

For the explanation

Act 46 of 2015, Section 37, places constraints on the increase in spending per equalized pupil for every school district in both FY2017 and FY2018. Each district will have its own threshold, based on its spending per equalized pupil. While a district may choose to spend as much as it wishes per pupil, any amount over the calculated per pupil threshold will be added to the actual spending per pupil for the purposes of calculating the homestead tax rate. This will in effect double tax every dollar in excess of the allowable amount.

In the following example, if a district spends an extra \$200 per pupil over its threshold in FY2017, the district’s homestead tax rate will be based on a spending amount of \$16,200 rather than the actual amount of \$16,000:

| FY2017 spending per equalized pupil | FY2017 per pupil threshold (calculated using the allowable growth rate as stipulated in Act 46.) | Per pupil amount over the threshold | Amount used to calculate the homestead tax rate |
|-------------------------------------|--|-------------------------------------|---|
| \$16,000 | \$15,800 | \$200 | \$16,200 |

Spreadsheet description

Column 1 is the allowable percentage for FY2017.

Column 2 is the per pupil spending threshold amount. It is the result of the allowable growth per pupil for FY2017 (based on the allowable percentage, column 1) and the FY2016 education spending per equalized pupils, less eligible exclusions.

Column 3 is the per pupil spending threshold amount for FY2017.

Any FY2017 per pupil spending in excess of column 3 will be added to the actual FY2017 spending per pupil for purposes of calculating the homestead tax rate