

18 Mills

Funding for school districts changed significantly in 1993/94 when Proposal A was passed by Michigan voters. While the legislature focused its message on the reduction of property taxes as the main source of funding, it was never intended that all property taxes would be eliminated. As a matter of fact, every homeowner continues to pay six mills in property tax to support public education. Unlike the pre-Proposal A arrangement, however, that revenue does not come directly to the local school district; it is sent to the State and returned in a *pro rata* share to local school districts as part of their foundation grant. In addition to the six mills paid to the State, it is the responsibility of each local district to collect an amount equal to 18 mills on non-homestead property. The State of Michigan assumes that the local district has collected that tax and calculates its share of the foundation grant by deducting the non-homestead tax. The State will not make up this loss of local revenue.