

A Tale of Three Districts The 20j Story

In 1994 when Proposal A was voted in, there were two kinds of districts, higher funded (“Hold Harmless”) and lower funded districts (“Basic”). The dollar dividing line was \$6,500 per pupil. In each successive year all districts basically received the same dollar per pupil increase.

In 1999/2000 and the two succeeding years a part of Proposal A came into play that said “Hold Harmless” districts could not receive an increase greater than the rate of inflation. In order to have all districts receive the same dollar increase just as before (and since), a part of the School Aid Act was added called Section 20j. In that year the “Basic” districts had \$238 added to their per pupil foundation. “Hold Harmless” districts had the amount that equaled the rate of inflation added to their foundation and the balance was paid under Section 20j.

Example – Inflation rate = 1.5%

District “A” – Basic – No inflation cap

Foundation	\$7,900.00
Addition	<u>\$ 238.00</u>
New Foundation	\$8,138.00

District “B” – Hold Harmless – Inflation 1.5%

(This is like Northville)

Foundation	\$8,000.00
Addition (1.5% \times \$8,000)	<u>\$ 120.00</u>
New Foundation	\$8,120.00

Section 20j: \$238.00-\$120.00=\$118.00

District “C” – Hold Harmless – Inflation 1.5%

Foundation	\$10,000.00
Addition (1.5% \times \$10,000)	<u>\$ 150.00</u>
New Foundation	\$10,150.00

Section 20j \$238.00-\$150.00=\$88.00

A similar calculation took place in the subsequent two years.

These are three things to note:

1. Each district received the same dollar increase. There were no extra payments.
2. The better funded Hold Harmless District “C” had less paid under Section 20j. With 20j taken away, they would lose less than District “B”.
3. When 20j is taken away District “B” will have **less** than District “A”.

FACTS:

1. The 20j districts represent over 200,000 pupils which is **13%** of the state’s pupils.
2. Twenty-five of the thirty-nine districts are located in the higher cost metro area.
3. With 20j taken away, Northville dropped below 10 “Basic” districts funding. In other words, worse off than if 20j had not been received. Northville’s 20j amount is \$321.00 per pupil or \$2.2 million whereas Northville is only \$50.00 per pupil over the “Basic” maximum or \$350,000.00.

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