



FISCAL SNAPSHOT

THE FOUNDATION ALLOWANCE

Date: January 2023

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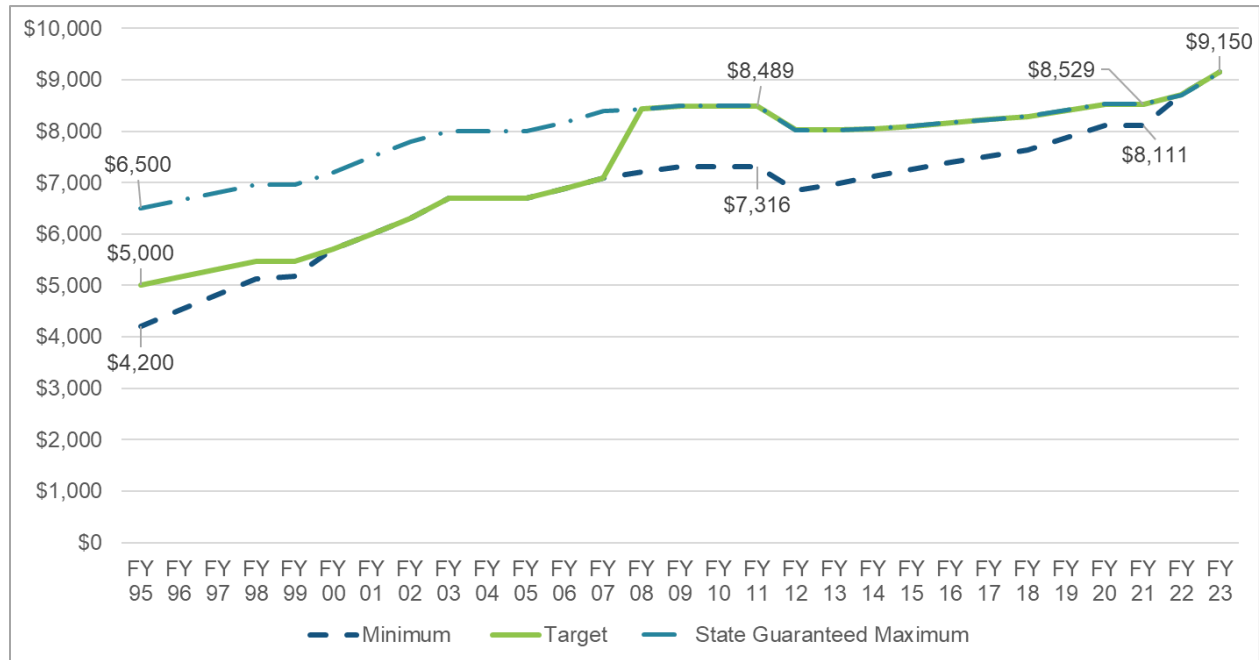
Summary

The foundation allowance is a per-pupil funding amount, created as part of the Proposal A school finance reforms, that pays for the bulk of districts’ operations.¹

Initially, in fiscal year (FY) 1994-95, districts received between \$4,200 and \$6,500 per pupil. In FY 2021-22, the gap between the foundations was closed and all non-Hold Harmless districts were set at the Target foundation allowance, which was \$8,700 per pupil.

For FY 2022-23, the Target foundation allowance is increased to \$9,150 per pupil.

Foundation Allowance History: Growth Since Proposal A



State/Local Funding Mix

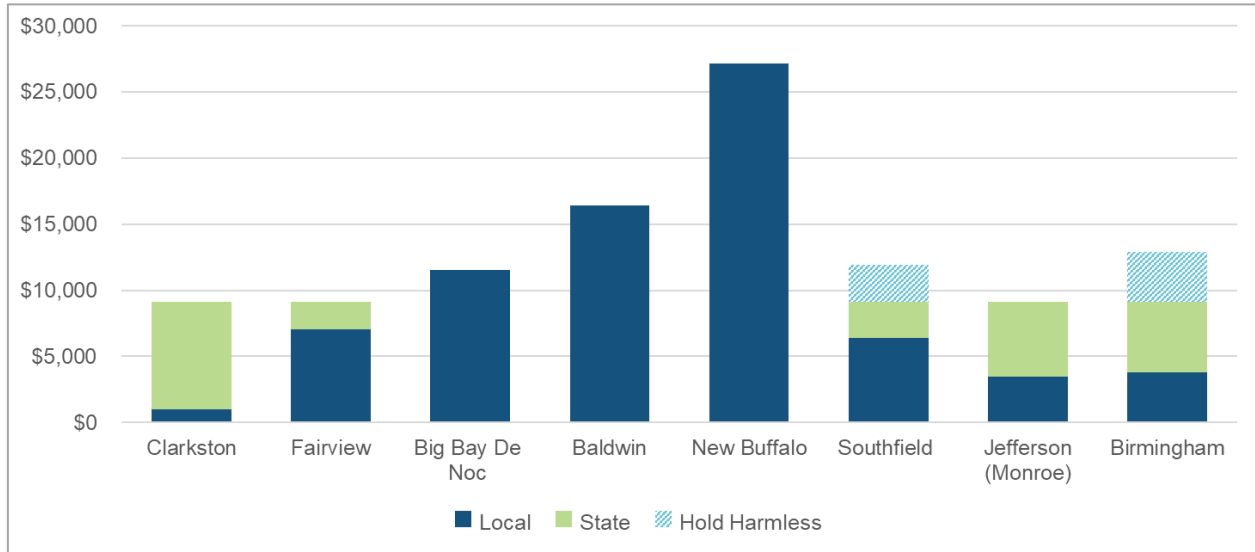
Generally, each district is expected to levy 18 mills on non-homestead property to make up the local piece of their foundation allowance. The state deducts the district’s per-pupil local revenue from the Target foundation allowance to determine the district’s amount of state funding per pupil. Regardless of a district’s state and local funding breakout, each district receives an amount equal to the Target foundation allowance multiplied by the district’s pupil count.

Hold Harmless and Out-of-Formula Districts

Districts with foundation allowances above the Target (due to high state and local revenue before Proposal A was implemented), called *Hold Harmless* districts, are allowed to levy additional local mills with voter approval to achieve their statutory foundation allowance. Districts for which local revenue exceeds their foundation allowance, known as *Out-of-Formula* districts, do not receive a state share and may keep the local revenue that exceeds their statutory foundation allowance.

¹ For a more detailed overview of the foundation allowance, see this fiscal brief: [Basics of the Foundation Allowance – FY 2022-23 Update](#).

FY 2022-23 State/Local Funding Mix Examples



Type	District	Foundation	Local	State	HH	NHS Mills	HH Mills
	Clarkston	\$9,150	\$1,022	\$8,128	\$0	18.0	0.0
	Fairview	\$9,150	\$7,024	\$2,126	\$0	18.0	0.0
O-of-F	Big Bay	\$9,150	\$11,546	\$0	\$0	18.0	0.0
O-of-F	Baldwin	\$9,150	\$16,434	\$0	\$0	18.0	0.0
HH, O-of-F	New Buffalo	\$10,985	\$27,153	\$0	\$0	18.0	0.0
HH	Southfield	\$11,952	\$6,371	\$2,779	\$2,802	18.0	10.9
HH	Jefferson	\$12,161	\$3,445	\$5,695	\$0	18.0	0.0
HH	Birmingham	\$12,905	\$3,763	\$5,387	\$3,755	18.0	6.3