

Q&A

Where do I go to vote on November 7, 2023?

Complete information on the voting process, including polling locations, registering to vote, and absentee ballots can be found here at the following link: <https://mvic.sos.state.mi.us/>

What is a sinking fund?

A sinking fund is a millage used to finance critical, planned expenses that support daily operations such as building repairs, renovations, or purchasing new equipment. A sinking fund is a cash-based savings account, so it does not accrue interest like debt would. By setting aside money in the sinking fund regularly, the Ida community can avoid sudden financial burdens or the need to take out large, interest-bearing loans when these significant projects or expenses arise.

What happens if the sinking fund levy is NOT approved in November?

Ida's boilers and air handling equipment are beyond their life expectancy and could fail at any time. Waiting for the equipment to fail on its own could potentially force emergency school closings and costly repairs/replacements. It currently takes a minimum of 6 weeks for replacement equipment to be ordered/delivered, plus additional time to identify qualified labor and complete the installation. Right now, Ida is uniquely positioned to use Federal funds through the Inflation Reduction Act to replace these costly systems at a 40% discount. There is a limited window of opportunity for this funding support from the Federal government. If Ida does not take advantage of it, the district will need to replace the systems when they fail in the next few years at full price, placing an even greater financial burden on the district.

Does Ida Public Schools have property tax levies in place currently?

No. Ida does not have property tax levies in place currently.

Why is Ida Public Schools in need of funding for these improvements?

Ida operates on minimal local funding which is not adequate to finance the basic repairs and equipment replacements required. As an example of how lean Ida has had to operate, the district spent approximately \$900 per student in operations and maintenance-related costs in the 2021-2022 school year. However, on average, Michigan public schools spent upwards of \$1,400 per pupil on operations and maintenance. This gap in spending is evident in the district's severely aged equipment and deteriorating facilities. This sinking fund is necessary to make basic upgrades to create better learning environments for students and facilities that the community can be proud of.

What does the State of Michigan pay for?

The State of Michigan provides schools with funds to support educational instruction. Current funding does not provide funds to maintain, repair or improve buildings. Ida Public Schools, like many Michigan schools, is seeking a sinking fund levy to fund these critical replacements and improvements.

What are the benefits of a Sinking Fund?

Sinking funds offer taxpayers a way to proactively plan for future needs, maintain financial stability, and ensure that tax dollars are used for specific purposes that benefit the community. A few of the key benefits include, but are not limited to the following:

- **Improved Schools, Services, and Community:** The improvements made to the schools will improve learning environments for students, make the community more attractive, and potentially boost property values.
- **Enhanced Financial Security:** A sinking fund provides a safety net for unexpected expenses or emergencies, reducing the need for ad-hoc budget adjustments that could lead to higher taxes or service cuts.
- **Transparency and Accountability:** Sinking funds ensure that the additional tax revenue collected is set aside for a particular purpose. Taxpayers know exactly where their money is going which enhances transparency and accountability.
- **Gradual and Predictable Taxation:** Sinking funds are funded gradually over time, spreading the tax burden across multiple years. This approach can be less financially burdensome for taxpayers compared to sudden spikes in taxes to cover large one-time expenses.
- **Supporting Education and Community Development:** In the case of school sinking funds, taxpayers contribute to enhancing educational resources, which can positively impact the quality of education provided to students and, consequently, the community's overall development.

Is a sinking fund levy similar to a bond?

Sinking funds and bonds are both funded and voted upon by taxpayers, but they serve distinct purposes. While bonds involve borrowing money that taxpayers must repay over time with interest, sinking funds, on the other hand, are raised through levies and do not involve borrowing. As a result, the funds generated in a sinking fund do not include any additional debt or interest payments. In addition, sinking fund revenue is restricted by law which defines specific purposes for which the funds can be used.

What can sinking fund revenue NOT be used for?

- **Operating Expenses:** Sinking fund revenue is typically reserved for specific capital projects and cannot be used to cover day-to-day operating expenses such as salaries for teachers and staff, utilities, or general maintenance.
- **Employee Salaries and Benefits:** The funds cannot be used to pay for salaries, wages, or benefits for school district employees, as these are considered operating expenses.
- **Textbooks and Supplies:** While sinking funds can be used for building improvements or renovations, they are generally not meant for purchasing educational materials like textbooks, computers, or classroom supplies.
- **Routine Maintenance:** Sinking funds are intended for major capital projects and not for regular, ongoing maintenance tasks like small repairs or minor upgrades.

How does this ballot issue differ from previous ballot issues?

The ballot issues proposed by Ida in 2021 and 2022 were bond issues. See “Is a sinking fund levy similar to a bond?” for more information on the differences between the two.

How much revenue would the sinking fund generate for Ida Public Schools?

Ida is proposing 2.65 mills for approximately 8 years. This equates to approximately \$9,196,983 in revenue for the district.

How much will the proposal cost the average homeowner?

Costs are determined based on taxable property value, which is approximately 50% of your home value, household income, and other variable factors. For an estimate of the impact on your household, please use the calculator at the following link: [Ida Sinking Fund Tax Calculator](#)