



Hanover-Horton School District



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The impact of the Headlee Amendment on school finance is a rather complicated thing to explain. To help explain it, I put together a hypothetical scenario to give a visual reference. For simplicity's sake, I adjusted our actual numbers but the overall impact of the Operating Millage is still reflected.

To start with, let's round the numbers a bit and say that the per-pupil allocation is \$10,000. So, our funding for the year is based on \$10,000 per student, and let's say we have 1,000 students for basing this hypothetical budget. Under this scenario, our overall revenue from the state will be \$10,000,000. Looking back at an old audit, our operating millage makes up roughly 13% of our state aid revenue. The state generates that number after the tax bills go out so they know that we would be able to collect \$1,300,000 by levying 18 mills through our Operating Millage. Therefore, the state will send us \$8,700,000 as their portion of the state aid payment under the assumption that we will be able to collect the rest through tax collection.

In our current situation, our levy rate has been reduced by about 4% (17.2144/18). Since the state assumes we are collecting the full 18 mills, we would end up with about \$56,737.78 less.

Once the state establishes the value of property within our district, they determine how much we need to collect with our 18-mill levy. Basically, it does not matter how much our tax base increases, the state will only provide us the difference between our total aid due and the value of our 18 mills. The amount taxable values have increased in our district over the years has not resulted in a direct increase to the district through our Operating Millage. Instead, the more tax revenue collected locally results in lower totals coming from Lansing.

I don't know if it helps or not, but I put this chart together to show the numbers discussed above. As a reminder, the numbers do not match our current budget or enrollment; this is a simplified example.

Amount Per Pupil	\$	10,000.00	
Enrollment		1000	
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Annual State Aid	\$	10,000,000.00	
18 Mill Operating Millage (Est.)			13% of Revenue
Amount Collected Locally	\$	1,300,000.00	
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Amount from State	\$	8,700,000.00	
17.2144 Mill Operating Millage (Current Rate)			96% of 18 Mills
Amount Collected Locally	\$	1,243,262.22	
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Amount Short from State	\$	(56,737.78)	

Please feel free to reach out if you have any questions. I can be reached by phone (517-563-0100) or email (john.denney@hanoverhorton.org).

Go Comets!

John Denney, Superintendent