

The 4410: Taxable Values and the Local School District



*Phil Boone August 12, 2013
Office of State Aid and School Finance*



State Aid Funding

- Districts receive a per-pupil “foundation allowance”
- State per pupil \$ = Foundation – local revenue
- Local revenue calculation based on taxable value reporting



Local Revenue Calculation

- $TV * \text{millage rate} = \text{revenue}$

$TV =$

value of properties paying millage

+

value of properties in Ren. Zone

–

property value of school operating
millage captured by TIFA, DDA, LDFA...



Local Revenue Calculation

TV * millage rate = revenue

| | <u>Amount</u> | <u>Mills</u> | <u>Revenue</u> |
|------------------------------|---------------|--------------|------------------|
| Non-PRE TV | 291,867,970 | 18.0000 | 5,253,623 |
| Comm PP TV | 3,146,995 | 6.0000 | 18,882 |
| Assumed Local Revenue | | | <u>5,272,505</u> |
| Local Revenue Per GE | | | 5,978.91 |
| Local Revenue Per Membership | | | 5,764.38 |

See status reports at <http://mdoe.state.mi.us/statusreports/>



Result of value change

- Increasing taxable value (PRE denial or decreasing capture) → reduces State Aid
- Decreasing taxable value → increases State Aid



Current vs. prior year

- Adjustments to current year are “slow”, 1/11 per payment
- Adjustments to prior year are “fast”, 100% effect in next payment.



Reporting Website

- <https://mdoe.state.mi.us/TaxableValue>
- 24/7 access for county users
- Password reset: 517-335-0505
- Public access available for districts
- “Unit level” detail
- Uploaded to State Aid Management System on or about the first of the month



Taxable value format < 2008

KALAMAZOO COUNTY
 County Code: 39
 Tax Year: 2005



| | PRE & Qualified Ag. & Qualified Forest | Non-PRE |
|-------------------------|--|-----------------|
| Includes Capture and RZ | \$4,161,027,957 | \$2,956,349,203 |
| Only Capture | \$1,681,198 | \$34,119,401 |

PRE refers to Principal Residence Exemption
 CAPTURE refers to School Operating Capture Taxable Value
 RZ refers to Renaissance Zone

| Unit | CountyName | DistrictCode | | PRE & Qualified Ag. & Qualified Forest | Non-PRE | LastUpdate | Update By | Email |
|--------------|------------------|--------------|--------------------------------------|--|---------------------|------------|---------------|-------|
| ALAMO (3901) | KALAMAZOO COUNTY | 03010 | Includes Capture and RZ Capture Only | \$13,857,256 \$0 | \$5,882,060 \$0 | 1/4/2010 | Mary, Balkema | |
| ALAMO (3901) | KALAMAZOO COUNTY | 03020 | Includes Capture and RZ Capture Only | \$70,528,082 \$0 | \$16,649,360 \$0 | 6/15/2009 | Mary, Balkema | |
| BRADY (3902) | KALAMAZOO COUNTY | 39170 | Includes Capture and RZ Capture Only | \$104,483,223 \$0 | \$18,724,485 \$0 | 6/15/2009 | Mary, Balkema | |



Taxable value format < 2008

- Two property categories
- PRE (homestead) or non-PRE (non-homestead)



Taxable value format < 2008

- “Includes Capture and RZ”
 - Value of all properties
- “Capture Only”
 - Value of properties in TIFA paying no school operating millage



Taxable value format 2008 >

KALAMAZOO COUNTY
 County Code: 39
 Tax Year: 2010



| Totals : | | | | |
|-------------------------------|--|------------------------------|------------------------------|---------------------|
| | PRE & Qualified Ag. & Qualified Forest | Industrial Personal Property | Commercial Personal Property | All Other (Non-PRE) |
| Includes Capture but not RZ : | \$4,740,880,317 | \$467,455,604 | \$262,342,631 | \$2,596,741,582 |
| Only Capture : | \$1,000,206 | \$10,448,538 | \$3,224,700 | \$48,774,247 |
| Only RZ : | \$1,010,201 | \$10,938,524 | \$964,373 | \$30,525,823 |

PRE refers to Principal Residence Exemption
 CAPTURE refers to School Operating Capture Taxable Value
 RZ refers to Renaissance Zone

| Unit | CountyName | DistrictCode | | PRE & Qualified Ag. & Qualified Forest | Industrial Personal Property | Commercial Personal Property | All other (Non-PRE) | LastUpdate | Update By | Email |
|--------------|------------------|--------------|-----------------------------|--|------------------------------|------------------------------|---------------------|------------|---------------|-------------------------------------|
| ALAMO (3901) | KALAMAZOO COUNTY | 03010 | Includes Capture but not RZ | \$16,444,194 | \$60,670 | \$642,717 | \$4,928,291 | 9/2/2010 | Mary, Balkema | <input checked="" type="checkbox"/> |
| | | | Only Capture | \$0 | \$0 | \$0 | | | | |
| | | | Only RZ | \$0 | \$128,236 | \$0 | \$178,234 | | | |
| ALAMO (3901) | KALAMAZOO COUNTY | 03020 | Includes Capture but not RZ | \$82,529,540 | \$49,817 | \$1,624,935 | \$19,223,075 | 9/2/2010 | Mary, Balkema | <input checked="" type="checkbox"/> |
| | | | Only Capture | \$0 | \$0 | \$0 | | | | |
| | | | Only RZ | \$0 | \$108,920 | \$0 | \$114,174 | | | |
| BRADY (3902) | KALAMAZOO COUNTY | 39170 | Includes Capture but not RZ | \$121,356,962 | \$1,985,300 | \$737,100 | \$20,730,883 | 9/2/2010 | Mary, Balkema | <input checked="" type="checkbox"/> |
| | | | Only Capture | \$0 | \$0 | \$0 | | | | |
| | | | Only RZ | \$0 | \$0 | \$0 | \$0 | | | |



Taxable value format 2008 >

- Four property categories
 - PRE (homestead)
 - Industrial Personal
 - Commercial Personal
 - all other non-PRE (non-homestead)



Taxable value format 2008 >

- “Includes Capture but not RZ”
 - Value of all properties not within RZ
- “Capture Only”
 - Value of properties in TIFA paying no school operating millage
- “RZ only”
 - Value of properties within RZ



Reporting Guidelines

Phillip Boone

Monday, January 31, 2011

Taxable Value Admin Menu

County: ▼

Year: ▼

Manage Flagged Records
Manage System Messages
Manage Users
Manage Locked Units

Reporting Guide

Taxable value reporting guidelines for tax years beginning with 2008.

Taxable value reporting guidelines for tax years 1994 through 2007.

Calculation of value changes related to foreclosures



Traditional Reporting Dates

- September 1 “A”
 - Initial taxable values
- May 1 “B”
 - Revisions to current year
- October 20 “C”
 - Revisions of prior years
- Traditional...or obsolete?



State Aid Funding

- Traditional due dates were “good enough” for many years.
- What has changed?
- Shrinking fund balances at local districts.



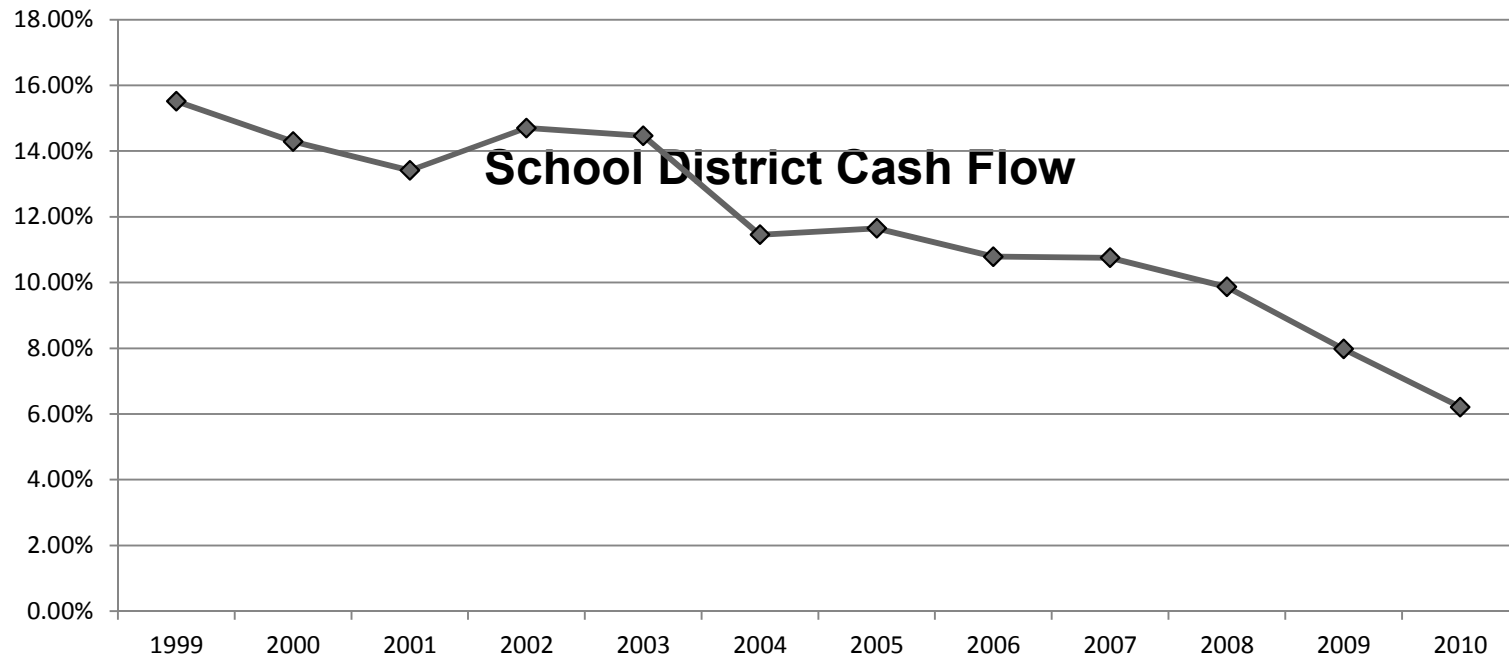
School District Cash Flow

- If district is shrinking, shrinking fund balances are OK, right? Yes, but...
- Fund balance as a % of current operating expense (FBCOE) is dropping.



School District Cash Flow

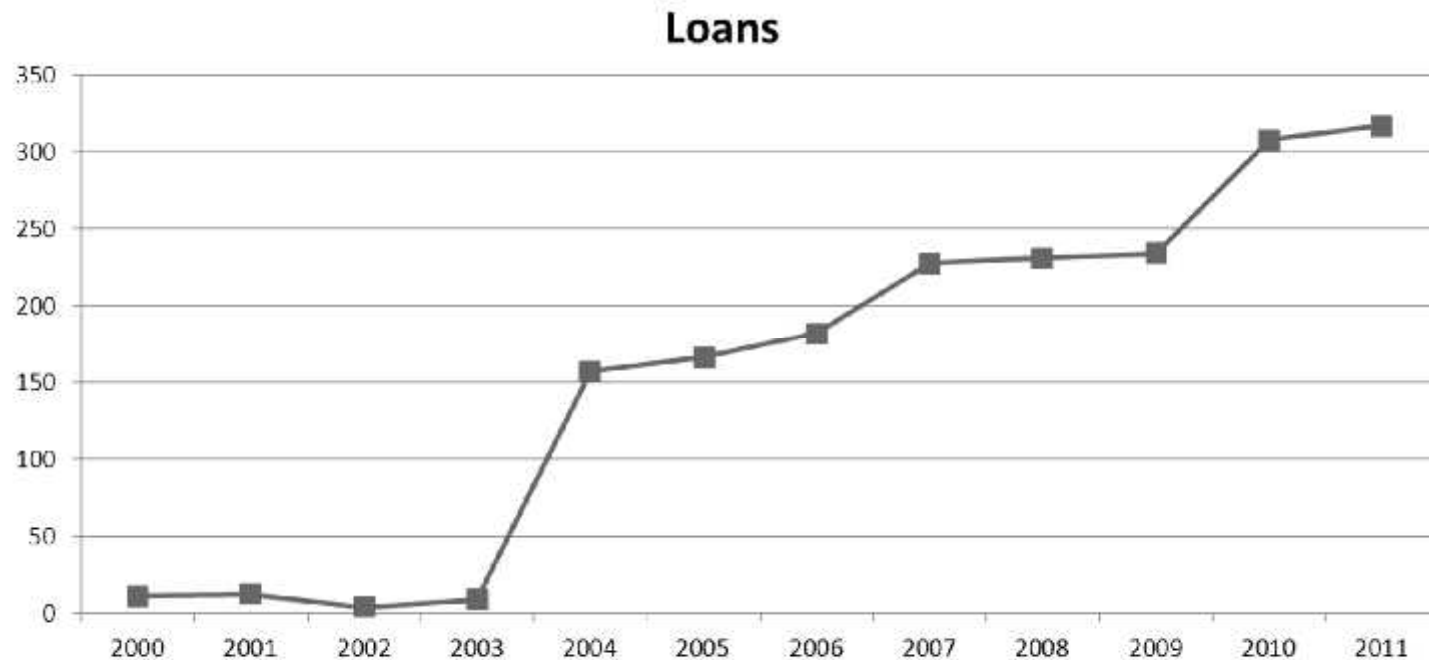
- FBCOE declining steadily





School District Cash Flow

- Districts borrowing against State Aid





School District Cash Flow

- District fund balance (proportional to size of district) is less than half of what it was 10 years ago.
- Increasing number of districts borrow to maintain cash flow
- Cash flow is tight and getting tighter every year.



The Weakest Links

- “C” updates due Oct. 20
- Causes Nov. reimbursement
- December BOR’s can result in bills with no reimbursement until NEXT November
- Large reductions in value result in large bills to districts



How can we improve?

- If “C” values were updated May 1 with “B” update, December BOR’s would be reimbursed in 5 months instead of 11.
- Large reductions in non-PRE value result in large bills. Please update promptly.



Contact Info

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