Financial Literacy 101

SCHOOL FUNDING

REETHS-PUFFER SCHOOLS

Financial Literacy 101

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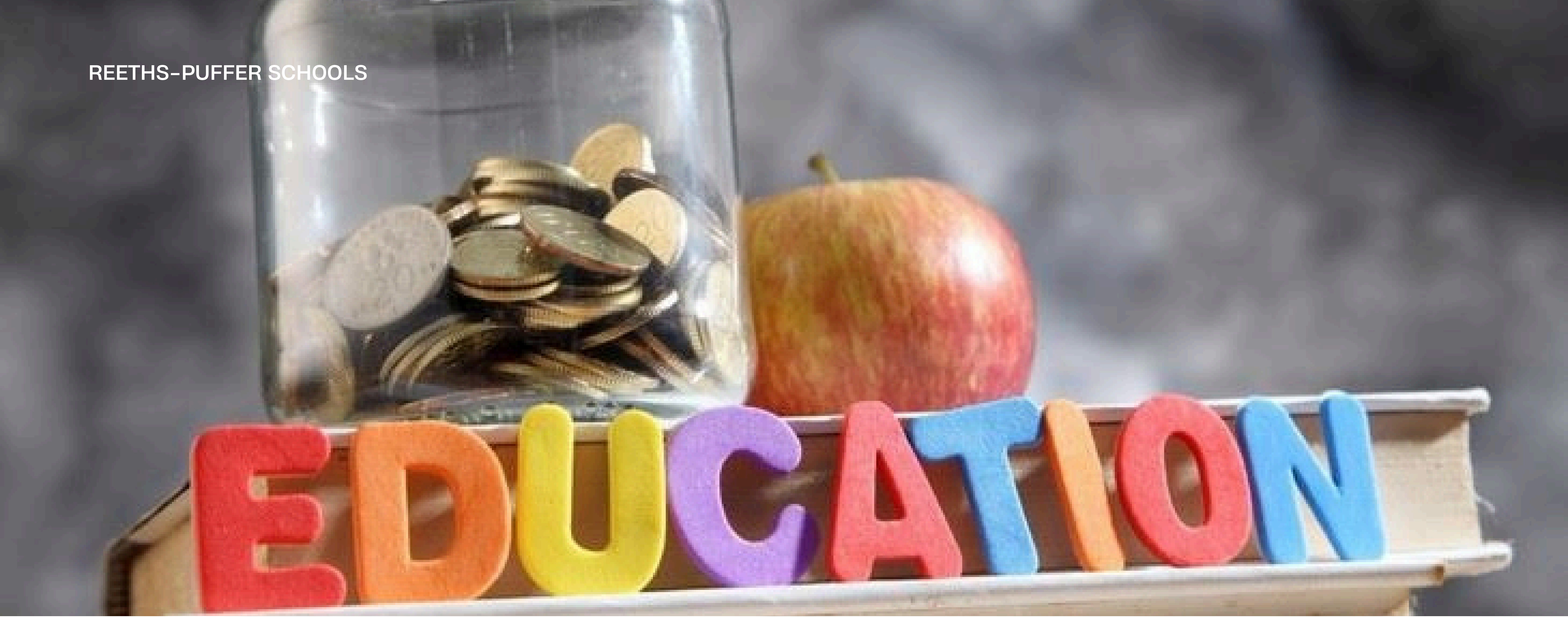


School Funding Basics

Prior to 1994 - schools were funded by local property taxes, which led to significant funding disparities. In order to address this situation, Proposal A was passed and went into effect in 1995.

Proposal A

This proposal means your tax dollars moved from a locally funded program to a state funded program. Your tax dollars are sent to Lansing and distributed from there to the local districts.

Everyone Contributes

Every person in Michigan contributes to this fund. We are all taxed if you own a home or other property in Michigan. You can find this information on your tax information yearly.

Foundation Allowance

The money is collected in Lansing and distributed to school districts. It is sent out on a per pupil basis. This is the per pupil funding amount that is determined by the state that is paid to the school districts. The amount is determined by the legislature. The enrollment of the district is determined by the count day calculation - typically in October and April.

School Aid Fund

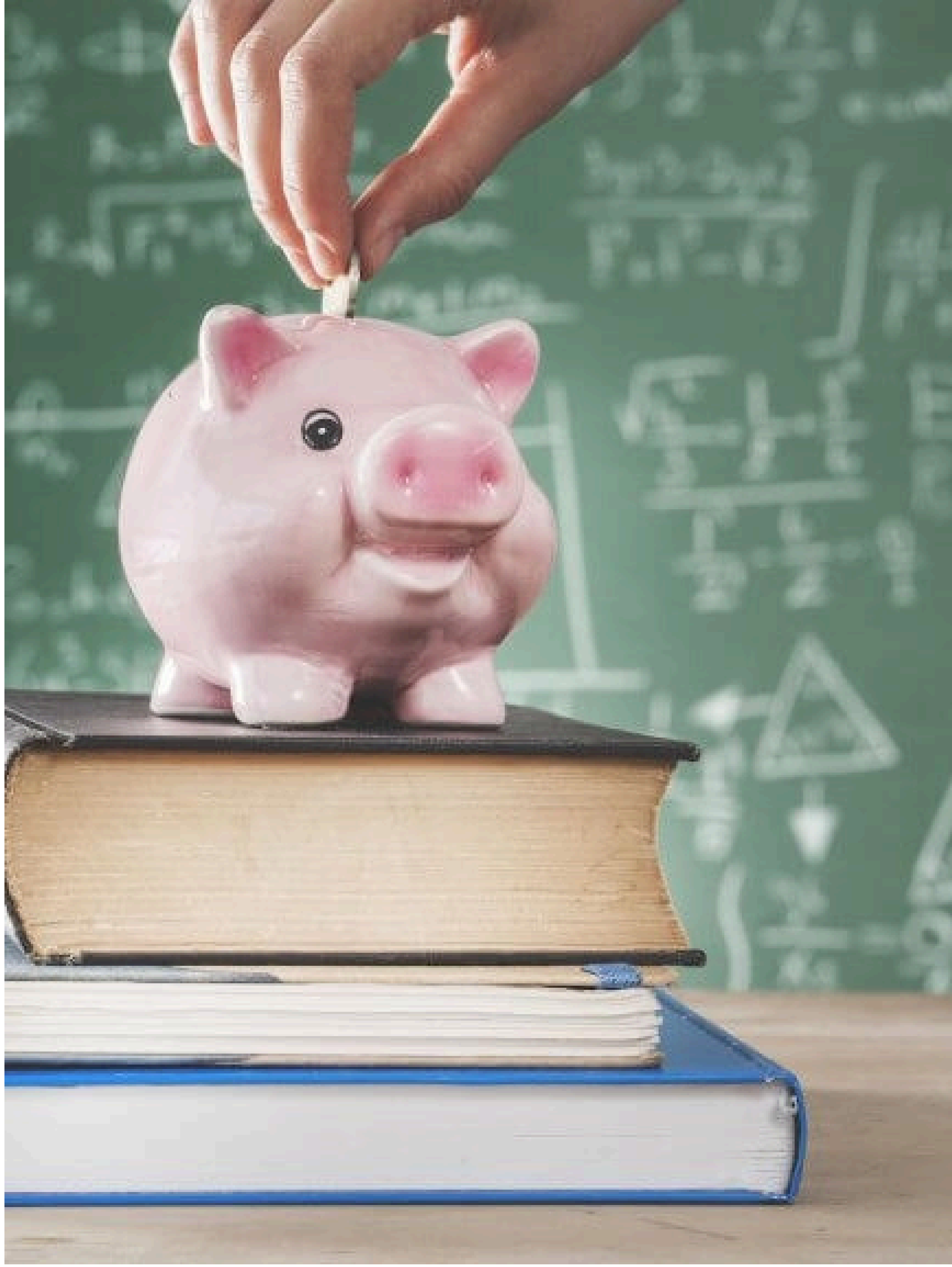
There area varietyofsources that make up the school aid fund in order to pay for school district per pupil expenditures.

REETHS-PUFFER SCHOOLS

School Aid Fund

The state collects funds from the following places:

1. 4.4% of the 6% sales tax
2. 28.4% of Income taxes
3. 6 Mills state education tax
4. 18 Mills Non-homestead tax
5. Profits from the State Lottery
6. Real Estate Transfer Tax
7. Other Smaller Taxes



The Foundation Allowance

Majority of School Aid Funds

- $9,608 – $9,825 per pupil (2024 school year numbers)
- Determined by the legislature every year
- Based on the amount of money in the school aid fund every year
- This amount is shared with each school district and is then used by schools to create their balanced budgets.

State Level Decisions

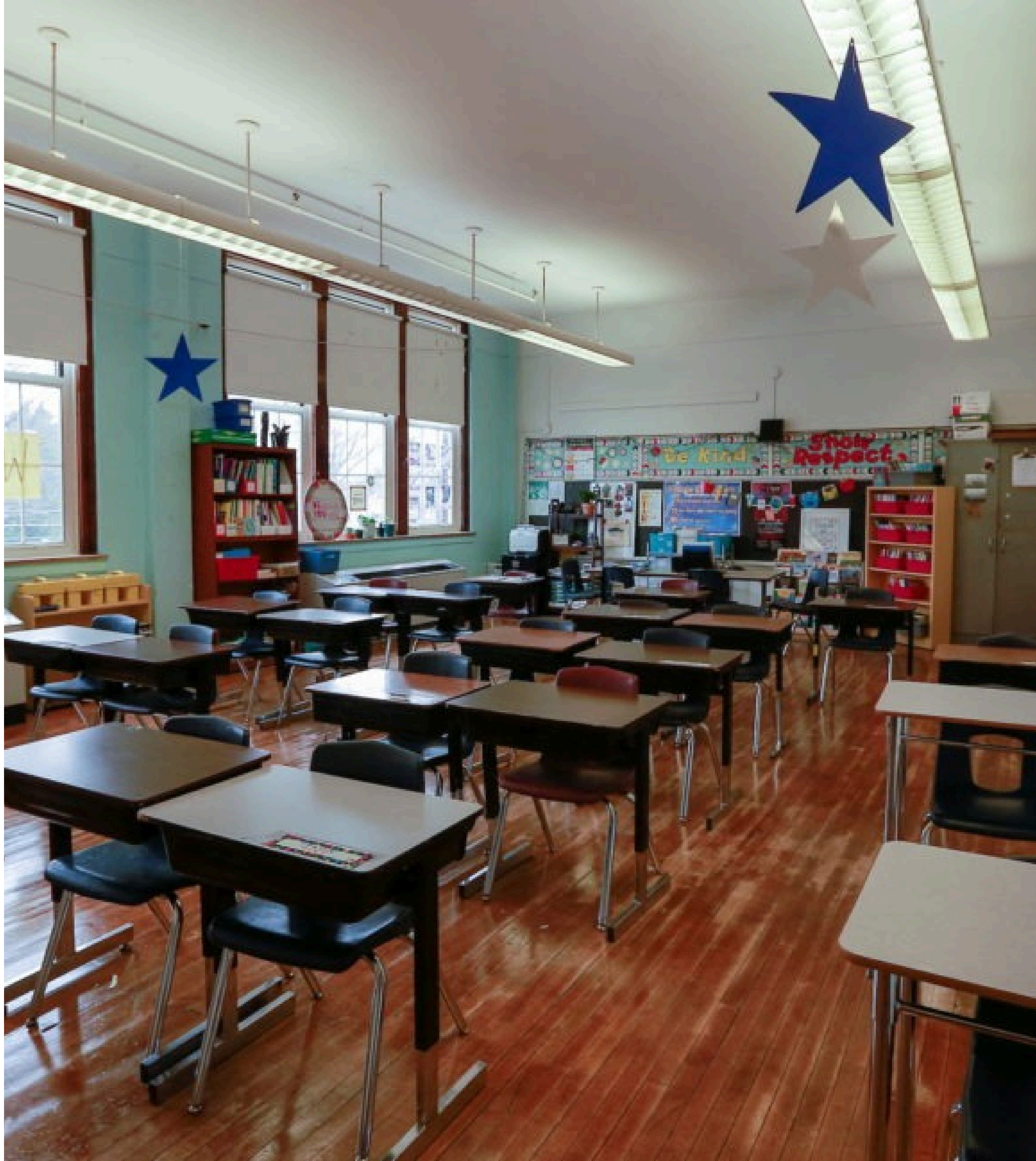
- 65% for the Foundation Allowance
- 10% for Special Education Funding
- 7% for Retirement Programs
- The remainder for Categorical Programs
  - Economically Disadvantaged Programs
  - Early Literacy
  - School Lunch

Foundation Allowance

What can it be used for?

It is used for "day to day" expenses of running a school, such as:

- Staff salaries
- Instructional services
- Curriculum expenditures
- Administrative costs
- Operations and maintenance costs



Facilities and Building Funds

FACILITIES

The Foundation Allowance can NOT be used to fund significant building and renovation expenses. This can only be funded by local bonds.

BONDS

Can request that the local district approve a bond request on a ballot measure that is voted on. It is typically used for larger requests such as new buildings, facilities or significant renovations.

SINKING FUND

A sinking fund is an annual revenue stream that is voted on that is typically used for on-going repairs or renovations to buildings and is also voted on by the local district.

MILLAGES

The arethefundsthatareraised to

repay the bonds and vary greatly from one district to another based on property values between districts.

Thank You

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