak Schools funding is locally decided (\$23M) through the Non-Homestead (18 mills) and the Hold Harmless Millage



Foundation Allowance by Source \$9118/pupil 2019-2020



➤ How it is worded on the ballot:

**ROYAL OAK SCHOOLS
COUNTY OF OAKLAND
STATE OF MICHIGAN**

OPERATING MILLAGE PROPOSAL

This proposal would restore and extend the authority of the Royal Oak Schools to levy the number of mills for operating purposes on taxable property in the School District required for the School District to receive the full foundation allowance permitted by the State and allow the 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 1.25 mills. The existing authority expired with the School District's 2020 tax levy.

Shall the limitation on the amount of taxes which may be imposed on taxable property in the Royal Oak Schools, County of Oakland, Michigan, be increased to 19.25 mills (\$19.25 per \$1,000 of taxable value), with 18 mills being the maximum allowable levy (\$18.00 per \$1,000 of taxable value), to the extent such property is not statutorily exempt, and of which not more than 3.4 mills may be imposed on principal residences, for ten (10) years, the years 2021 to 2030, inclusive, to provide funds for operating expenses of the school district? This millage would raise approximately \$23,015,998 in the first year of levy.

YES

NO