



## MICHIGAN

### Description of the Formula

The State of Michigan no longer uses the “millage equalizing” formula based on school finance reform passed in 1994 and first implemented in 1995. Each district was assigned a per pupil foundation grant based on their combined 1994 state and local revenue per pupil. Districts with lower foundation grants received larger annual increases than those with higher initial foundations. The lowest foundation in 2014-15 is \$7,126. In most cases the state school aid per pupil is equal to the district’s foundation allowance per pupil minus its local school operating tax per pupil. School operating taxes in most cases are equal to 18 mills assessed to the district’s non-homestead property.

### District-based Components

#### Density/Sparsity of Small Schools

For districts with a pupil count of less than 1,550 and 4.5 or fewer pupils per square mile, Michigan uses a three-year-average pupil count in the calculation of their state school aid if it benefits the district. This softens the fiscal impact that declining enrollment has on these mostly rural districts. Also, Michigan has a small amount of categorical funding for small, geographically isolated districts. Several of these are island districts not accessible by a bridge.

#### Grade Level Differences

No categorical funding is earmarked for grade level differences.

#### Declining Enrollment or Growth

There are no longer State Aid funds appropriated for declining enrollment.

#### Capital Outlay and/or Debt Service

Michigan does not allocate additional funding for capital outlay/debt service. Districts must pass a dedicated millage for these items or use their general funds.

### **Transportation**

There is no longer specific categorical funding in Michigan for transportation. The transportation funding paid as a categorical grant prior to 1995 was rolled-up into the per pupil foundation grants implemented beginning in 1995. There are about \$3 million in State Aid funds appropriated annually to fund bus driver safety and to facilitate public school bus inspections.

### **Charter Schools**

Charter schools in Michigan are called public school academies. The entities receive a foundation allowance per pupil similar to the traditional local education agencies.

## **Student-based Components**

### **Special Education**

A long standing Michigan court case (known as *Durant*) regarding special education cost reimbursement was settled in 1997. It requires that the state reimburses special education instructional costs at a rate of 28.6138% and special education transportation costs at a rate of 70.4165%. The foundation payments (described above) for special education pupils go towards meeting this obligation.

### **Low Income / Comp Ed / At-Risk**

In 2015, the Michigan legislature appropriated approximately \$317 million for Low Income / At-Risk (At-Risk). The Formula is 11.5% of the district's per pupil foundation allowance times the number of pupils eligible for free school meals. The appropriation is capped at \$317 million.

### **English Language Learner/Bilingual Education**

The current year state appropriation for Bilingual Education is \$1.2 million. The funds are paid out on a per pupil basis and are to be used solely for the instruction of pupils with limited English-speaking ability. Eligible programs include instruction in speaking, reading, writing, and the comprehension of English.

### **Gifted and Talented Education**

No state funds are currently appropriated in this category.

### **Career and Technical Education**

In 2015, the Michigan legislature appropriated approximately \$ 39 Million for Career Technical Education. Most of the funds are distributed based on the cost to operate the programs.

### **Preschool Education**

In 2015, the Michigan legislature appropriated approximately \$ 250 Million for early childhood programs.

### **Other**

Does not apply.

## **Revenue and Expenditure Information**

### **State Mandates Restricting Revenue or Expenditure Increases**

The so called “Headlee Amendment” to the State Constitution requires that school districts roll back tax rates if the revenues generated over the previous year exceed the inflation rate as measured by the National Consumer Price Index. Voters may, however, vote to restore the millage.

### **Property Assessment Ratios Used/Legal Standards for Property Assessment**

Cash value is used.

### **Measure of Local Ability to Support Schools**

The assessed value of property at 50% of market value, known as the State Equalized Value (SEV), was used through 1994. Beginning in 1995, the Taxable Value (TV) is used which limits assessment increases to 5% or the rate of inflation whichever is less.

### **School District Budget and Tax Rate Procedures/Sources of Local Revenues**

The state’s 545 K-12 school districts are fiscally independent. Local revenues derive from the property tax levied on non-homestead properties at the rate of 18 mills or whatever the district levied in 1993 whichever is less. The millage rate is subject to the Headlee Amendment (limitations) described above. There were 56 Intermediate School Districts, 545 Local Educational Agencies, and 298 public school academies operating as public schools in fiscal year 2013-14.

### **State Support for Nonpublic Schools**

Direct pay to non-public schools is prohibited by the State Constitution. However, non-public school students may benefit from auxiliary services.

The Auxiliary Services Act of the Michigan School Code specifies that if particular services named in the Act are provided to public school children in a school district, those services must also be made available to children attending non-public schools located within that district.

The Act specifies services to include health and nursing services and examinations, national defense education act testing, speech and language teacher services, social work services, school psychological services, teacher consultant services for the handicapped, remedial reading services, and other services determined by the legislature. Some auxiliary services are also provided for general education services and some are special education-type services. If special education services are to be provided for a student, that student must first be found eligible for special education.