

# **QUESTION AND ANSWERS SCHOOL REDUCTIONS HOLD HARMLESS – 20j DISTRICTS**

**How much money is the district at risk of losing from 20j budget cuts?**

\$5.0 million.

**Is this part of the budget cut the state imposed last week?**

No. This funding cut is in addition to the \$2.7 million cut in recent weeks as a result of the \$165 per student reduction. The total reduction is now \$7.7 million.

**Is this for next year?**

No. This funding cut is for the current school year that is already under way.

**What is 20j?**

20j is a separate funding source that was created for approximately 40 Hold Harmless school districts. This has allowed these districts to receive the same increase in per pupil foundation allowance that all other districts across the State have received since 2000.

**What is a Hold Harmless District?**

At the time of Proposal A's enactment, some school districts' foundation allowances exceeded the State established maximum. These districts are generally referred to as "Hold Harmless" districts.

Those districts were allowed to levy additional mills to make up the difference between the state maximum foundation allowance and the combined state and local revenue per pupil the district had previously received. Those mills are levied on homestead property.

**Why did Hold Harmless Districts need a separate funding source?**

Without the 20j rules, Hold Harmless districts could only get increases in foundation allowance equal to the inflationary rate in that year. Without 20j, some districts would receive smaller foundation allowance increases than other districts.

For example, in 1999-2000, all districts were to receive \$238 in the per pupil foundation increase. Livonia Public Schools received \$113 per student in our foundation allowance and \$125 in 20j funds to equal the funding of \$238 per student. Without 20j, Livonia Public Schools would only have received \$113 per student.

**What are the events in 1999-2000 that created the 20j rules?**

- State increased the foundation allowance by \$238 per pupil (4.3%).
- Rate of inflation was 1.6%
- By law, Hold Harmless districts cannot get per pupil increase greater than inflation.
- Section 20j needed to give Hold Harmless districts the same minimum per pupil increase (\$238) as every other district.
- Without the new 20j law, Hold Harmless districts would have received only the 1.6% increase

**What is the impact of 20j funding on various districts?**

<b>Foundation allowance increase 1999-2000</b>	<b>20j District LIVONIA</b>	<b>20j District A</b>	<b>20j District B</b>	<b>Non 20j District C</b>
FY 98-99 Foundation Allowance	7,066.81	7,996.18	10,839.23	6,768.00
Rate of Inflation	<u>1.6%</u>	<u>1.6%</u>	<u>1.6%</u>	
= Inflationary increase	113.07	127.94	173.43	
<b>State determined increase</b>	<b>238.00</b>	<b>238.00</b>	<b>238.00</b>	<b>238.00</b>
Less inflationary increase	<u>(113.07)</u>	<u>(127.94)</u>	<u>(173.43)</u>	
<b>= SECTION 20j PER PUPIL</b>	<b>124.93</b>	<b>110.06</b>	<b>64.57</b>	

**What is the impact of 20j funding on Livonia Public Schools today?**

Since 2000 the 20j per pupil amount has increased in any year the District received an increase in per pupil funding greater than the inflationary rate. The result is the current 20j funding for LPS is \$317 per pupil. This is about \$5 million of funding for Livonia Public Schools each year.