

Michigan schools face nation's worst decline in state education funding



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Michigan School Finance at the Crossroads A Quarter Century of State Control

David Arsen, Tanner Delpier, and Jesse Nagel

Twenty-five years ago, the passage of Proposal A shifted control of funding for Michigan's public schools from local districts to the state. This report provides an accessible primer on how Michigan schools are funded. It then analyzes trends in funding over the last quarter century, compares Michigan's policies to those of other states, identifies a series of key school finance problems, and advances a comprehensive set of policy recommendations.

Compared to other states, Michigan is bottom of the pack	50th	Proficiency growth (2003-2015)	Michigan's education policies are at a Crossroads	Michigan's schools need a coherent and supportive policy framework as a foundation for student learning
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50th 50 th out of the 50 states in school funding growth since 1995	Real funding continued to fall due to declining tax effort even after the end of the Great Recession	 Funding for at-risk students has fallen by 60% per-pupil	The state underfunds special education forcing districts to redirect \$500 per general education student to make up the difference	 Facilities funding is unfair for both students and tax payers
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Infographic: Michigan school finance at the crossroads. Credit: Michigan State University

Funding for Michigan's public schools has fallen more sharply than any other state over the past quarter century, a new report from Michigan State University finds.

Educators have been forced to meet rising academic standards with inadequate finances, the study authors argue. However, their research shows Michigan could give schools the dollars they need if policymakers devoted the same share of the state economy to supporting [education](#) as they did a decade ago.

Total revenue for Michigan schools has declined by 30 percent since 2002 when adjusted for inflation, the report shows. Meanwhile, Michigan ranks at the bottom for growth in math and reading proficiency.

"Michigan has tried to improve schools on the cheap, focusing on more accountability and [school choice](#)," said David Arsen, MSU professor of education policy and lead author of the study. "To make those policies effective, they have to be matched with adequate funding. We have been kidding ourselves to think we can move forward while cutting funding for schools.

"We don't have to wait any longer. We know that this isn't working."

Arsen details a plan to transform K-12 funding in "[Michigan School Finance at the Crossroads: A Quarter Century of State Control](#)." The report, co-authored by MSU doctoral students Tanner Delpier and Jesse Nagel, also provides a comprehensive overview and analysis of trends since the 1994 passage of the landmark Proposal A law, which largely shifted funding from local [school](#) districts to the state.

"Our goal is to provide information, from a long period of research and observation, that will guide a re-evaluation of the way we fund schools," Arsen said. They found that, after adjusting for inflation, Michigan's education funding in 2015 was only 82 percent of what it was in 1995—worse than any other state.

Today, Michigan covers less than one-third of the costs for federally required special education, which means school districts devote, on average, \$500 per [student](#) of general education dollars each year to pay for those services. In addition, students from [low-income families](#) now account for half of all students, but per-pupil state support for them has dropped even more sharply, by 60 percent.

The report evaluates the 2018 study by the Michigan School Finance Research Collaborative, or MSFRC, and advances a comprehensive set of policy recommendations.

The authors endorse the MSFRC's estimated base cost of \$9,590 to educate a typical student to meet state performance standards and recommend additional funding weights for students living in poverty, English language learners and special education students. The authors also estimate the additional revenue needed to implement these policies, including universal preschool.

While they don't prescribe specific sources, Arsen and his co-authors say lawmakers must find new revenue to increase state coffers for education. This can occur through changes in sales, property or income tax policy, stricter scrutiny of tax expenditures and by allowing local districts to levy voter-approved enhancement millages.

"Citizens will support providing additional [funding](#) to schools if they know how the money will be spent, and they believe the revenues have been raised fairly," Arsen said. "Providing those resources to schools is well within reach of the state in our current economy. This is what's necessary to establish the foundation for the important work of teaching and learning."

Provided by Michigan State University

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