

Proposal A

In 1994, a Michigan ballot measure called "Proposal A" changed the source of school funding for districts throughout the State. What was once a local responsibility, based on property tax levies, became primarily a State responsibility, funded through a variety of State revenue sources including sales tax. Until 1994, property taxes were based on a property's assessed value or an amount equal to 50 percent of the property's market value. This meant that property taxes went up and down in close relation to an increase or decrease in property value. With the passage of Proposal A, however, the tax was stabilized. In fact, some of the tax burden was shifted from property to sales tax, which was increased to 6 percent. Proposal A does not allow local districts to ask voters for additional funds (millages) for operating purposes. Districts may seek tax increases for capital expenditures such as facilities. If schools are losing enrollment, and therefore per-pupil spending, they must adjust their budgets, which is a difficult task for school districts.