

History of Hold Harmless

Prior to 1994 local property taxes paid for local schools, tax money collected in Dearborn stayed in Dearborn. However, this method of school funding creating some inequities in school funding across the state. Larger districts with more residents and business would collect more revenue than smaller districts with fewer homes and little business.

In an attempt to equalize school funding across the state, and reduce property tax, voters approved Proposal A in 1994 that changed school funding. Local property taxes were sent directly to Lansing and evenly distributed on a per-student basis. This method of school funding created a guaranteed per-student funding amount for all students across the state. However, no more could local districts hold elections to ask voters to support the operational expense of running a district.

The Problem with the new law was that some districts received less money per-student than what they were receiving before the passage of the law, including Dearborn.

To correct this problem the state allowed districts to ask voters to approve a Hold Harmless Millage that would make up the difference in funding from the old method to the new method.

The original difference between what Dearborn was receiving locally per student and what Dearborn would receive per-student from the state was \$593. School district residents approved a 10-year, 6.17 mill Hold Harmless millage that would generate \$593 per student in revenue. The \$593 per student amount cannot change.

The Hold Harmless millage was first approved in 1995 then renewed in 2004.

The Hold Harmless millage is really two ballot questions:

- One question on the ballot will ask voters to RENEW an 18 mill tax paid by business & commercial property. This generates almost \$28 million.
- The second Hold Harmless ballot question will ask voters to RENEW a 6.17 mill tax on homeowners that generates \$11.5 million.

Together these two renewals total almost \$40 million or about one fifth of our total \$178 million budget.

Clearly, a 22% reduction in the budget would force the administration and Board of Education to make dramatic reductions across the spectrum of opportunities now offered to students.

Services such as busing, programs such as art, music, and sports, co-curricular and extra-curricular activities and numerous elective classes would come under scrutiny and might need to be cut or drastically reduced.

With a 1/5 reduction in the total budget classrooms would become places where only the very basic instruction would be available.