

# Study: Michigan school funding getting ‘more unequal’

Jonathan Oosting, Detroit News Lansing Bureau 2:22 p.m. ET June 28, 2016



(Photo: John T. Greilick / The Detroit News)

*Lansing* — Successful Michigan school districts spend more educating each student than their peers and tend to rely more on local revenue, according to [a long-awaited adequacy study](http://www.michigan.gov/documents/budget/Michigan_Education_Finance_Study_527806_7.pdf) ([http://www.michigan.gov/documents/budget/Michigan\\_Education\\_Finance\\_Study\\_527806\\_7.pdf](http://www.michigan.gov/documents/budget/Michigan_Education_Finance_Study_527806_7.pdf)) suggesting the state's education finance system “is becoming more unequal over time.”

The study conducted by Augenblick, Palaich and Associates of Colorado and delivered this week to Michigan legislators found that “notably successful” school districts spent \$8,667 per student in 2013-14.

The firm called it a baseline figure for “what it might take all districts to succeed,” suggesting the need to increase state education spending and address inequities linked to local revenue disparities and student needs.

Schools are set to receive a foundation allowance of between \$7,511 and \$8,229 per pupil next school year under the budget signed Monday by Republican Gov. Rick Snyder.

The funding study validates Democratic calls for higher foundation aid and at-risk funding for Michigan schools, said state Rep. Adam Zemke, D-Ann Arbor.

“We’re very disappointed that it didn’t come out prior to the signing of the budget,” Zemke said, “because then we could have utilized it to make some very significant changes it clearly shows need to be made.”

Snyder and the Republican-led Legislature cut the minimum foundation allowance by \$470 in the 2012 budget, partially due to reduced federal appropriations, but have increased it by \$545 over the last four years and approved another increase for 2017, [according to the House Fiscal Agency](http://www.house.mi.gov/hfa/PDF/SchoolAid/BasicsFoundationAllowance_Memo_fy16.pdf) ([http://www.house.mi.gov/hfa/PDF/SchoolAid/BasicsFoundationAllowance\\_Memo\\_fy16.pdf](http://www.house.mi.gov/hfa/PDF/SchoolAid/BasicsFoundationAllowance_Memo_fy16.pdf)).

The gap between the state maximum and minimum allowance has shrunk from \$1,173 to \$778 during that span.

“My main take-away is it’s really not too far off the mark of where we’re already headed,” Rep. Tim Kelly, R-Saginaw Township, chairman of the House Appropriations subcommittee on school aid, said of the adequacy study.

For its study, APA identified 58 successful school districts in Michigan with above average academic performance and one other notable measurement, such as unusually strong academic performance, growth or special populations. It then eliminated four districts with outliers to determine a baseline funding level for “what it might take for all districts to succeed.”

Those districts spent a per-pupil average of \$4,983 on instruction, \$884 on administration, \$875 on support, \$316 on food service, \$355 on transportation, \$862 on maintenance and operations, \$206 on community service, \$15 on adult education and \$172 on other expenditures — a total of \$8,667 per student.

The successful districts actually received slightly less state and federal funding than their peers but pulled in an average of \$378 more per student in local revenue from property tax millages, according to the APA study.

Michigan’s per-pupil funding, set to increase between \$60 and \$120 next year, varies too widely by district and is trending toward inequity, according to the authors.

“The relationship between local wealth and per pupil spending is more in line with generally accepted standards for equity, but the relationship appears to be gradually strengthening in recent years, contributing to a school finance system that is becoming more unequal over time,” they said.

The report recommended increasing the school foundation allowance, providing supplementary state aid to districts with low property values or stratifying per-pupil increases to close the gap, which the state has done in recent years.

Michigan overhauled its education finance system in 1993, creating a new taxation system that heavily relies on state sales tax revenue rather than local property taxes. But local communities are still able to supplement state funding through property tax increases.

The APA study also found it was “not uncommon” for districts with higher student needs to spend less than districts with lower student needs. Notably successful schools spent more than their peers but had lower percentages of special education, economically disadvantaged and English Language Learner students.

“This suggests that the formulas for determining special needs funding are not generating enough revenue and that districts with the means to supplement these sources locally are doing so,” the authors wrote.

Snyder is still reviewing the adequacy study but believes it will help inform the work of his new 21st Century Education Commission, said Snyder spokeswoman Anna Heaton.

“From what we have reviewed so far, we agree that a more equitable funding system is needed and more needs to be done to measure special education funding and outcomes,” she said.

The school financing report was commissioned by the state as part of a legislative deal over road funding legislation that became Proposal 1 on the May 2015 ballot.

Democrats, who have long argued the state is underfunding its K-12 education system, pushed to include the study in the road funding package during debate in the Republican-led Legislature. Voters rejected the resulting road funding ballot proposal, but the study was not tied to its fate.

The findings conflict with [a separate 2016 study \(https://www.mackinac.org/archives/2016/s2016-02.pdf\)](https://www.mackinac.org/archives/2016/s2016-02.pdf) by the Mackinac Center for Public Policy, a free-market think tank that reviewed school funding levels and found no statistically significant relationship to academic performance on 27 of 28 indicators.

“Even given the information presented in this report, it doesn’t lead us to the conclusion that money alone is going to improve Michigan’s weak educational performance,” said Mackinac Center Director of Education Policy Ben DeGrow.

DeGrow questioned the \$8,667 per-pupil baseline funding figure proposed by APA, noting the study indicated that 19 of the 54 successful schools were considered “exemplary” because they spent less but had better academic results.

“It is a variety of factors and incentives that work in the education system,” he said. “The money is tied up and directed into areas that on a large scale go to things that do not improve student achievement.”

APA won the state contract to conduct the study, a process that was marked by controversy. Anderson Economic Group of East Lansing, preferred by many Republican legislators, bid for the work but was rejected during a technical evaluation.

The report was originally due in late March but was twice delayed. A spokesman for the state Department of Technology, Management and Budget said Tuesday the 224-page report had been reviewed and submitted to the Legislature, as required by statute.

“At first read, the state’s funding formula is clearly inadequate,” Tri-County Alliance for Public Education Executive Director Mark Burton said in a statement. “It is time for policymakers to work with local school leaders and communities to design a new and innovative school funding system that will again make Michigan a leader in education.”

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