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OF MICHIGAN**



**PUBLIC EDUCATION GOVERNANCE
IN MICHIGAN**

JANUARY 2010

REPORT 359

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PUBLIC EDUCATION GOVERNANCE IN MICHIGAN

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PUBLIC K-12 EDUCATION IN MICHIGAN

Entering 2010, Michigan residents find public primary and secondary education facing numerous challenges:

- State revenues are falling;
- Local revenue growth is stagnating;
- K-12 education service providers are facing escalating cost pressures, with annual growth rates outpacing the projected growth in available resources;
- Spikes in the level of federal education funding resulting from the American Recovery and Reinvestment Act of 2009 (ARRA) will produce a budgetary “cliff” when the additional dollars expire; and
- School district organization and service provision structures are being reviewed with the goals of reducing costs and increasing efficiencies.

Because of the critical importance of education to the state, its economy, and its budget, the Citizens Research Council of Michigan (CRC) plans a long-term project researching education in Michigan with an emphasis on the current governance, funding, and service provision structures and their sustainability.

Public education has been governed largely the same way since its inception in the 1800s. It is important to review the current organization of school districts and structure of education governance, as well as to review new and different ways to organize and govern public education, to determine if Michigan's governance structure meets today's needs. The school finance system has been revamped on a more regular basis throughout history. Changes have been made to address a host of concerns, including per-pupil revenue disparities, revenue-raising limitations of state and local tax systems, as well as taxpayer discontent with high property taxes. Michigan's current finance system was last overhauled in 1994 with the passage of Proposal A, providing sufficient experience to reconsider the goals of the finance reforms and determine whether the system has performed as originally contemplated.

In addition to analyzing education governance and revenues, it is important to review cost pressures facing districts and how education services are provided in Michigan. School budgets are dominated by personnel costs, the level of which are largely dictated by decisions made at the local level. Local school operating revenues are fixed by decisions and actions at the state and federal levels, but local school officials are tasked with making spending decisions and matching projected spending levels with available resources. However, those local decisions are often impacted by state laws (e.g., state law requires districts to engage in collective bargaining). The freefall of the Michigan economy since the 2001 recession has impacted all aspects of the state budget, including K-12 education, and requires state and local officials to review how things are done in an attempt to increase revenues and/or reduce costs.



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Citizens Research Council Education Project

In 2009, CRC was approached by a consortium of education interests and asked to take a comprehensive look at education in Michigan. CRC agreed to do this because of the importance of education to the prosperity of the state, historically and prospectively, and also because of the share of the state budget that education demands. Education is critical to the state and its citizens for many reasons: 1) A successful democracy relies on an educated citizenry. 2) Reeducating workers and preparing students for the global economy are both crucial to transforming Michigan's economy. 3) Education is vital to state and local budgets. 4) Public education represents a government program that many residents directly benefit from, not to mention the indirect benefits associated with living and working with educated people. As with all CRC research, findings and recommendations will flow from objective facts and analyses and will be made publicly available. Funding for this research effort is being provided by the education consortium and some Michigan foundations. CRC is still soliciting funds for this project from the business and foundation communities.

The goal of this comprehensive review of education is to provide the necessary data and expertise to inform the education debate in Lansing and around the state. This is a long-term project that will take much of the focus of CRC in 2010 and into 2011. While an overall project completion date is unknown, CRC plans to approach the project in stages and release reports as they are completed. Topic areas CRC plans to study include education governance, K-12 revenues and school finance, school district spending analyses, public school academies (PSAs) and non-traditional schools, school district service provision and reorganization, and analyses of changes to Michigan's educational system.

PUBLIC EDUCATION GOVERNANCE IN MICHIGAN

Contents

Executive Summary	v
Introduction	1
The Federal Role	3
State Functions	4
State Legislature	4
Governor	5
State Board of Education	5
Superintendent of Public Instruction	6
State Departments	6
Michigan Department of Education	6
Other State Departments	6
Local District Organization and Function	9
Descriptive Statistics of Current Districts	9
Local School Boards	12
General Powers Districts	13
First Class Districts	13
Diminished Role of School Boards	14
Superintendents	14
School Funding	15
Schools of Choice Law	16
Public School Academy Organization and Functions	18
Public School Academies Versus Traditional Districts	18
Special Education Governance	22
Intermediate School District Organization and Functions	28
Descriptive Statistics of Intermediate School Districts	28
Intermediate School District Services	31
Special Education	31
Other Services	32
Intermediate School District Funding and Taxing Authority	32
Other Actors Who Influence K-12 Education Governance	35
State and Federal Courts	35
Teachers' Unions	36
Other Groups	37
Interstate Comparisons	38
State Governance Structures	38
Regional and Local District Organization	39
School Funding Models	40

CRC REPORT

Charter Schools across the States	42
Implications of Michigan’s Education Governance Systems	44
Complex Political Environment	44
Overlapping Authority	44
Accountability and Perception	44
Role of Intermediate School Districts	45
School Funding Issues.....	45
Competition	46
Conclusion	47

Tables

Table 1: Education Governance Functions	2
Table 2: Michigan Department of Education, Offices and Functions	7
Table 3: Local District Enrollment Data, FY2009	9
Table 4: Local District Size, FY2009	10
Table 5: Local District Employees, FY2009	11
Table 6: Average Special Education and Low-Income Pupil Membership in Local School Districts, FY2009	12
Table 7: Ways Public School Academies are Similar to and Different from Traditional Districts in State Law	19
Table 8: Special Education in Four Intermediate School Districts	25
Table 9: Intermediate School District Constituent Districts, FY2009	28
Table 10: Intermediate School District Pupil Enrollment, FY2009	29
Table 11: Intermediate School District Full-Time Equivalent Employees, FY2009	30
Table 12: Intermediate School District Special Education Pupil Enrollment, FY2009	31
Table 13: Intermediate School District Tax Rates, 2007	33
Table 14: Intermediate School District Revenue (Dollars in Millions), FY2008	34
Table 15: State Education Governance Structures	38
Table 16: Interstate Comparison of Regional School Districts, 2007	39
Table 17: Interstate Comparison of Local Districts, 2007	40
Table 18: Percent of K-12 School Funding from Local, State, and Federal Sources, FY2007	41

Charts

Chart 1: State Education Governance Model	4
Chart 2: Percent of K-12 Funding from State Sources, FY1991-FY2007	41
Chart 3: Revenues and Spending Per Pupil by State, FY2007	43

PUBLIC EDUCATION GOVERNANCE IN MICHIGAN

Summary

Because education is crucial to a functioning democracy, economic competitiveness, and personal achievement, it is considered a high priority by officials at all three levels of government, as well as by the public in general. An understanding of the governance structure of education in Michigan is fundamental to understanding school finance and the implications of policy decisions made at all levels.

In Fiscal Year (FY) 2009, Michigan's public education system provided education to 1.66 million students. Programs were delivered by 551 traditional local school districts, 57 intermediate school districts (ISDs), and 232 public school academies (PSAs) operating in approximately 4,000 buildings. The different government actors and agencies with a formal role in the public K-12 education system include the President, Congress, and the United States Department of Education; the governor, state legislature, state board of education, state superintendent of public instruction, Michigan Department of Education (MDE), and other state departments; local school boards and superintendents; PSAs and their authorizing bodies (state university boards, community college boards, ISD boards, and local school boards); and ISDs. In addition, other groups and actors have influence over education governance and policy, including federal and state courts, unions, state and local education associations, and community interest groups.

Education Governance Structure

Table 1 (on page 2 of the report) details the education functions performed by different levels of government. The policy functions include influencing education policy, creating policy, and implementing policy. Education oversight responsibilities encompass holding education providers and students accountable for outcomes (e.g., test scores, drop-out rates, spending levels, etc.), as well as holding teachers and schools responsible for district-level policies. The funding section of the table indicates the government officials who have authority over education funding decisions, as well as those who have responsibility for creating and adopting a budget to provide education-related services.

The Federal Role. Initially, federal government officials did not consider education to be within the federal government's purview. The Tenth Amendment in the Bill of Rights to the U.S. Constitution declares that "The powers not delegated to the United States by Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people." Education is not mentioned in the U.S. Constitution, and is, therefore, a power reserved to the states.

The federal government's authority over education is conditioned on federal funding. The power of the purse allows the federal government to attach terms to federal dollars, which states and districts must meet in order to receive the federal money. States do not have to do as Congress mandates, provided they are willing to forego the receipt of federal education funds. Federal education funds totaled \$1.54 billion in Michigan in FY2007 (this compares to \$11.38 billion in K-12 education revenue from state sources and \$6.73 billion from local sources). Federal funding for education and intervention into education increased with the passage of the No Child Left Behind (NCLB) Act of 2001, and then again with the 2008-2009 American Recovery and Reinvestment Act (ARRA).

State Functions. The Michigan Constitution singles out education as a uniquely important state function and states that "the means of education shall be forever encouraged."¹ The State of Michigan has primary authority over education. This responsibility is shared among the governor, legislature, and state board of education. The state board of education is quasi-independent and was created in the State Constitution as an education body separate from the general government. While the board has a constitutional role and some independence, the legislature is the body that is tasked with maintaining and supporting (i.e., financing) a system of free

¹ The Michigan Constitution, Article VIII, Section 1.

public education in the Michigan Constitution.² State departments, mainly the MDE, also play a role in education governance.

While the state government has ultimate authority over education, it delegates a lot of that authority to the local school districts. Education is provided locally and governed and funded at both the state and local levels. Education used to be primarily governed and funded at the local level, but passage of Proposal A in 1994 centralized school funding and the state has been reasserting its authority over education governance, mirroring a nation-wide trend toward more centralized education funding and governance.

Local Districts. While education is technically a state responsibility, the services are delivered by local school districts, which can be thought of as distinct, special-purpose units of local government. Every Michigan resident lives within the boundaries of a local school district. As of FY2009, Michigan had 551 traditional local school districts (excluding PSAs, which are also considered to be local districts) providing education to 1.54 million students in pre-kindergarten classes through the twelfth grade (this number also includes special education students outside of grades K-12).

Local actors with a role in education governance include local school board members, who are elected to represent the needs and preferences of their local communities, and local superintendents, who are appointed by local boards to bring professional management to the administration of school districts. While school boards reflect local control of schools, they are ultimately agents of the state government. The multiple roles and functions of school boards require them to be accountable to the state, the federal government, and local constituents.³

Prior to the school finance reforms of the 1990s, local school boards had primary responsibility for school operating funding, which they raised through county-apportioned and voter-approved local property taxes. The passage of Proposal A in 1994 changed the school finance system dramatically creating a system where the majority of revenues are raised by the state government and funding is distributed on a per pupil foundation allowance formula determined annually by the state. The state now controls almost all funds supporting K-12 education, including local operating property tax revenues. Local districts maintain control over capital funding, which is raised through local property taxes.

The role of local school boards in Michigan has been diminished as the state has assumed authority over issues that were previously within the purview of school boards, including determining school operating funding levels, setting mandatory curriculum standards, and setting some school calendar requirements. State legislation⁴ also promotes competition among districts by allowing districts to more easily accept students from outside their boundaries and by eliminating districts' ability to prevent their resident students from attending a different public school district.

Public School Academies (PSAs). PSAs (i.e., charter schools) are public schools organized as non-profit corporations under the Michigan Nonprofit Corporation Act.⁵ In FY2009, Michigan had 232 PSAs serving six percent of the students in the public school system. PSAs are semi-autonomous public schools. They operate under a charter authorized by a public body (local school district, ISD, community college, or state university board) and they are required to meet the same student accountability standards as traditional districts, but they are provided freedom from some of the regulations facing traditional districts. Because PSAs operate somewhere between traditional public schools and private schools, they

² The Michigan Constitution, Article VIII, Section 2.

³ Margaret L. Plecki, Julie McCleery, and Michael S. Knapp. *Redefining and Improving School District Governance*. Center for the Study of Teaching and Policy, University of Washington, October 2006: pgs. 5-7.

⁴ The State School Aid Act of 1979, Michigan Public Act 94 of 1979, MCL 388.1705-1705c.

⁵ Nonprofit Corporation Act, Michigan Public Act 162 of 1982.

are similar to traditional districts in some ways and unique from them in others.

Intermediate School Districts (ISDs). Michigan has 57 ISDs, which cover the entire state and overlap school district boundaries. ISDs as they are structured today were established by state legislation in 1962 and serve as educational service agencies providing services to local districts and the state, and to students directly. ISDs are responsible for developing, establishing, and continually evaluating and modifying a plan for special education within their boundaries. This is done in cooperation with constituent districts. Special education services and programs are provided by both ISDs and local districts, but ISDs are expected to coordinate these programs and services and to maintain records of all students with disabilities within their boundaries.⁶

While coordination of a special education plan and provision of special education services are required of ISDs, state legislation organizing ISDs is permissive and allows them to do many other things without requiring them to do specific things. Examples of services that ISDs may provide include school improvement services, cooperative educational programs, and educational media centers, among other things. Services provided by ISDs reflect ISD and local district service needs and ISD capacity, and vary dramatically. This structure allows for local variation and local district needs to be met, however, it also creates differences in the levels of central services provided to local districts and makes it difficult for citizens to understand exactly what it is that ISDs do.

ISDs have taxing authority, but their budgets must be approved by their constituent school districts. Since 1995, ISDs have been authorized to levy, with voter approval, additional property taxes for general operating purposes (not to exceed 1.5 times the number of mills allocated to the ISD in 1993), special education (not to exceed 1.75 times the number of mills allocated to the ISD in 1993), and vocational education. Since 1997, ISDs have been able

to levy a regional enhancement property tax of no more than three mills to supplement state and local operating funding for local school districts. The tax must be approved by a majority of ISD electors and is not available to the ISD, but is divided among its constituent districts.⁷

Other Actors Who Influence K-12 Education Governance. The above sections detail the formal education governance structure, but education governance gets even more complicated when all the actors and groups with an interest in and/or influence over education policy are included in the discussion. Some of these groups have important roles in education governance and exert significant authority over education policy. The court system has legal authority over public education and has played an important role in school governance and finance throughout the years. Unions play a vital role in the collective bargaining process in Michigan and have amassed considerable political power at the local, state, and federal levels of government. Other groups that have a more informal role in education governance, but that still exert influence over school policy and governance, include state and local education associations, business groups, local advocacy groups, and philanthropies.

Implications of Michigan's Education Governance System

The education governance structure determines how education funding and policy decisions are made and implemented. Therefore, understanding education governance in Michigan is critical to understanding public education and affecting change in Michigan's public education system.

Complex Political Environment. From the President of the United States to the elected local school board member, many different government officials (elected and appointed) have a role in education governance and this can create confusion for education officials and for the public. One education policy researcher has called U.S. school governance complex and fragmented, a structure "in which it

⁶ The Revised School Code, Michigan Public Act 451 of 1976, MCL 380.1711.

⁷ MCL 380.624-625a, 705, 1722-1729.

appears that everybody – and therefore nobody – is in charge.”⁸ With everybody (and therefore nobody) in charge, it can be difficult to hold any one person or group (the governor, the legislature, a school board, a teacher) responsible for educational outcomes because the picture of who has control over what becomes obscured.⁹

Expending excessive time and resources complying with educational policies from all different levels requires districts to use funds that otherwise could be devoted to the classroom. However, these overlapping systems do create checks and balances and the multitude of actors and groups may have a legitimate role to play in balancing power and accountability within the educational system, a potentially necessary, although messy, tenet of democracy.¹⁰ However, the average citizen is not aware of the complexities surrounding education governance and this can create accountability issues. The average school district resident holds their local school board accountable, but school boards are agents of the state, are dependent on the state for funding, and must be responsive to state and federal policies.

Within this complex political environment, the role of ISDs is a bit ambiguous because the services provided by ISDs are not uniform across the state and some of the services originally provided by ISDs have been acquired by other layers of government (e.g., vocational education and workforce training programs are now provided by both ISDs and community colleges). ISDs today still provide specialized education services and opportunities for collaboration, however, the level of services provided and the opportunities for local district collaboration vary

across the state. It is time to revisit the role of ISDs and to discuss what services should be provided at the local school district level and what should be done on a more regional level.

School Funding Issues. As a result of the passage of Proposal A in 1994, the state determines school districts’ operating funding levels. Local districts are still in charge of creating their budgets and determining spending priorities (within the requirements created by state and federal laws), but they must adjust their spending priorities within the revenue levels set by the state. The centralization of school funding has had many effects, including decreasing the funding gap in per pupil revenue levels in districts across the state, as well as making school districts more reliant on state revenues, which tend to be more directly linked to the economy and more volatile, than local revenues.

Competition. Michigan’s education governance structure, which allows for charter schools and schools of choice, creates competition in public education. Competition from charter schools and other traditional public schools for students (and their accompanying tax dollars) causes districts to review how they spend their money and attract students. It may lead districts to spend more money in the classroom, provide more specialized programs (e.g., full-day kindergarten, math programs, art programs), foster closer relationships with parents and residents, and reevaluate their priorities and procedures on a more regular basis. Competition also causes some districts to spend money on advertising and marketing. It can create winners and losers and can inhibit collaboration among districts.

Conclusion

An understanding of education governance requires knowledge of federal education policy, the state government’s role, the responsibilities of local and regional districts, and the role played by other groups and actors with an interest in public education. These multiple actors may have a legitimate role to play in public education governance, but they create a complex educational policy web that can be difficult for the interested citizen to understand and navigate.

⁸ Michael W. Kirst. “Turning Points: A History of American School Governance.” *Who’s In Charge Here? The Tangled Web of School Governance and Policy*. Ed. Noel Epstein, Education Commission of the States, Washington DC: Brookings Institution Press, 2004: pg. 16.

⁹ Plecki, et al. *Redefining and Improving School District Governance*: pgs. 2-3.

¹⁰ Plecki, et al. *Redefining and Improving School District Governance*: pg. 22.

PUBLIC EDUCATION GOVERNANCE IN MICHIGAN

Because education is crucial to a functioning democracy, economic competitiveness, and personal achievement, it is considered a high priority by officials at all three levels of government, as well as by the public in general. It used to be that education was the responsibility of local governments, but now policymakers at all three levels of

government are inserting themselves into the education debate and claiming responsibility for the regulation and oversight of education. An understanding of the governance structure of education in Michigan is fundamental to understanding school finance and the implications of policy decisions made at all levels.

Part of a Series on Public Education in Michigan

This paper will review the governance structure of elementary and secondary education in Michigan. Michigan's system of education governance leads to overlapping authority and policies, but also creates checks and balances. This paper will provide a framework to understand education governance, funding, and policy development in Michigan. Future papers will discuss education policy issues, such as school finance and governance reforms, in more detail.

Introduction

In Fiscal Year (FY) 2009,¹ Michigan's public education system provided education to 1.66 million students. Programs were delivered by 551 traditional local school districts, 57 intermediate school districts (ISDs), and 232 public school academies (PSAs) operating in approximately 4,000 buildings. An estimated 131,570 students were educated outside of the public school system either in private schools or home schools.² Most, if not all, Michigan residents are involved in the public education system as a recipient (current or former), a provider (e.g., teacher or administrator), and/or a funder (many non-residents contribute to the state's public education system as well by paying the Michigan sales tax). The quality of Michigan's K-12 education system has repercussions that penetrate throughout the state and its economy by affecting income levels in the state, crime rates and the cost of criminal justice programs, higher education attainment rates and the costs associated with remedial education and human services, among other things.

The different government actors and agencies with a formal role in the public K-12 education system include:

- The President, Congress, and the United States Department of Education;
- The governor, state legislature, state board of education, state superintendent of public instruction, Michigan Department of Education (MDE), and other state departments;
- Local school boards and superintendents;
- PSAs and their authorizing bodies (state university boards, community college boards, ISD boards, and local school boards); and,
- ISDs.

In addition, other groups and actors have influence over education governance and policy, including federal and state courts, unions, state and local education associations, and community interest groups. Federal and state courts have legal authority over public education; the other groups exert influence by lobbying policymakers at all levels of government.

Table 1 details the education functions performed by different levels of government. The policy functions include influencing education policy, creating policy, and implementing policy. Education policy is made at all three levels of government (federal, state,

**Table 1
Education Governance Functions**

	State Government							Traditional Local School Districts			Public Schools/ Academies	
	Fed Govt	Gov-ernor	Legis-lature	Board of Ed	Superin-tendent	MDE	Other Depts	School Boards	Admin	Schools/ Districts	Autho-rizers	ISDs
<i>Policy:</i>												
Direction	X	X	X	X	X			X		X		X
Development	X	X	X	X	X			X		X		X
Implementation					X	X	X	X		X		X
<i>Oversight:</i>												
Certification/ Accreditation				X	X	X	X				X	
Evaluation	X	X	X	X	X	X	X	X	X	X	X	X
Develop Standards	X	X	X	X	X	X		X	X	X	X	X
Hold Accountable	X	X	X	X	X	X		X	X	X	X	X
<i>Direct Provision:</i>												
K-12 Education									X	X	X	X
Preschool Education									X	X	X	X
Vocational Education									X	X	X	X
Adult Education									X	X	X	X
Special Education							X		X	X	X	X
Gifted Education									X	X	X	X
English as a Second Language									X	X	X	X
Technical Support for Schools				X	X	X	X	X		X		X
<i>Funding:</i>												
Budget Setting and Adoption		X	X	X				X	X	X		X
Operational	X	X	X	X								X
Capital	X						*	X				X

* The Department of Treasury houses the School Bond Loan Qualification Program, which allows qualified districts to participate in the program, but it has no role in authorizing capital funding for districts.

and local), but is generally implemented at the local level. Education oversight responsibilities encompass holding education providers and students accountable for outcomes (e.g., test scores, drop-out rates, spending levels, etc.), as well as holding teachers and schools responsible for district-level policies; they are performed by the federal and state govern-

ments and local school boards and administrators. Education services are provided primarily at the local level. The funding section of the table indicates the government officials who have authority over education funding decisions, as well as those who have responsibility for creating and adopting a budget to provide education-related services.

The Federal Role

Initially, federal government officials did not consider education to be within the federal government's purview. The U.S. Constitution makes no mention of education, and a low-level Bureau of Education was not created until 1867. The first federal program of categorical aid for elementary and secondary education was enacted as part of the 1917 Smith-Hughes Act. The federal government assumed a larger role in education in the 1950s amid cold war fears of a superior Soviet education system. In 1965, the Elementary and Secondary Education Act (ESEA) transformed the federal role in education. One of the main goals of ESEA was to increase equity among students by remedying the unequal education opportunities that existed for different types of students in the states (e.g., based on income level or ethnicity). Federal education programs grew in the years following the passage of ESEA as a result of political bargaining and coalition building. By 1979, education had risen to a level of importance to secure its own cabinet-level department in the federal government.³

The most recent reauthorization of ESEA in 2001, entitled No Child Left Behind (NCLB), increased the federal role in education and the level of federal education funding. As of FY2007, federal payments for elementary and secondary education totaled \$46.43 billion throughout the United States. (In Michigan, the total was \$1.54 billion. While this is a large sum when viewed on its own, it compares to \$11.38 billion in K-12 education revenue from state sources and \$6.73 billion from local sources.⁴) NCLB mandates accountability systems to track and regulate students' yearly progress, teacher and paraprofessional selection and standards, and programs to

improve school success, among other things. It includes rewards for school success and sanctions for school failure. NCLB has been lauded for raising standards and improving accountability. It has been criticized for not providing states and districts with the proper guidance and funding to implement the law. NCLB authorized increased federal interven-

tion in education, and the temporary fiscal relief funds provided in the 2008-2009 American Recovery and Reinvestment Act (ARRA), commonly referred to as "stimulus" funding, provided an additional infusion of federal dollars, along with federal regulations, into public education in the states. Of the \$787 billion federal stimulus package, up to \$100 billion could

potentially go to education projects (both K-12 and postsecondary).⁵

The Tenth Amendment in the Bill of Rights to the U.S. Constitution declares that "The powers not delegated to the United States by Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people." Education is not mentioned in the U.S. Constitution, and is, therefore, a power reserved to the states. The federal government's authority over education is conditioned on federal funding. The power of the purse allows the federal government to attach terms to federal dollars, which states and districts must meet in order to receive the federal money. States do not have to do as Congress mandates, provided they are willing to forego the receipt of federal education funds. As **Table 1** (on page 2) indicates, the federal government uses financing to assert a role in education policy direction and development, as well as in overseeing education.

The power of the purse allows the federal government to attach terms to federal dollars, which states and districts must meet in order to receive the federal money.

State Functions

The Michigan Constitution singles out education as a uniquely important state function and states that “the means of education shall be forever encouraged.”⁶ The State of Michigan has primary authority over education. This responsibility is shared among the governor, legislature, and state board of education. The state board of education is quasi-independent and was created in the State Constitution as an education body separate from the general government. While the board has a constitutional role and some independence, the legislature is the body that is tasked with maintaining and supporting (i.e., financing) a system of free public education in the Michigan Constitution (see **Chart 1**).⁷

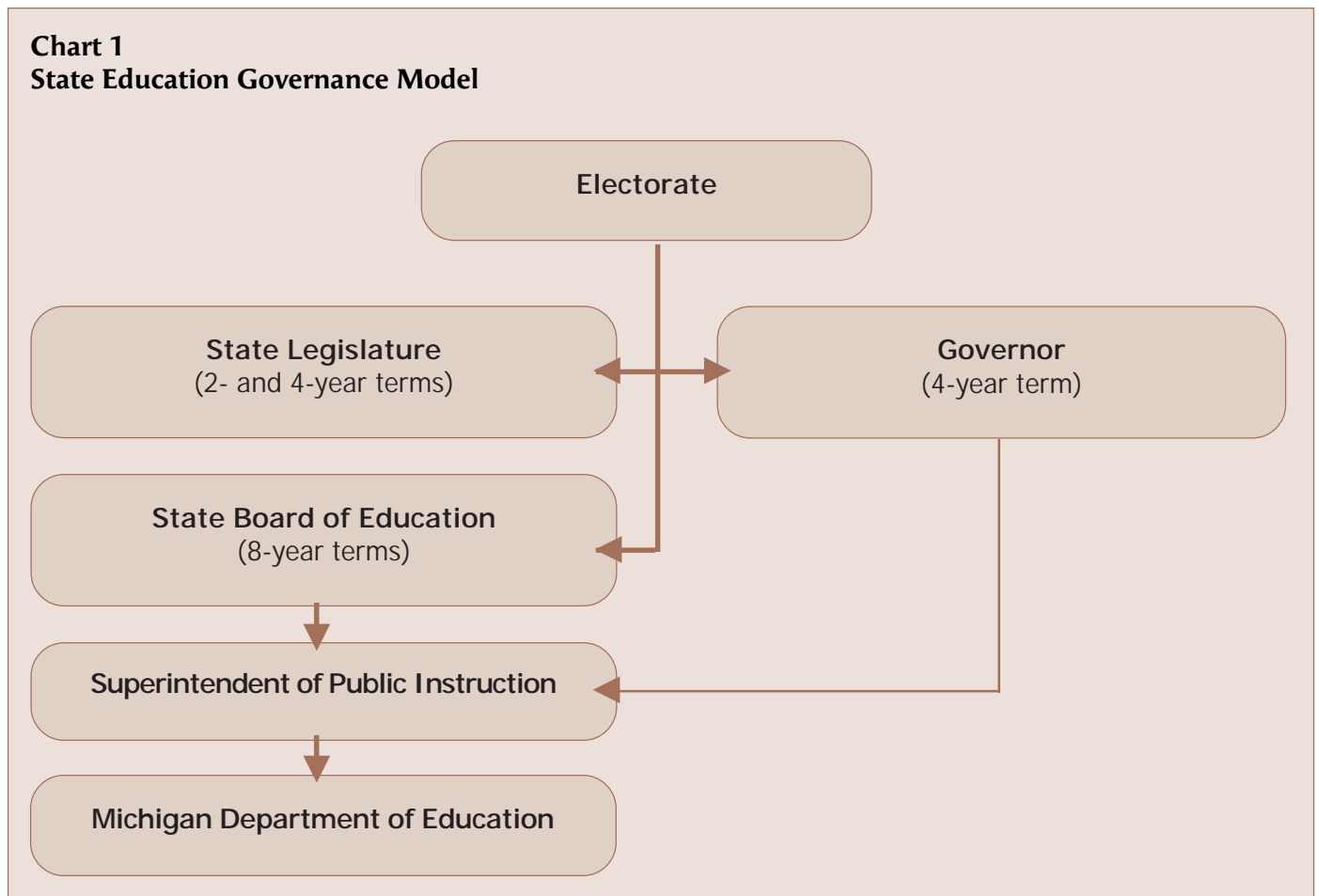
While the state government has ultimate authority over education, it delegates a lot of that authority to the local school districts. Education is provided lo-

cally and governed and funded at both the state and local levels. Education used to be primarily governed and funded at the local level, but passage of Proposal A in 1994 centralized school funding and the state has been reasserting its authority over education governance, mirroring a nation-wide trend toward more centralized education funding and governance.

State Legislature

The Michigan Constitution requires the state legislature to “maintain and support a system of free public elementary and secondary schools as defined by law.”⁸ The state legislature has relegated the provision of public education to local school districts, but the legislature has plenary power over educational matters and has the authority to abolish local school districts if it so chooses. While this seems unlikely,

Chart 1
State Education Governance Model



the point is that the ultimate authority over education rests with the legislature. At any point, the legislature could take a more active role in providing education (as it did in funding education in the 1990s).

While the state does not directly provide K-12 education, the legislature directs and develops educational policy determining oversight, standards, and accountability; operating funding levels; and provision requirements (see **Table 1** on page 2). Most education legislation and recommendations originate and are reviewed in the House and Senate Education Committees. School funding legislation originates in the House School Aid & Education Appropriations Subcommittee and the Senate K-12, School Aid, Education Appropriations Subcommittee.

Governor

The Constitution gives the governor a strong role in education by making her an ex-officio member of the state board of education and by giving her some executive authority over the superintendent of public instruction. The governor's ability to propose budgets and sign or veto bills gives her some control over school funding and education policy. This control is limited by the legislature as the governor cannot sign a bill until it is passed by the legislature and a governor's veto can be overruled by a two-thirds vote of both houses of the legislature. Generally, the governor has a role in education policy, oversight, and funding (see **Table 1** on page 2).

State Board of Education

The state board of education consists of eight members nominated by party conventions and elected at-large to eight-year terms in statewide elections. The Michigan Constitution states that the board shall serve as the general planning and coordinating body for all public education and have leadership and gen-

eral supervision responsibilities over all public education, except public universities. The board has the responsibility of appointing the superintendent of public instruction and determining his/her term of office.⁹

While the board has a constitutionally-defined role in education, it is more of a "consultative and deliberative" role than an active policymaking and implement-

The Michigan Constitution states that the state board of education shall serve as the general planning and coordinating body for all public education and have leadership and general supervision responsibilities over all public education, except public universities.

ing role.¹⁰ The board's role was further defined and somewhat reduced by two executive orders. Executive order 1996-11 transferred all of the administrative statutory powers, duties, functions, and responsibilities as the administrative head of the MDE from the board to the superintendent. This in-

cluded the authority to establish the internal organization of the MDE and the power to allocate duties and functions within the MDE. Executive order 1996-12 was more detailed and transferred direct control of 139 specific functions from the board to the superintendent. These functions included statutory administrative functions and statutory rule-making powers. The order left 36 policymaking functions under the control of the board, such as defining vocational education and approving accreditation standards. Additional state laws and court decisions have detailed the board's responsibilities and extended its supervisory powers over nonpublic education.

Even though the board is elected directly by the people and does not report to the governor or legislature, it is empowered to make education policy only within the limits established by state law. The board is not empowered to make funding decisions regarding schools, but is supposed to advise the legislature "as to the financial requirements of all public education."¹¹ The board's functions are limited to policy direction and development, school district oversight, and providing technical and/or program support to local schools and districts (see **Table 1** on page 2).

Superintendent of Public Instruction

According to the Michigan Constitution, the superintendent of public instruction serves as the non-voting chair of the state board of education and as the executive director of the MDE.¹² Unlike other executive department heads, who are appointed by and report to the governor, the superintendent serves at the will of the board. However, the superintendent does head an executive office, sit on the governor's cabinet, and act as a staff officer to the governor. The responsibilities of the superintendent include advising the legislature on education policy and funding needs, as defined by the board; implementing the bills passed by the legislature and the policies established by the board; acting as the major spokesperson for education in Michigan; acting as the primary liaison to the U.S. Department of Education and other federal agencies; and managing the MDE's state and federal resources.

The superintendent plays a role in helping to direct policy through his role on the state board of education. He is primarily an implementer of board policy and state law. He participates in the oversight of public schools and districts and provides support for public schools throughout the state (see **Table 1** on page 2).

State Departments

Michigan Department of Education (MDE)

The Michigan Department of Education (MDE) has many offices and functions (see **Table 2**), but its primary responsibility is to administer state school aid payments and distribute federal grants to Michigan's public schools. The MDE implements state policies, oversees school districts, and provides technical and programmatic support for districts (see **Table 1** on page 2).

Other State Departments

Other state departments that perform education related functions include the Department of Energy, Labor and Economic Growth (DELEG), the Depart-

ment of Treasury, the Department of Management and Budget (DMB), and the Department of State. Most of these functions are focused on adult, vocational, or postsecondary education rather than K-12 education.

Under the umbrella of Career, Education and Workforce Programs, DELEG administers adult education, postsecondary services and workforce training. The Jobs, Education and Training (JET) program operated by DELEG also provides workforce training.

The Department of Treasury houses the Bureau of Bond Finance, which operates the Michigan Higher Education Facilities Authority, the School Bond Qualification and Loan Program, and the Michigan Public Educational Facilities Authority. The School Bond Qualification and Loan Program was established to provide a state credit enhancement and loan mechanism for school district bond issues. The Michigan Public Educational Facilities Authority provides opportunities for low-cost financing and technical assistance for qualified public educational facilities and PSAs through its bonding and loan program. Treasury also includes the Student Financial Services Bureau, which administers the Michigan Education Trust (MET), the Michigan Promise Scholarship and Merit Award (funding for the Michigan Promise Scholarship was eliminated in the FY2010 budget), the Michigan Higher Education Student Loan Authority, and the Office of Scholarship and Grants.

The DMB operates the Michigan Public School Employees Retirement System (MPERS). The Office of the State Budget Director includes the Center for Educational Performance and Information (CEPI), which collects and reports data about Michigan's K-12 public schools and ISDs. The Department of State houses the drivers' education program.

Additionally, some departments, including the Department of Human Services, the Department of Corrections, and the Department of Community Health, provide special education services in their facilities and have a special education plan filed with the MDE.¹³

Table 2
Michigan Department of Education, Offices and Functions

<u>MDE Office</u>	<u>Functions</u>
Administrative Law	<ul style="list-style-type: none"> • Conducts administrative appeal hearings • Administers selection and training for special education hearing officers • Coordinates policies with the federal government, national organizations, and other states
Financial Management	<ul style="list-style-type: none"> • Provides central support of MDE's operations • Facilitates the development of the annual agency budget in coordination with the Department of Management and Budget (DMB) and the House and Senate Fiscal Agencies • Provides oversight of department budgets, allotments, revenue and expenditures • Has responsibility for all accounting and purchasing activities for MDE
Human Resources	<ul style="list-style-type: none"> • Provides staffing, development, and human resource management services to MDE
Educational Assessment and Accountability	<ul style="list-style-type: none"> • Designs and manages statewide assessments <ul style="list-style-type: none"> - Two primary assessments: Michigan Educational Assessment Program (MEAP) and Michigan Merit Examination (MME) - Other assessments: English Language Proficiency Assessment (ELPA), MEAP-Access, MI-Access, and secondary credit assessments (end of course assessments) • Administers Adequate Yearly Progress (AYP); EducationYes!; Michigan School Report Card; Michigan School Accreditation System (MI-SAS), proposed replacement for EducationYes!; and National Assessment of Educational Progress (NAEP)
Audits	<ul style="list-style-type: none"> • Performs technical assistance and oversight related to financial and pupil membership audits and internal audit activities
Career and Technical Education	<ul style="list-style-type: none"> • Oversees high school instructional programs that teach students skills in a specific career cluster
Early Childhood Education and Family Services	<ul style="list-style-type: none"> • Supports initiatives to ensure young children have access to environments that are nurturing, facilitative, and supportive of each child's individual interests and needs • Works collaboratively with other state initiatives, including the Early Childhood Investment Corporation • Manages efforts to provide after-school programs for school-age children
Grants Coordination and School Support	<ul style="list-style-type: none"> • Administers and supports the following grants and programs: <ul style="list-style-type: none"> - School and summer meals - Child and adult care food - Free U.S. Department of Agriculture commodity food distribution - Coordinated school health and safety - Pupil transportation - Educational technology (educational technology plans, technology literacy standards, and e-rate) - Grant procurement and distribution
Michigan School for the Deaf	<ul style="list-style-type: none"> • Operates the schools for the deaf and blind

CRC REPORT

Table 2 (continued)

MDE Office	Functions
Professional Preparation Services	<ul style="list-style-type: none"> • Assures that all professional school personnel complete quality preparation and professional development programs that meet standards set by the Michigan legislature, state board of education, and U.S. Dept. of Education • Consists of two units: teacher certification and professional preparation and development
Recognition Programs	<ul style="list-style-type: none"> • Administers the state board of education’s policy to develop a public effort to support teaching as a profession and to enhance the image of teachers through recognition programs
School Finance and School Law	<ul style="list-style-type: none"> • Provides leadership and technical assistance on proposed state laws and current laws, the Revised School Code, the State School Aid Act, and other school related law; administrative rules; K-12 educational corporations; nonpublic and home schools; and student issues • Provides administrative oversight of the offices of state aid and school finance, audits, and administrative law (includes the calculation and distribution of state school aid, school finance, deficit districts, school district accounting, pupil accounting, federal relations, administrative law, teacher tenure, and audits)
School Improvement	<ul style="list-style-type: none"> • Provides statewide leadership, guidance, and support over a wide range of programs that have a direct impact on teaching and learning, school leadership, and continuous school improvement • Composed of three sections: <ul style="list-style-type: none"> - Academic Support: Provides guidance and support to PSAs, migrant education, and English language learner/bilingual educational programs - Curriculum and Literacy: Administers the Reading First program and has responsibility for the development of Michigan’s K-12 education standards, benchmarks, grade level content expectations, and MI-Plan - Field Services: Provides leadership, guidance, and technical assistance to engage all schools in school improvement efforts, with a special focus on high priority schools, and administers 12 federal grant programs (including Title I)
Special Education & Early Intervention Services	<ul style="list-style-type: none"> • Oversees the administrative funding of education and early intervention programs and services for young children and students with disabilities
State Aid and School Finance	<ul style="list-style-type: none"> • Administers the State School Aid Act and distributes over \$11 billion in state funds to public school districts • Provides guidance on issues of school finance and tax policy, public school district financial accounting, and various financing mechanisms available to school districts • Provides information on pupil accounting statutes and rules • Provides interpretation, analysis, and coordination of departmental activities related to the annual development of the state school aid K-12 budget

Source: Michigan Department of Education (MDE) website: www.michigan.gov/mde (accessed 15.Apr.09).

Local District Organization and Functions

While education is technically a state responsibility, the services are delivered by local school districts, which can be thought of as distinct, special-purpose units of local government. Every Michigan resident lives within the boundaries of a local school district. These boundaries overlap the boundaries of general-purpose local governments (e.g., cities and townships), which results in some general-purpose local governments having multiple school districts within their boundaries while other local governments share a school district.

While education is technically a state responsibility, the services are delivered by local school districts, which can be thought of as distinct, special-purpose units of local government.

outside of grades K-12). The majority of Michigan's 551 districts educated students in all grades: K-12. Two districts¹⁶ educated students only in grades K-5, six districts¹⁷ educated students in grades K-6, and 21 districts¹⁸ educated students in grades K-8.

In FY2009, the average district in Michigan was made up of approximately 2,800 students, but there was quite a range with seven districts¹⁹ having fewer than 10 students and two

districts²⁰ having over 20,000 students. The median²¹ district in Michigan was smaller than the average district with only 1,625 students. This indicates that while Michigan has a large number of small districts (based on geographic size and pupil enrollment), its average numbers are skewed somewhat by its few large districts. Of the 551 total districts, 479 (87 percent) provided education to fewer than 5,000 students in FY2009 (see **Table 3**). Enrollment in these districts encompassed approximately 50 percent of total statewide enrollment. The remaining 50 percent of students attended one of the 72 largest districts in the state.

Descriptive Statistics of Current Districts

As of FY2009, Michigan had 551 traditional local school districts (excluding PSAs, which are also considered to be local districts).¹⁴ This number represents a decline of over 90 percent from the peak number of 7,362 traditional public school districts in 1912.¹⁵ Michigan's 551 traditional public school districts provided education to 1.54 million students in pre-kindergarten classes through the twelfth grade (this number also includes special education students

Table 3
Local District Enrollment Data, FY2009

	<u>District Count</u>	<u>Percent of Total</u>	<u>Total Enrollment</u>	<u>Percent of Total</u>	<u>Enrollment per District</u>
1-500 Students	86	15.6%	18,190	1.2%	212
501-1,000 Students	90	16.3%	68,922	4.5%	766
1,001-2,500 Students	192	34.8%	313,076	20.4%	1,631
2,501-5,000 Students	111	20.1%	379,038	24.7%	3,415
5,001-10,000 Students	49	8.9%	333,149	21.7%	6,799
Over 10,000 Students	23	4.2%	425,137	27.7%	18,484
All Districts	551	100.0%	1,537,512	100.0%	2,790

Source: Center for Educational Performance and Information (CEPI), MDE. 2008-09 Public Headcount data, district enrollment data. michigan.gov/cepi/0,1607,7-113-21423_30451_30460-214378--,00.html (accessed 25.Nov.09).

CRC REPORT

The geographic size of traditional public school districts in Michigan varies considerably (see **Table 4**). The average district is 105 square miles with approximately 122 students per square mile in FY2009. The median district was smaller than the average district both in geographic size and in students per square mile. Godfrey-Lee Public Schools in Kent County is the smallest district based on geographic size, made up of only 1.48 square miles. With an enrollment of almost 1,700 students in FY2009, Godfrey-Lee Public Schools had over 1,149 students per square mile. The largest district in Michigan based on geographic size is Tahquamenon Area Schools in the Eastern Upper Peninsula with a land mass of 1,281.21 square miles (the State of Rhode Island is approximately 1,045 square miles²²). With an enrollment of 928 students in FY2009, the District had 0.72 students per square mile. The most sparsely populated district was Grant Township S/D #2 in the Upper Pen-

insula with five students spread over 123.5 square miles. The most densely populated school district was Clintondale Community Schools in Macomb County with almost 4,000 students spread over only 1.73 square miles.

The geographic size of traditional public school districts in Michigan varies considerably.

District size can also be measured by the number of buildings and the square footage of building space per district. The average district in Michigan comprises six school buildings. The majority of districts (419) are composed of six or fewer school buildings. Seventeen districts²³ had more than 20 school buildings with the Detroit City School District including 189 school buildings. The number of students per building ranged from one in Bloomfield Township S/D #7F in Huron County to 938 students per building in Mattawan Consolidated School in Van Buren County. District square footage is not tracked centrally so it is not included in the table.

Table 4
Local District Size, FY2009

<u>Local Districts</u>	<u>District Square Miles</u>	<u>Students per Square Mile</u>	<u>No. of School Buildings</u>	<u>Students per School Building</u>
1-500 Students	10,029.85		120	
Average	116.63	4.42	1	152
501-1,000 Students	13,603.96		246	
Average	151.16	17.50	3	297
1,001-2,500 Students	22,383.79		847	
Average	116.58	77.40	4	378
2,501-5,000 Students	7,526.04		758	
Average	67.80	266.44	7	513
5,001-10,000 Students	2,814.68		600	
Average	57.44	255.56	12	572
Over 10,000 Students	1,518.22		789	
Average	66.01	353.09	34	573
All Districts	57,876.54		3,360	
Average	105.04	121.66	6	382
Median	72.29	19.76	4	386

Source: CEPI, MDE.

Table 5
Local District Employees, FY2009

<u>Local Districts</u>	<u>FTEs</u>	<u>Students per FTE</u>	<u>Teachers</u>	<u>Students per Teacher</u>	<u>Special Education FTEs*</u>	<u>Special Education Students per FTE</u>
1-500 Students	2,430		1,077		171	
Average	29	6.97	13	16.15	2	12.25
501-1,000 Students	8,260		3,577		683	
Average	92	8.44	40	19.33	8	15.93
1,001-2,500 Students	35,847		14,924		3,771	
Average	187	8.81	78	21.03	20	13.26
2,501-5,000 Students	42,903		17,101		6,343	
Average	387	9.03	154	22.34	57	9.53
5,001-10,000 Students	38,841		15,386		6,028	
Average	793	8.73	314	21.93	123	8.21
Over 10,000 Students	54,542		19,409		9,040	
Average	2,371	8.25	844	21.79	393	7.37
All Districts	182,823		71,475		26,036	
Average	332	8.48	130	20.38	47	12.09
Median	182	8.63	76	20.77	19	10.76

* Includes special education instructional staff, support staff, and administrators.

Source: CEPI, MDE. School Personnel Data and Reports, Full Time Equivalency data, district entity level, 2008-09. michigan.gov/cepi/0,1607,7-113-21423_30446--,00.html (accessed 25.Nov.09).

Table 5 illustrates the variance in the number of school district employees across the state. The average school district had 332 full-time equivalent (FTE) employees in FY2009, including approximately 130 teachers and 47 special education employees. The median district in Michigan had fewer FTEs, but was similar to the average district in students per FTE. Bois Blanc Pines School District in the Eastern Upper Peninsula had 1.1 FTEs, which included one teacher and 0.1 administrators. With two students, the Bois Blanc District had 1.82 students per FTE (two students per teacher). At the other end of the spectrum, Detroit City School District employed over 13,800 FTEs, including over 4,300 teachers and over 2,700 special education FTEs. The Detroit District had 7.05 students per FTE and 22.47 students per teacher.

The number of students per FTE was relatively uniform throughout the state, ranging from approximately 7 students per FTE in districts with fewer than 500 students to 9 students per FTE in districts with 2,501 to 5,000 students (the statewide average was 8.5 students per FTE). Districts with fewer than 500 students had approximately 16 students per teacher, whereas districts with over 2,500 students averaged 22 students per teacher. The trend is different for the ratio of special education students to special education FTEs: the largest districts had a lower special education student to FTE ratio than the smaller districts. This cannot be explained by variance in the percentages of special education students in different sized districts as all the districts had approximately 14 percent of their students eligible for special education services (see **Table 6**)

Table 6
Average Special Education and Low-Income Pupil Membership in Local School Districts, FY2009

<u>Local Districts</u>	<u>Percent Special Education Pupil Membership</u>	<u>Percent Free/Reduced Price School Lunch Pupil Membership</u>
1-500 Students	13.7%	48.0%
501-1,000 Students	13.5%	43.6%
1,001-2,500 Students	13.7%	45.2%
2,501-5,000 Students	13.5%	37.8%
5,001-10,000 Students	13.6%	31.6%
Over 10,000 Students	13.7%	35.9%
All Districts	13.6%	42.3%

Source: CEPI, MDE. Special Education Counts, District Special Education Enrollment:1994-1995 through 2008-2009. michigan.gov/cepi/0,1607,7-113-21423_30451_37305--,00.html (accessed 25.Nov.09); and CEPI, MDE. Free and Reduced Lunch Counts, district entity level, 2008-09. michigan.gov/cepi/0,1607,7-113-21423_30451_36965--,00.html (accessed 25.Nov.09).

Table 6 also illustrates the range in the percentage of low-income students served by each district. This is measured by the number of students in a district who qualify for a free or reduced price school lunch.²⁴ In FY2009, the average district had approximately 42 percent of its students qualify for either a free or reduced price school lunch. Four small districts²⁵ (all serving only grades K-8 or less) had no students qualify; an additional 15 districts²⁶ had less than 10 percent of their student population qualify for a free or reduced price school lunch. Twenty-one districts²⁷ had over 75 percent of their students qualify for a free or reduced price school lunch and two districts²⁸ had at least 90 percent of their students qualify. When comparing districts by pupil size, the lowest enrollment districts had the highest average percentage of students who qualify for a free or reduced price school lunch.²⁹

Local School Boards

Local school boards were first created in Massachusetts over 200 years ago to separate educational governance from the local general govern-

mental system. School boards have evolved as districts have changed and consolidated, but they remain the most common method of governing public schools in the United States (less common methods include districts under the control of the state government, mayors/city councils, or private companies). School boards exist to represent the needs and preferences of their local communities. They were designed to focus on broad matters of policy, leaving the day-to-day management responsibilities to the administration (in practice, some boards may assert their authority into the day-to-day activities of their districts).³⁰ In Michigan, school boards approve budgets and labor contracts, which determine districts' spending priorities. They are responsible for hiring and firing the superintendent, who manages the district. They provide oversight at the local level by holding the administration, teachers and schools accountable for district policies. In addition, they implement policies handed down from the federal and state governments, and they have authority to levy property taxes (with voter approval) to pay for capital improvements (see **Table 1** on page 2).

While school boards reflect local control of schools, they are ultimately agents of the state government. The multiple roles and functions of school boards require them to be accountable to the state, the federal government, and local constituents.³¹

General Powers Districts

Michigan's Revised School Code distinguishes between first class districts and general powers districts. General powers school boards consist of between three and nine members elected at-large to four- to six-year terms. The rights, powers, and duties of general powers school districts include educating pupils, providing for their safety and welfare, acquiring and maintaining property and equipment, and hiring and supervising employees. Their primary responsibility is educating pupils in grades K-12, but they may also operate pre-school, lifelong education, adult education, community education, training, enrichment, and recreation programs for other persons.³² Districts may also own and utilize property, facilities, equipment, technology, or furnishings, extending to the operation of a public library, public museum, or community recreational facility. All public school districts with an enrollment of less than 100,000 pupils are organized as general powers districts.

First Class Districts

The category of "first class district" was created for, and has only applied to, the Detroit City School District. First class districts possess all the powers granted to general powers districts, as well as having some additional requirements and powers. First class districts are governed by school boards consisting of 11 members, four elected at-large and seven elected by districts.³³ The boards for first class districts are different from those of general powers districts in many ways, including board composition, officers, compensation, and meeting requirements. First class districts have additional accountability, transparency, and information requirements, including an explicit conflict of interest prohibition, an annual audit requirement, and a requirement to record

certain roll call votes. First class districts are allowed to borrow money, with approval of their city government, to pay awards in condemnation proceedings. They are required to solicit competitive bids only for contracts worth more than \$15,000.³⁴

First class districts are given authority to collaborate with a community college and a hospital to create a middle college focused on the field of health sciences (intermediate school districts may do this too).³⁵ A middle college grants college credit and associate degrees along with high school diplomas. The laws governing PSAs are unique in first class districts; community college boards may not authorize PSAs within the boundaries of a first class district and public university boards may authorize the operation of up to 15 urban high school academies within the boundaries of first class districts only.³⁶

The Revised School Code defines a first class district as one with at least 100,000 pupils enrolled on the most recent pupil membership count day.³⁷ The Detroit City School District (commonly referred to as Detroit Public Schools) has been the state's only first class district and the School Code has been amended in the past to allow Detroit Public Schools (DPS) to maintain its first class status (i.e., the number of students necessary to claim first class status has been decreased to accommodate DPS's declining enrollment). DPS enrollment numbers have now fallen below the 100,000 threshold. The Michigan Attorney General issued an opinion stating that "the Detroit Public Schools does not qualify as a first class district under the [Revised School] Code and is, therefore, a general powers district."³⁸ This opinion has the power of law unless overturned by a court. The Attorney General's ruling determined that the limitation preventing community colleges from opening PSAs in first class districts no longer applies to DPS. However, the School Code does not address how a district should transition from a first class district to a general powers district. The ruling says that board and district restructuring needs to be addressed by the legislature, but the current DPS board is advised to exercise only the powers of a general powers district.

The multiple roles and functions of school boards require them to be accountable to the state, the federal government, and local constituents.

Diminished Role of School Boards

The role of local school boards in Michigan has been diminished as the state has assumed authority over issues that were previously within the purview of the school boards. Prior to the passage of Proposal A in 1994, local boards determined school funding levels and went directly to local voters for approval of school operating millages. Funding levels (and millage rates) are now determined by a state funding formula.³⁹

School boards used to determine core curriculum standards for their districts. In 2006, the State Legislature passed the Michigan Merit Curriculum law⁴⁰ mandating standards that all districts must follow. Furthermore, district curriculum is now geared toward standardized tests and helping students attain state and federal standards. Local boards retain control over curriculum outside of the districts' state required curriculum (e.g., elective classes).

School boards no longer have complete authority over their school calendar. In 2007, the Legislature passed a law requiring all districts within an ISD to follow a common calendar set by the ISD. The state also prohibits local districts from starting the school year before Labor Day.⁴¹ Local boards still set the school day schedule and the number of days their district will be in session (they are required to meet a minimum amount of in-school time set by the state).

These examples illustrate how the centralization of school funding and governance has impacted local districts and local level governance. Centralized governance leads to uniformity and often results in greater equality in education funding and programs. Some would argue that education policy should be made at the federal level because a national curriculum and standards would help U.S. children compete more effectively in a global economy, and would help to eliminate disparities in the education children received based on where they live. However, it is important to remember that while some local dis-

tricts might choose to provide less education (e.g., less revenues, shorter day/year) than a state or federal mandate would require, other districts would prefer to provide more funding and programs than the state or federal government would require. Also, centralized standards and requirements could require local boards to become more reliant on administrators and outside individuals with the necessary expertise to understand and implement state and federal laws.

While centralized governance has its merits, the benefits of decentralization and local control need to be acknowledged and addressed as well. Local boards are accessible to the people and can more easily address local needs and preferences. Local boards set budgets and determine spending priorities, but they must budget within the revenue limits set by the state. Local control over

operating revenues would allow residents to determine how much they are willing to tax themselves to support their schools. This could lead to a higher or lower revenue level than that set by the state. Also, local control could provide more room for innovation without the restrictions of standardized policies set by state and federal governments. However, the down-side to local control is the same as the up-side: local control reflects local program and spending priorities, so the education a student receives becomes dependent on where s/he lives, the wealth of his/her district, and how much local residents are (or are not) willing to tax themselves.

The role of local school boards in Michigan has been diminished as the state has assumed authority over issues that were previously within the purview of the school boards.

Superintendents

Local school boards appoint superintendents to bring professional management to the administration of school districts. The boards adopt policies and the superintendents are responsible for executing those policies. Superintendents have responsibility for all phases of the operation of their schools and districts, but their primary responsibility is to administer instructional programs (see **Table 1** on page 2). They are non-voting members of their local school boards. They are leaders of the school personnel

and liaisons between personnel and the school boards. They participate in the collective bargaining process and the development of labor contracts. They also are responsible for preparing and submitting budgets to the boards. Superintendents, along with school boards, have responsibility to oversee district employees and hold them accountable for district policies.

School Funding

Prior to the school finance reforms of the 1990s, local school boards had primary responsibility for school operating funding, which they raised through county apportioned and voter-approved local property taxes. The state contributed funding through a guaranteed tax base formula that attempted to provide a more equitable tax base yield among districts and through categorical grants (i.e., funding tied to specific programs, such as adult education). However, districts' capacity to raise revenue locally varied considerably across the state. By the early 1990s, the gap in per pupil spending between high revenue and low revenue districts had risen substantially and local property tax rates had increased to very high levels in many districts. The passage of Proposal A in 1994 changed the school finance system dramatically creating a system where the majority of the revenues are raised by the state government and funding is distributed based on a per pupil foundation allowance formula determined annually by the state. The state now controls almost all funds supporting K-12 education, including local property tax revenues. Before the passage of Proposal A in 1994, local districts (statewide) raised two-thirds of their operating revenue through local property taxes and received one-third of their revenue from the state. In FY2007, state revenues made up almost two-thirds of school district operating revenues with the remainder coming from local property taxes and federal education grants.

The school funding formula is complicated, but in general school district operating revenues consist of a state foundation allowance (comprising state aid

and local property tax revenues), federal education grants, and state categorical grants. State revenues dedicated to K-12 education through the School Aid Fund (SAF) include the following:

- A portion of the Sales Tax (73.3 percent)
- A portion of the Use Tax (33.0 percent)
- A portion of the Personal Income Tax (23.2 percent)⁴²
- The State Education Tax (six-mill statewide property tax)
- A portion of the Michigan Business Tax (\$729 million in FY2009; the amount is set in statute and is adjusted for inflation each year and reduced by an amount equal to the SAF's share of use tax collections on Medicaid managed care organizations, estimated at \$112 million in FY2009)
 - The Liquor Excise Tax
 - A portion of the Tobacco Products Tax (41.6 percent of the proceeds from cigarette taxes)
- A portion of the State Casino Gaming Tax (45.0 percent)
- The State Real Estate Transfer Tax
- The profits from the Michigan State Lottery
- A General Fund appropriation

The state now controls almost all funds supporting K-12 education, including local property tax revenues.

Local operating property tax revenue comes from an 18 mill property tax on non-homestead property (mainly business property) that all districts are required to levy, with voter approval. In addition 52 districts that raised high levels of revenue locally under the pre-Proposal A financing system were "held harmless" and allowed to levy additional mills, with voter approval, on homestead property (if the additional mills exceed 18 mills, they are levied on all property) to maintain their high levels of spending. The ability of local districts to levy these property taxes is granted by the state and the levy amounts are determined by the state. The revenue raised stays within the local district and contributes to a district's foundation allowance; the state makes up the gap between what the district raises locally and its total foundation allowance, which is determined by the state funding formula.⁴³

The centralization of the school funding formula removed from local districts their ability to raise operating revenues independent of the state. Local districts continue to be responsible for the majority of the annual spending decisions, with a few exceptions where the state mandates the level of annual expenditure (e.g., retirement funding). This can create difficulties for districts when state aid is cut, as it just was for the FY2010 budget, because local districts have very limited recourse to raise additional operating funds locally and must accommodate revenue losses by cutting spending. Local districts do maintain control over capital funding, which is raised through local property taxes. The state has no role in capital funding, except to provide districts with the ability to secure the state's credit rating and to borrow money from the state for qualified bonds through the School Bond Qualification and Loan Program.

The centralization of the school funding formula removed from local districts their ability to raise operating revenues independent of the state.

Schools of Choice Law

In 1996, state legislation⁴⁴ amended the Revised School Code and allowed public school districts to more easily accept students from outside their boundaries. Prior to this, parents wishing to send their children to a public school district other than the one they lived in needed to get permission from their resident district in order to avoid paying tuition to their desired district.⁴⁵ Michigan law now allows districts to enroll nonresident students and count them in membership without having to obtain approval from the students' districts of residence.

Districts are not required to enroll nonresident students. If they choose to participate in the school of choice program, they may enroll students who reside either within the same ISD or within a contiguous ISD. To participate, districts are required to publish the grades, schools, and special programs for which they will accept nonresident students and to provide notice to the general public that they are accepting applications. If a district has more nonresident applicants than seats available, it must first accept those who reside in the same household as

current nonresident students. The remaining students must be selected according to a random draw system, which also must be used to create a waiting list. If a district accepts nonresident students in one year, it must allow them to continue to enroll until they graduate from high school.

A district may not grant or refuse enrollment to nonresident students based on age (except for age-specific programs), religion, race, color, national origin, sex, height, weight, marital status, or athletic ability. Enrollment may not be predicated on intellectual ability, academic accomplishment, artistic talent, or any other ability, or lack thereof, unless the specialized requirement applies to the district's resident students as well.

A nonresident applicant's status as a special education student may not be taken into account if that student is applying to a choice district within the same ISD. If that student is applying to a choice district outside of its resident ISD, then the enrolling district must have a written agreement with the student's resident district as to who is responsible for the payment of the added costs of special education programs and services for the pupil. This is necessary because many special education programs are either provided or funded through the ISD. Districts may refuse to enroll nonresident applicants if they have been suspended from another school within the preceding two years, if they have been expelled from another school, or if they have been convicted of a felony.

School districts that enroll nonresident students receive the lesser of their own foundation allowance or the foundation allowance of the students' districts of residence. Districts may not charge nonresident students tuition. Districts are not required to provide transportation to nonresident students nor are they required to transport resident students to other districts.

This change in state law altered what was, prior to school choice legislation, a major tenet of public education: pupils attended their resident districts.

Now districts find themselves competing for students with their fellow public school districts. Because schools are funded with a per pupil allotment, the competition for students results in a direct competition for education dollars.

Districts are not required to participate and do not have to accept nonresident students, but they cannot keep their resident students from leaving for another public school. This has generated fiscal challenges, often daunting, for those districts that have lost their resident students and has been a financial boon to those districts that have increased their enrollment numbers through the school choice program. Because the marginal cost to educate a student is much less than the average cost to educate a student, a district cannot eliminate costs as quickly as it loses funding when it is losing students. Similarly, a district does not incur substantial new costs for accepting one (or even a few) choice students,

Now districts find themselves competing for students with their fellow public school districts. Because schools are funded with a per pupil allotment, the competition for students results in a direct competition for education dollars.

but it does receive additional state aid for that student. Even if a district is losing (or gaining) many students, they are often spread over 13 grades and many teachers. It can take years for enrollment losses to allow a district to eliminate a specific teacher or classroom or for enrollment gains to necessitate the hiring of a new teacher.

A Senate Fiscal Agency report found that almost 80,000 students (five percent of all students statewide) attended a traditional public school outside of their district of residence in FY2009 (this number does not include the students who at-

tended a public school academy rather than their resident district). Most of these students (63,400) attended another district within their ISD; the remaining students (15,800) enrolled in a district outside of their ISD. These 80,000 students represented over \$594 million in school aid (using an average per pupil foundation allowance of \$7,500).⁴⁶

Public School Academy Organization and Functions

Public school academies (i.e., charter schools) are public schools organized as nonprofit corporations under the Michigan Nonprofit Corporation Act.⁴⁷ Legislation allowing for the creation of PSAs was passed in 1993.⁴⁸ By FY2009, Michigan had 232 PSAs serving six percent of the students in the public school system. PSAs are considered to be local public school districts and their main functions are similar to traditional districts and include directing and developing policy within their district and implementing local, state, and federal policies. PSAs also directly provide and administer education programs. Unlike traditional districts, PSAs have no taxing authority (see **Table 1** on page 2).⁴⁹

Charters for PSAs may be granted by the boards of local school districts, ISDs, community colleges, and state universities. Local school boards, intermediate school boards, and community college boards may issue contracts for PSAs to operate within their boundaries only. Community college boards may not authorize PSAs to operate within the boundaries of a first class district. The governing boards of state universities may issue charters throughout the state, but the total number

of PSA contracts issued by all state universities may not exceed 150 and the total number of contracts issued by any particular state university may not exceed 50 percent of that total. Recently passed legislation allows for more charter schools if they meet certain standards. Religious organizations may not organize PSAs.⁵⁰

PSAs are semi-autonomous public schools. They operate under a charter authorized by a public body and they are required to meet the same student accountability standards as traditional districts, but they are provided freedom from some of the regulations facing traditional districts.

Public School Academies Versus Traditional Districts

PSAs are semi-autonomous public schools. They operate under a charter authorized by a public body and they are required to meet the same student accountability standards as traditional districts, but they are provided freedom from some of the regulations facing traditional districts. Each PSA, which usually consists of one or two buildings and less than 12 grades, is considered a public school district and therefore has more freedom from district regulations and can make site-based decisions (in theory at least). Because PSAs operate somewhere between traditional public schools and private schools, they are similar to traditional districts in some ways and unique from them in others (see **Table 7**).

Table 7
Ways Public School Academies are Similar to and Different from Traditional Districts in State Law

<p>Operations</p>	<p><u>Similarities:</u></p> <ul style="list-style-type: none"> • Subject to the leadership and general supervision of the state board of education • May provide preschool through twelfth grade, adult basic education, adult high school completion, and general education development testing preparation programs • May not charge tuition • May not discriminate in pupil admissions on the basis of intellectual or athletic ability, measures of achievement or aptitude, status as a student with a disability, or any other basis that would be illegal if used by a traditional school district • Must be open to all pupils residing within the geographic boundaries of the authorizer • Must allow pupils to re-enroll in the following year unless the appropriate grade is not offered • Must comply with state and federal requirements related to health and safety, staffing, management, and accountability <p><u>Differences:</u></p> <ul style="list-style-type: none"> • Can limit the number of seats available to students, but must select students by lottery with preferences only for siblings of currently enrolled pupils if have more applicants than seats available (similar to the admission rules for the schools of choice program)^a
<p>Governing Boards</p>	<p><u>Similarities:</u></p> <ul style="list-style-type: none"> • PSA board members are public officials and are subject to all applicable laws pertaining to public officials (e.g., public servants' conflict of interest law) • Primary board responsibilities include setting policies and operating procedures, directing operational and academic performance, and ensuring fiscal stability^b <p><u>Differences:</u></p> <ul style="list-style-type: none"> • Governed by appointed boards of directors rather than popularly elected local school boards
<p>Teaching Staff</p>	<p><u>Similarities:</u></p> <ul style="list-style-type: none"> • Must hire certified teachers (exception: PSAs authorized by public universities and community colleges using full-time, tenure-track college faculty)^c • Must meet "highly qualified teacher" provisions of the federal No Child Left Behind Act (NCLB) if accept federal Title I funds • Employees may, but are not required to, unionize to engage in collective bargaining <p><u>Differences:</u></p> <ul style="list-style-type: none"> • Not bound by the collective bargaining agreements of the local district (unless the school is chartered by the local district and the employees are employed through the local district) • May contract with private education service providers (ESPs) to provide teachers who are considered to be private employees of the ESP rather than public employees of the PSA • PSA teachers who are private employees cannot participate in the Michigan Public School Employees Retirement System (MPSERS) and do not have public sector collective bargaining rights (they would be subject to private sector collective bargaining laws)

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Table 7 (continued)

<p>Funding and Taxing Authority</p>	<p>Similarities:</p> <ul style="list-style-type: none"> • Provided with a per pupil foundation grant, which is linked to a PSA's host district's foundation grant and then capped • May access state and federal grants like traditional districts • May access the Michigan Public Educational Facilities Authority for low cost financing and technical assistance through its bonding and loan programs • Exempt from all taxation on earnings and property <p>Differences:</p> <ul style="list-style-type: none"> • Cannot levy any taxes • All of the foundation grant comes from the state since PSA's have no access to local tax dollars • Capital expenses must be absorbed by a PSA's foundation grant or met with independent money • Eligible for competitive federal grants for program planning and design (early stage planning grants), implementation (first two years of operation), and dissemination (available to successful PSAs that have been in operation for at least three years) • May issue bonds, but may not pledge the full faith and credit or taxing authority of the state or authorizing body for payment^d
<p>Content and Curriculum</p>	<p>Similarities:</p> <ul style="list-style-type: none"> • Must provide the Michigan Merit Curriculum and meet Michigan merit standards (passed in 2006)^e
<p>Testing and Accountability</p>	<p>Similarities:</p> <ul style="list-style-type: none"> • Must administer the Michigan Educational Assessment Program (MEAP) and the Michigan Merit Exam (MME) • Must submit data and statistical reports to the state on enrollment, programs, student performance, and finances • Must comply with all NCLB requirements and sanctions, including participation in student assessments (disaggregated by student type), planning, teacher and administrator qualifications, and sanctions for schools not making adequate yearly progress (AYP) • Must follow a common fiscal calendar (July 1 through June 30) • Must follow generally accepted accounting principles for a governmental entity • Cannot operate under a "deficit budget" • Must adopt budget prior to the start of the fiscal year • Must undergo audits of financial records^f <p>Differences:</p> <ul style="list-style-type: none"> • Held accountable by authorizer, which can impose additional accountability requirements in a PSA's charter contract
<p>Special Education</p>	<p>Similarities:</p> <ul style="list-style-type: none"> • Must comply with all federal and state requirements regarding special education • Must be included in their ISD's operational plan for special education programs and services throughout the ISD and all its constituent districts • Qualify for state school aid and ISD special education funding^g

Table 7 (continued)	
Transportation	<p><u>Similarities:</u></p> <ul style="list-style-type: none"> • Optional service for both PSAs and traditional districts • Must meet safety and equity requirements if provide transportation • Must provide transportation to special education students if it is required to accommodate students' educational needs^h
School Lunch	<p><u>Differences:</u></p> <ul style="list-style-type: none"> • Not required by state law to operate a school lunch programⁱ

^a Office of School Improvement, MDE. *Handbook for District Authorizers*: pg. 1. www.michigan.gov/documents/mde/Authorizer_Handbook_277982_7.pdf (accessed 25.Nov.09); and MCL 380.501, 504.

^b Michigan Attorney General Op. No. 6996 (September 22, 1998); and MDE. *Michigan Charter School Questions and Answers*, Rev. 2009: pg. 14.

^c MCL 380.505.

^d Kathryn Summers-Cody. *School Aid Funding Formula: Further Closing the School Aid Equity Gap*. Senate Fiscal Agency: State Notes, Nov./Dec. 2007; MDE. *Michigan Charter Schools Questions and Answers*: pgs. 2, 6, 10-11; and MCL 380.503-503b.

^e MCL 380.1278a-1278b.

^f MCL 380.1279; Office of School Improvement and Office of Special Education and Early Intervention Services, MDE. *Operator Primer: Special Education in Public School Academies*: pg. 18; and MDE. *Michigan Charter Schools Questions and Answers*: pgs. 7-8.

^g MDE. *Background Primer, Operator Primer, Authorizer's Primer: Special Education in Public School Academies*.

^h MCL 380.1321.

ⁱ MCL 380.1272a.

Special Education Governance

Special education provides a clear example of the complexity surrounding education governance in Michigan. Special education can be defined as “Classroom or private instruction involving techniques, exercises, and subject matter designed for students whose learning needs cannot be met by a standard school curriculum.”^a This broad definition would include programs for gifted students and for those who are learning English as a second language, among other programs. Special education programs and services for disabled students, as they are provided in Michigan, are defined in federal and state laws (with the definition, and the students covered under the definition, varying with different laws).

Federal Laws

Federal laws impose anti-discrimination and special education requirements on the state and its school districts. Some applicable laws are grant statutes (e.g., IDEA and NCLB) that provide funding for special education with requirements attached to the funding. Other applicable laws are anti-discrimination statutes designed to protect the rights of individuals with disabilities who participate in programs and activities that receive federal financial assistance; these laws do not come with additional federal funding.

Individuals with Disabilities Education Act (IDEA). The Individuals with Disabilities Education Act (IDEA) was most recently reauthorized in 2004 and is administered by the Office of Special Education Programs (OSEP) in the U.S. Department of Education. IDEA is a grant statute that provides federal financial assistance to state education agencies (i.e., MDE) and to local education agencies (i.e., intermediate and local school districts) to guarantee special education and related services to eligible children with disabilities. The act contains six major legal principles:

- 1) All children must be afforded an equal education opportunity and states and schools may not deny an education or reject a student on the basis of a disability.
- 2) An individualized education plan (IEP) must be developed for all children identified as needing special education services. An IEP is a written statement developed by a team of professionals and parents that contains specific content that must be reviewed annually, including measurable annual goals, how the child will be included in state and district assessments, and how the child will access the general education curriculum to meet state standards.
- 3) Every child is entitled to a free appropriate public education (FAPE), which means that special education must be provided at no cost to the parents, must meet state education standards, and must be consistent with a child’s IEP.
- 4) Students with disabilities must be educated in the least restrictive environment (LRE), which is often the regular classroom with their non-disabled peers.
- 5) Rules of procedure for resolving disputes between families and schools must include the state complaint system, resolution meetings, mediation, due process hearings, and state or federal court appeals.
- 6) Tests and evaluation materials must be nondiscriminatory (e.g., tests and evaluation materials should be provided and administered in a child’s native language or other mode of communication and administered by trained personnel).^b

To be eligible under IDEA, children must meet the criteria of one of the following specific disability categories:

- Cognitive impairment
- Emotional impairment
- Hearing impairment
- Visual impairment

- Physical impairment (refers to severe orthopedic impairment)
- Other health impairment (refers to limited strength, vitality, or alertness due to chronic or acute health problems that adversely affect a student's educational performance)
- Speech and language impairment
- Early childhood development delays (refers to a child under the age of eight whose primary delay cannot be differentiated through existing criteria)
- Specific learning disability (e.g., dyslexia)
- Severe multiple impairments
- Autism spectrum disorder
- Traumatic brain injury
- Deaf-blindness (refers to concomitant hearing and visual impairments which combine to create communication issues and affect educational performance)

Determination of student impairment must be based upon a comprehensive evaluation by a multidisciplinary team (the types of specialists required to be a part of the team depend upon the type of impairment being evaluated).^c

No Child Left Behind (NCLB). The Elementary and Secondary Education Act (ESEA) was reauthorized in 2001 as the No Child Left Behind Act (NCLB). It is a grant statute administered by the Office of Elementary and Secondary Education (OESE) in the U.S. Department of Education. One of the central tenets of NCLB is that the state and districts must assess students annually to determine if they are making adequate yearly progress (AYP). The act requires each state's assessment system to be valid and accessible for use by the widest possible range of students, including students with disabilities. Additionally, alternate assessments must be provided for those students who cannot participate in state and district assessment programs even with accommodations. NCLB requires districts to disaggregate student achievement data by subgroups, one of which is students with disabilities, to determine if schools and districts are making AYP with all students.^d

Section 504 of the Rehabilitation Act of 1973. Section 504 of the Rehabilitation Act of 1973 is administered by the Office for Civil Rights (OCR) in the U.S. Department of Education.^e It is a civil rights law designed to protect the rights of individuals with disabilities who participate in programs and activities that receive federal financial assistance. Section 504 states that "No qualified handicapped person shall, on the basis of handicap, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under any program or activity which receives federal financial assistance."

Section 504 defines a "handicapped person" as having a physical or mental impairment which substantially limits one or more major life activities, including, but not limited to, walking, seeing, hearing or speaking. This definition of disability is broader than the definition under IDEA. Therefore, some students are covered under Section 504 but not under IDEA (examples might include students with asthma, hemophilia, Attention Deficit Disorder, or drug or alcohol dependency). A student protected under Section 504 must be provided with a free appropriate public education (FAPE) in the least restrictive environment (LRE), however Section 504 does not provide any additional funding to states and districts to provide the required services. If students also qualify under IDEA, then additional federal funds are provided, but IDEA funds may not be used to serve students who are eligible only under Section 504. For students who do not qualify for services under IDEA, a Section 504 plan, rather than an IEP, will be produced according to Section 504 requirements.^f

Americans with Disabilities Act (ADA). The Americans with Disabilities Act (ADA) is an anti-discrimination law also administered by OCR in the U.S. Department of Education. Title II of the ADA extends the prohibition against discrimination found in Section 504 to the full range of state and local government services, programs,

and activities, including public education, regardless of whether schools receive federal financial assistance or not. It requires public entities to make reasonable modifications in policies, practices, or procedures when the modifications are necessary to avoid discrimination on the basis of disability, unless the modification would fundamentally alter the nature of the service, program, or activity.⁹

Special Education in Michigan

State Rules and Regulations. Michigan Public Act 198 of 1971 was one of the first laws in the nation to mandate special education for students with disabilities. It preceded the federal Education for All Handicapped Children Act of 1975 (the predecessor to IDEA). Since the 1970s, Michigan Administrative Rules for Special Education (MARSE)^h have been instituted and constantly revised to reflect changes in federal law and state requirements. Federal law provides the minimum standards that states must meet, but Michigan requirements sometimes result in rules that exceed federal standards. Michigan special education programs serve students through the age of 25, while federal law requires service only through the age of 21. Federal regulations stipulate that the need for an extended school year may be discussed at students' IEP meetings; Michigan rules require consideration of the need for an extended school year.ⁱ Certain services for students who are severely mentally or physically impaired must be provided 230 days per year in Michigan; federal law requires 180 days.^j

Just as the state has authority over general education, it also has authority (and responsibility) over special education, even though special education is provided at the local level. Therefore, one of the state's main responsibilities under IDEA is to institute a system of general supervision to monitor the provision of special education and the implementation of federal law. This includes issuing annual performance reports and a state performance plan that tracks indicators of compliance with IDEA and special education program results, and serves as an accountability mechanism for the state and local districts. The state coordinates policies, procedures, and implementation strategies across state and local agencies, and monitors local districts. State responsibilities under IDEA include providing targeted technical assistance and professional development to local districts and instituting an effective dispute resolution program. The state is responsible to ensure timely correction of noncompliance in local districts and must support improvement and corrections through the use of incentives and sanctions. The state must also provide oversight in the distribution and use of IDEA funds at the state and local levels.^k

Student Count. Unique state and federal requirements and data needs require Michigan to track special education students using two different methods. The first method counts pupils with disabilities by the full-time equivalency (FTE) of their assignment to special education classrooms (e.g., a student who spends half of his/her time in special education classes would count as a 0.5 special education FTE). This count method is used to distribute state school aid for special education students. The second method counts pupils with disabilities by a straight pupil head count; it represents the number of pupils who have been determined eligible for special education programs and services, regardless of the percentage of time they spend in special versus regular education classes. This count is required to receive federal funding under IDEA (however, federal funding is not distributed on a straight per pupil basis, but rather based on a complicated formula that takes into account the number of general education and special education students in the state). The FY2007 special education pupil head count totaled 249,006 students. The fall 2006 (FY2007) special education FTE count totaled 86,421 students.^l

Programs Across the State. Special education is one of the main functions of ISDs and ISDs are tasked by the state with monitoring local districts and with developing, establishing, and continually evaluating and modifying a plan for special education within their boundaries (see section on ISD special education services on page 31). The method by which special education services and programs are provided to students (at the intermediate and local district levels) varies across the state depending on student and district needs.

Some ISDs provide special education services and programs centrally with few services at the district level. In other ISDs, more programs and services are provided at the district level with the ISD serving mainly as a special education coordinator and monitor (e.g., Wayne RESA). **Table 8** illustrates the different ways that ISDs in Michigan provide special education. However, even districts that seem similar in a certain category (e.g., Gogebic-Ontonagon ISD and Berrien RESA in the provision of special education programs) differ in how the responsibility is shared between the ISD and local districts and how specific programs are provided.

Revenues. Funding for special education programs and services comes from federal, state, and local sources. Federal special education grants provide the state and districts with additional revenue for special education, but not enough to cover the costs associated with complying with the numerous federal special education requirements.^m The State of Michigan provides aid for special education by reimbursing school districts for 28.6138 percent of their total approved special education costs plus 70.4165 percent of each district's special education transportation costs.ⁿ Local support for special education comes from ISD special education millages (the revenues are sometimes referred to as Act 18 funds). In FY2007, special education millage rates ranged from 0.6371 mills to 5.6264 mills. As a result of Proposal A and its implementing legislation, ISDs are allowed to levy only up to 1.75 times the number of mills allocated to the ISD for special education in 1993; some ISDs are levying their maximum number of mills, others could increase their levy with voter approval.^o

The way that special education revenues are shared between ISDs and their constituent districts varies depending on each ISD's special education plan and how special education services are provided within that ISD (e.g., the ISD can provide all special education services, the locals can provide all direct special educa-

**Table 8
Special Education in Four Intermediate School Districts**

<u>Service</u>	<u>Wayne RESA</u>	<u>Gogebic- Ontonagon ISD</u>	<u>Charlevoix- Emmet ISD</u>	<u>Berrien RESA</u>
Child Find and Outreach	ISD	ISD / LEA	ISD / LEA	ISD
Diagnostic Services	LEA	ISD / LEA	ISD / LEA	ISD / LEA
Programs	LEA	ISD / LEA	ISD*	ISD / LEA
Transportation	LEA	ISD	ISD / LEA	LEA+

LEA=Local Education Agency (including PSAs)

* One district (Public Schools of Petoskey) operates one special education program; all districts operate special education resource rooms.

+ LEAs maintain primary responsibility for transportation, but accountability for transportation is shared between the ISD and LEAs.

Source: Wayne County Regional Educational Service Agency Plan for the Delivery of Special Education Programs and Services; Gogebic-Ontonagon Intermediate School District Plan for the Delivery of Special Education Programs and Services (February 2005); Charlevoix-Emmet Intermediate School District Plan for the Delivery of Special Education Programs and Services (March 2009); and Berrien Regional Education Service Agency Plan for the Delivery of Special Education Programs and Services (2006, revised May 2009).

tion services, or they can share in the provision of special education services). All federal IDEA funds are distributed by the state to ISDs based on a federally mandated formula (it is important to note that the federal government considers ISDs, like local school districts, to be local education agencies; IDEA and other federal legislation do not recognize ISDs as separate from local districts because not all states have ISDs). Some ISDs keep some or all of the federal funds, others send the funds to their constituent local districts as defined in their ISD plan for special education and in their IDEA grant application. State aid for special education is distributed directly to ISDs and to local school districts. Local special education property taxes are levied by the ISD and stay within the ISD; again, the distribution varies across the ISDs depending on how services are provided and who incurs the costs (ISDs or local districts).

Special education revenues are difficult to track because multiple revenue sources are distributed among intermediate and local districts based on various funding formulas linked to specific kinds of special education students and/or programs. In FY2008, total statewide revenue going into intermediate and local districts' special education funds was \$2.128 billion. Of that total, \$1.354 billion (63.6 percent) came from local sources, \$373.6 million (17.6 percent) came from state sources, and \$399.4 million (18.8 percent) came from federal sources.^p This does not include all special education revenue because some revenue is recorded in districts' general funds.

Costs. A national study using FY2000 data estimated that total expenditures required to educate the average student with a disability were 1.9 times the amount spent to educate an average general education student.^q The high costs of special education can be attributed to a number of factors, including the small size of classes, the need for special education teacher aides in addition to teachers, growing staffing costs related to the shortage of qualified special education teachers, and costs associated with diagnostic and professional support services (e.g., nursing, physical or speech therapy, and interpretive services).^r

As with revenues, special education costs are difficult to quantify and track because services are provided, and therefore costs are incurred, differently across the state. State aid financial status reports provide total special education costs (and transportation costs) that districts report as eligible for state reimbursement. These do not include all special education costs that districts incur (e.g., they would not include costs related to federal grant expenditures), only those costs that qualify for state reimbursement. Special education costs eligible for state reimbursement totaled \$2.495 billion in FY2008 with special education transportation costs totaling \$262.2 million (the state does not reimburse the full amount, only approximately 29 percent of general costs and approximately 70 percent of transportation costs).^s

Special education costs and service levels can vary across districts for multiple reasons. Two districts may provide the same level of services, but have different spending levels due to cost differences between the districts caused by differences in the number of special education students and in the compensation levels of special education staff (which may reflect regional cost of living differences). On the other hand, spending levels may also vary due to differences in the level of services provided in two different districts. Some districts may provide supplemental special education services above and beyond the minimum required in state and federal law reflecting a local preference. However, with the funding cuts all districts are facing, supplemental special education programs are getting cut just like general education programs with more districts providing only the mandated level of service.

Most local districts, if not all, spend money out of their operating budget to cover special education costs. The percentage of each district's general fund spent on special education fluctuates across the state (it can even fluctuate among districts within the same ISD). It equals the difference between the special education costs incurred by a district and the federal, state, and local revenues dedicated to special education received by that district.

Conclusion

Federal laws and state regulations dictate how special education is to be provided by intermediate and local school districts. Funding for special education comes from federal, state, and local sources. Programs often have numerous regulations and funding often follows complicated formulas. Current methods for tracking special education revenues and expenditures throughout the state provide no easy way to quantify total revenues dedicated to special education or total expenditures made for special education programs and services.

^a Dictionary.com. "Special Education." dictionary.reference.com/browse/special+education (accessed 1.Dec.09).

^b Office of School Improvement and Office of Special Education and Early Intervention Services, MDE. *Operator Primer: Special Education in Public School Academies*: pg. 3; and *Background Primer*: pg. 6.

^c Michigan Administrative Rules for Special Education, R340.1705-R340.1717.

^d Office of School Improvement and Office of Special Education and Early Intervention Services, MDE. *Background Primer*: pgs. 9-10.

^e 34 Code of Federal Regulations (C.F.R.) Part 104 (Nondiscrimination on the basis of handicap in programs or activities receiving federal financial assistance); Ed.gov, *Protecting Students with Disabilities: Frequently Asked Questions About Section 504 and the Education of Children with Disabilities*, www.ed.gov/print/about/offices/list/ocr/504faq.html (accessed 16.Nov.09); and Wayne County Regional Educational Service Agency, *The Special Education Process: An Overview*, August 2003.

^f Office of School Improvement and Office of Special Education and Early Intervention Services, MDE. *Background Primer*: pgs. 8-9.

^g Ed.gov. *Protecting Students with Disabilities: Frequently Asked Questions About Section 504 and the Education of Children with Disabilities*, www.ed.gov/print/about/offices/list/ocr/504faq.html (accessed 16.Nov.09).

^h An administrative rule is an agency's written regulation, statement, standard, policy, ruling, or instruction, which has the effect of law.

ⁱ Kelly Boyle. *Understanding Michigan's Special Education Rule Making Process*. Focus on Results: Office of Special Education and Early Intervention Services, February 2009, Volume #7, Issue #1, Packet #13, Article 2.

^j Public Sector Consultants, Inc. *Michigan in Brief: Special Education*. April 1, 2002. www.michiganinbrief.org/edition07/Chapter5/SpecialEd.htm (accessed 17.Nov.09).

^k Office of Special Education and Early Intervention Services (MDE). *Understanding the Components of Michigan's General Supervision System*. Focus on Results: June 2009, Volume #7, Issue #2, Packet #14, Article 2.

^l Dianne Easterling. *Special Education Pupil Count Data in Michigan: 1968-2007*. Office of Special Education and Early Intervention Services, MDE, March 2007.

^m Thomas Parrish, Jenifer Harr, Jennifer Anthony, Amy Merickel, and Phil Esra. *State Special Education Finance Systems, 1999-2000, Part I*. Center for Special Education Finance, American Institutes for Research, May 2003: pg 45.

ⁿ MCL 388.1651c; this state aid is the result of a Michigan Supreme Court ruling (*Donald Durant, et al. v. State of Michigan, et al.*, Nos. 104458-104492 (1997)).

^o MCL 380.1722-1729.

^p CEPI, MDE. Financial Information Database (FID): 2007-2008 Summary Report Balance Sheet & Revenue Data, michigan.gov/cepi/0,1607,7-113-21423_35782_49874--,00.html (accessed 24.Nov.09).

^q Thomas Parrish, Jenifer Harr, Jean Wolman, Jennifer Anthony, Amy Merickel, and Phil Esra. *State Special Education Finance Systems, 1999-2000, Part II: Special Education Revenues and Expenditures*. Center for Special Education Finance, American Institutes for Research, March 2004: pgs. 28, 30.

^r Public Sector Consultants, Inc. *Michigan in Brief: Special Education*.

^s MDE. 2008-2009 State Aid Financial Status Reports.

Intermediate School District Organization and Functions

Michigan has 57 intermediate school districts (ISDs), which cover the entire state and overlap school district boundaries. The origin of ISDs can be traced to 1867 when the position of county superintendent was created as a supervisory arm of the state.⁵¹ ISDs as they are structured today were established by state legislation in 1962 and serve as educational service agencies providing services to local districts and the state, and to students directly.

The services provided by ISDs are not uniform across the state. State legislation organizing ISDs is permissive and allows them to do many things without requiring them to do specific things (with the exception of special education). Services provided by ISDs reflect ISD and local district service needs and ISD capacity, and vary dramatically. This structure allows for local variation and local district needs to be met, however, it also creates differences in the levels of central services provided to local districts and makes it difficult for citizens to understand exactly what it is that ISDs do.⁵²

The ISD structure allows for local variation and local district needs to be met, however, it also creates differences in the levels of central services provided to local districts and makes it difficult for citizens to understand exactly what it is that ISDs do.

Descriptive Statistics of Intermediate School Districts

School districts, both traditional and PSAs, within an ISD's boundaries make up its constituent districts (see **Table 9**). Thirty-nine ISDs are single-county districts; the remaining 18 are multi-county districts.

ISDs are governed by school boards composed of five to seven members elected to six-year terms. ISD board members are generally elected by representatives of each constituent local school board; however, the constituent districts may choose to have ISD board members elected by popular vote. The ISD board members elect a president, vice president,

secretary, and treasurer, all of whom must be members of the board. ISD boards perform duties required by law and by the state board of education. They do not supersede the boards of their constituent districts, nor do they control or interfere with the rights of local school districts. ISD boards employ a superintendent, director of special education, assistants, and other employees deemed necessary.⁵³

Table 9
Intermediate School District Constituent Districts, FY2009

Intermediate School Districts	Number of ISDs	Percent of Total	Number of		Total Public	
			Local Districts	Number of PSAs	Constituent Districts	Percent of Total
1-6,000 Students*	9	15.8%	50	2	52	6.6%
6,001-10,000 Students	15	26.3%	110	11	121	15.5%
10,001-20,000 Students	15	26.3%	122	16	138	17.6%
20,001-50,000 Students	13	22.8%	145	65	210	26.8%
Over 50,000 Students	5	8.8%	124	138	262	33.5%
Total Districts	57	100.0%	551	232	783	100.0%

* Includes total pupil enrollment within the ISD (ISD and local district enrollment).

Table 10
Intermediate School District Pupil Enrollment, FY2009

<u>Intermediate School Districts</u>	<u>ISD Enrollment</u>	<u>Local District Enrollment</u>	<u>PSA Enrollment</u>	<u>Total Enrollment</u>	<u>Percent of Total</u>
1-6,000 Students	931	38,151	150	39,232	2.4%
Average	103	4,239	17	4,359	
6,001-10,000 Students	3,608	117,859	2,105	123,572	7.4%
Average	241	7,857	140	8,238	
10,001-20,000 Students	4,152	201,425	3,144	208,721	12.6%
Average	277	13,428	210	13,915	
20,001-50,000 Students	6,872	403,957	19,668	430,497	25.9%
Average	529	31,074	1,513	33,115	
Over 50,000 Students	2,628	776,120	79,147	857,895	51.7%
Average	526	155,224	15,829	171,579	
Total Districts	18,191	1,537,512	104,214	1,659,917	100.0%
Average	319	26,974	1,828	29,121	

Source: CEPI, MDE. 2008-09 Public Headcount data, district enrollment data. michigan.gov/cepi/0,1607,7-113-21423_30451_30460-214378--,00.html (accessed 25.Nov.09).

ISDs implement policy from the local, state and federal levels (see **Table 1** on page 2). ISDs provide services and technical, program, and financial support for local districts. They collect data on local districts for the state. They assist local districts in educating pupils and act as intermediaries between local districts and the state. They also facilitate opportunities for local districts to collaborate in the provision of services. As noted above, state law is permissive and allows ISDs to do many things, including educating pupils in grades K-12 and operating preschool, life-long education, adult education, community education, training, enrichment, and recreation programs for persons outside of K-12 education. ISDs may also administer workforce development and job training programs. Like local districts, they are responsible for providing for the safety and welfare of their pupils, acquiring and main-

taining their property, and managing their funds.⁵⁴

In addition to providing services to their constituent districts, some ISDs provide services directly to students (see **Table 10**). The number of students educated directly through their ISD ranges from three students enrolled in Kent County ISD to 1,491 students enrolled at Macomb ISD. However, these numbers mask the range of services provided by ISDs. Some ISDs provide services directly to students, while others provide services to local districts that then provide the services directly to students. The number of local district (traditional districts plus PSAs) pupils residing within an ISD ranges from 2,780 in Gogebic-Ontonagon ISD in the Upper Peninsula to almost 327,000 in Wayne RESA. Over 50 percent of all pupils receive their education within one of the five largest ISDs.

Some ISDs provide services directly to students, while others provide services to local districts that then provide the services directly to students.

ISD employee levels vary from 36 FTEs in Gogebic-Ontonagon ISD to over 1,000 FTEs in Macomb ISD (see **Table 11**). Many more ISD employees are employed in special education positions rather than

general teaching positions, demonstrating the important role ISDs play in providing special education services.⁵⁵

Table 11
Intermediate School District Full-Time Equivalent Employees, FY2009

<u>Intermediate School Districts</u>	<u>Total FTEs</u>	<u>Teachers</u>	<u>Special Education FTEs*</u>
1-6,000 Students	633.43	15.36	317.02
Average	70.38	1.71	35.22
6,001-10,000 Students	2,001.65	58.78	907.97
Average	133.44	3.92	60.53
10,001-20,000 Students	3,535.26	56.36	1,820.91
Average	235.68	3.76	121.39
20,001-50,000 Students	5,158.76	165.51	2,588.40
Average	396.83	12.73	199.11
Over 50,000 Students	3,716.38	39.04	1,477.04
Average	743.28	7.81	295.41
Total Districts	15,045.48	335.05	7,111.34
Average	263.96	5.88	124.76

* Includes special education instructional, administrative, and support staff.

Source: CEPI, MDE. School Personnel Data and Reports, Full Time Equivalency data, district entity level, 2008-09. michigan.gov/cepi/0,1607,7-113-21423_30446--,00.html (accessed 25.Nov.09).

Intermediate School District Services

Special Education

ISDs are responsible for developing, establishing, and continually evaluating and modifying a plan for special education within their boundaries. This is done in cooperation with constituent districts. Special education services and programs are provided by both ISDs and local districts, but ISDs are expected to coordinate these programs and services and to maintain records of all students with disabilities within their boundaries (through the age of 25).⁵⁶ **Table 12** shows the number of special education students being educated within ISDs based on total ISD pupil enrollment. Not surprisingly, higher enrollment districts have higher numbers of special education pupils. ISDs must employ a full-time director of special

education and must ensure that all special education students receive the necessary services.

ISD special education plans are developed by ISD staff with the participation and input of constituent local districts and the ISD's parent advisory committee. According to law, each ISD must have a special education parent advisory committee that includes a parent representative from each traditional local district and public school academy within the ISD. The committee advises the ISD's special education administration and serves as a liaison between parents and local district special education administration. The special education plan describes the services directly provided by or purchased by each constituent local district and the services directly provided by, purchased by, or available through the ISD. These plans include descriptions of outreach methods to let citizens know about

Special education services and programs are provided by both ISDs and local districts, but ISDs are expected to coordinate these programs and services and to maintain records of all students with disabilities within their boundaries.

Table 12
Intermediate School District Special Education Pupil Enrollment, FY2009

<u>Intermediate School Districts</u>	<u>ISD Enrollment</u>	<u>Local District Enrollment</u>	<u>PSA Enrollment</u>	<u>Total Enrollment</u>	<u>Percent of Total</u>
1-6,000 Students	668	5,363	26	6,057	2.6%
Average	74	596	3	673	
6,001-10,000 Students	1,924	16,437	289	18,650	8.0%
Average	128	1,096	19	1,243	
10,001-20,000 Students	3,382	26,894	398	30,674	13.2%
Average	225	1,793	27	2,045	
20,001-50,000 Students	4,229	56,933	1,962	63,124	27.2%
Average	325	4,379	151	4,856	
Over 50,000 Students	2,180	104,153	6,993	113,326	48.9%
Average	436	20,831	1,399	22,665	
Total Districts	12,383	209,780	9,668	231,831	100.0%
Average	217	3,680	170	4,067	

Note: There may be some double counting of students if they are counted as a special education student of both their ISD and their local district.

Source: CEPI, MDE. Special Education Counts, District Special Education Enrollment: 1994-1995 through 2008-2009. michigan.gov/cepi/0,1607,7-113-21423_30451_37305--,00.html (accessed 25.Nov.09).

all available special education programs, descriptions of diagnostic and related services, confidentiality insurances for special education students, the identities of ISD and district employees charged with the implementation of special education programs, discussion of transportation responsibilities, and a description of the method of distributing special education funds, among other things.⁵⁷ (For more information on special education, see the **Special Education Governance** box on pages 22-27.)

Other Services

While coordination of a special education plan and provision of special education services are required of ISDs, state law specifies other services that ISDs may provide. At the request of one or more constituent districts, an ISD board must furnish services on a management, consultant, or supervisory basis; direct, supervise, and conduct cooperative educational programs on behalf of a district(s); and conduct cooperative programs mutually agreed upon with other ISDs or PSAs. While an important function of ISDs is providing services to their constituent districts, the services provided to constituent districts vary with the needs of local districts across the state. State law further specifies other things that ISDs may do (either on their own authority or at the request of a local district):

- Conduct or participate in cooperative programs for information technology services;
- Provide comprehensive school improvement support services;
- Coordinate the required educational services provided by one or more constituent districts to homebound or hospitalized pupils;
- Establish a school for school-age persons living in children's homes operated by the juvenile division of the probate court or for children living at home but assigned to the school by the court;
- Develop an early intervening model program for grades K-3 to instruct classroom teachers and support staff and make it available

to local districts and PSAs;

- Operate an educational media center to serve local public and nonpublic schools;
- Operate an educational recreation program (provided the ISD has an agreement with an appropriate local authority and approval of the state board of education); and,
- Establish and levy mills for an area career and technical education program.⁵⁸

A review of the websites of all 57 ISDs found special education to be the only service provided by all ISDs. More than half of all ISDs provide administrative services (e.g., curriculum assessment), business services and/or financial management, career and vocational training, early childhood education, professional development for educators, and technology services. Less common services include general education development (GED) programs, arts and science education programs, job placement, assistance for home-schooled or home-bound students, resources for homeless students, parent education, and transportation services.

While an important function of ISDs is providing services to their constituent districts, the services provided to constituent districts vary with the needs of local districts across the state.

Intermediate School District Funding and Taxing Authority

ISDs have taxing authority, but their budgets must be approved by their constituent school districts. In the 13 counties that operate with tax allocation boards, the ISD must file its budget and itemized statements of proposed expenditures and estimated revenues for the tax allocation board to allocate a share of the apportioned millage to the ISD. In counties that have adopted separate tax limitations, ISDs simply must operate within their tax limitations. Since 1995, ISDs have been authorized to levy, with voter approval, additional property taxes for general operating purposes (not to exceed 1.5 times the number of mills allocated to the ISD in 1993), special education (not to exceed 1.75 times the number of mills allocated to the ISD in 1993), and vocational education (see **Table 13**). Since 1997, ISDs have been able to levy a regional enhancement property tax of no more than three mills to supplement state

Table 13
Intermediate School District Tax Rates, 2007

	Special Education Mills	Vocational Education Mills	Operating Mills	Total Mills
Average	2.5409	0.8087	0.2124	3.5620
Minimum	0.6371	—	0.0670	0.8492
Maximum	5.6264	4.2105	0.4597	8.2061

The average, minimum, and maximum numbers show the average, minimum, and maximum of all ISDs for each column (including the total mills column).

Source: MDE. 2009-2010 State Aid Financial Status Report, Payment dated 10/20/2009

and local operating funding for local school districts. The tax must be approved by a majority of ISD electors and is not available to the ISD, but is divided among its constituent districts.⁵⁹ Only two districts currently levy a regional enhancement millage:

Kalamazoo ISD for 1.5 mills and Monroe ISD for 0.9866 mills (a regional enhancement millage was on the ballot, but did not pass, in Washtenaw ISD in November 2009).

Table 14
Intermediate School District Revenue (Dollars in Millions), FY2008

<u>Number of Students</u>	<u>Total Local Revenue</u>	<u>Percent of Total</u>	<u>Total State Revenue</u>	<u>Percent of Total</u>	<u>Total Federal Revenue</u>	<u>Percent of Total</u>	<u>Total Revenue*</u>
1-6,000	\$33.6	53.8%	\$13.8	22.1%	\$14.9	23.9%	\$62.5
6,001-10,000	\$91.5	48.7%	\$47.4	25.2%	\$47.9	25.5%	\$188.0
10,001-20,000	\$185.3	52.7%	\$89.5	25.4%	\$76.8	21.8%	\$351.8
20,001-50,000	\$449.4	60.0%	\$146.1	19.5%	\$153.3	20.5%	\$749.1
Over 50,000	\$696.8	64.3%	\$146.7	13.5%	\$239.1	22.1%	\$1,083.9
All Districts	\$1,456.6	59.8%	\$443.5	18.2%	\$532.0	21.8%	\$2,435.3

* Some ISDs have an additional internal revenue source, which is why the total revenue does not add up (this revenue source totals \$3.1 million for all ISDs).

Source: 2008 National Public Education Finance Survey.

In FY2008, ISD revenue totaled \$2.435 billion (see **Table 14**). Of this total, \$1.457 billion (60 percent) came from local sources, \$443.5 million (18 percent) came from state sources, and \$532.0 million (22 percent) came from federal sources. These numbers include all local, state, and federal revenues and grants supporting ISDs (some of which are passed along to local constituent districts). State aid for ISD general operations totaled only \$81.7 million in FY2009, and it was cut by \$16.3 million (20 percent) in the FY2010 budget. Total state revenue supporting ISDs is much higher (\$443.5 million) because it includes revenues for specialized services and funds (e.g., special education and vocational education).

Total revenues ranged from \$3.7 million in Oceana ISD to over \$326 million in Wayne RESA. Twenty-eight ISDs (49 percent) had revenues totaling less than \$20 million. The remaining 29 ISDs had revenues totaling anywhere from \$20 million to \$326 million. Clearly, significant variation exists in the size and service capacity of ISDs across the state. ISDs with smaller budgets serving less populated areas still may provide important services to their students and constituent districts, but they do not face the service demands of larger districts and their

revenue levels reflect this. It is important to remember, though, that the \$2.435 billion in total revenue received by ISDs was not all spent directly by ISDs; ISDs receive funds that they pass through to their local districts (the amounts and percentages of funds passed through to local districts vary among ISDs).

Unlike local school districts that rely on the state for most of their funding, ISDs still get a majority of their funding from local sources, although the amounts coming from each source vary across the districts (see **Table 14**). In general, smaller ISDs received a higher percentage of their funding from the state and larger ISDs collected a higher percentage of their funding from local sources. Saginaw ISD received only 29.9 percent of its total funding from local sources (28.6 percent from state sources and 41.2 percent from federal sources). Oakland Schools (ISD) received almost 80 percent of its funding from local sources (4.1 percent from state sources and 16.9 percent from federal sources). The percentage of ISD funding coming from state sources ranged from 4.1 percent in Oakland Schools to 44.2 percent in Tuscola ISD. The percentage of ISD funding from federal sources varied from 11.0 percent in Lenawee ISD to 46.5 percent in Marquette-Alger RESA.

Other Actors Who Influence K-12 Education Governance

The above sections detail the formal education governance structure, but education governance gets even more complicated when all the actors and groups with an interest in and/or influence over education policy are included in the discussion. Some of these groups have important roles in education governance and exert significant authority. The court system has legal authority over public education and has played an important role in school governance and finance throughout the years. Unions play a vital role in the collective bargaining process in Michigan and have amassed considerable political power at the local, state, and federal levels of government. Other groups that have a more informal role in education governance, but that still exert influence over school policy and governance, include state and local education associations, business groups, local advocacy groups, and philanthropies.

The court systems at the state and federal levels of government have been a forum to address fundamental disputes over who should be served by public education and school districts have been obligated to operate within changing legal boundaries.

State and Federal Courts

The court system exercises legal authority over public education stemming from statutory and constitutional law at the state and federal levels. The court systems at both levels of government have been a forum to address fundamental disputes over who should be served by public education and school districts have been obligated to operate within changing legal boundaries.⁶⁰ Federal court decisions have extended civil rights protections to public education and forced states and local districts to acquiesce to federal rulings on issues such as affirmative action and school integration. In *Brown v. Board of Education* (1954), the U.S. Supreme Court reversed precedent and invalidated the “separate but equal” clause adopted in *Plessy v. Ferguson* (1896) ruling that segregated school facilities violated the principle of equal protection under the law guaranteed by the Fourteenth Amendment to the U.S. Constitution.⁶¹ In recent years, federal courts have moved toward requiring greater scrutiny of affirmative action programs in education. In *Parents Involved in*

Community Schools v. Seattle School District No. 1 et al. (2007), the U.S. Supreme Court reiterated that governmental decisions based on individual racial classifications must be reviewed under the strict scrutiny standard, which requires those classifications to be narrowly tailored to achieve a compelling governmental interest.⁶²

Federal litigation has been focused on achieving equity in educational opportunities and protecting students’ constitutional rights. Equity protections based on the Fourteenth Amendment have been accepted by federal courts to the extent that they invalidated *de jure* segregation and validated some narrowly tailored affirmative action programs for disadvantaged groups. Extending the Constitution’s Equal Protection Clause to require equitable school funding, which is largely provided by states and local districts, was rejected by the U.S.

Supreme Court. The plaintiffs in *San Antonio Independent School District v. Rodriguez* (1973), parents from a low property value district situated next to a more affluent district, argued that it was inherently unfair to rely on local property taxes to fund education and that they had a federal right to education funding equity. The Supreme Court ruled that education is not a fundamental interest under the U.S. Constitution and emphasized the absence of any specific reference to education in the Constitution.⁶³

Litigation at the state level has had a much greater effect on school finance than federal litigation. Forty-four states have experienced constitutional challenges to state education finance. These cases originally argued for school funding equity, but then began to focus on the adequacy of state school finance systems. Decisions rendered by state courts have varied, some siding with plaintiffs arguing for school finance equity or adequacy and others finding for the states defending their current system.⁶⁴ State courts in general have been more accepting of the notion that states provide a constitutional right to

education because each state's constitution articulates that state's responsibilities in relation to public education (e.g., Michigan's Constitution requires the legislature to maintain and support a system of free public education).⁶⁵

Michigan courts, however, have not found Michigan's school finance system to be in violation of state law or the State Constitution. In *Governor v State Treasurer* (1972), the Michigan Supreme Court declared the former deductible-millage school aid formula to be in violation of the Michigan Constitution, but, shortly after that, the U.S. Supreme Court issued its *Rodriguez* (1973) decision and the State Legislature enacted a new school aid formula, resulting in the Michigan Supreme Court vacating its earlier decision. In *East Jackson Public Schools v State of Michigan* (1984), the Michigan Court of Appeals rejected the arguments that the State Constitution provided a fundamental right to education and that it imposed upon the legislature a requirement of equal financial support of local schools. The Michigan Supreme Court refused to hear an appeal.⁶⁶

Teachers' Unions

Unions play a critical role in education governance in Michigan as well as in many other states across the nation. Michigan is one of 34 states that require public employers to engage in collective bargaining if a majority of employees vote to unionize. Eleven other states allow for, but do not require, collective bargaining. Five states explicitly prohibit collective bargaining.⁶⁷ The Michigan Public Employment Relations Act⁶⁸ was passed in 1947, but teachers did not begin to unionize on a mass scale until the 1960s and 1970s. By the 1970s, the U.S. had substantially more teachers than autoworkers, steelworkers, teamsters, or doctors.⁶⁹ Over the years, teachers' unions have grown and expanded their political power over local school boards and at the state and federal levels. Their many members provide teachers' unions with financial power (by paying dues and agency fees) and political power (by voting as a

block). Unions exercise their power through lobbying and attempting to influence policymakers at all levels of government to pass policies and laws that advance their members' interests. Critics of unions argue that they put the good of their membership above what may be best for children. One study claims that friendly relationships between state legislatures and teachers' unions can result in policies that may put the protection of current teachers above the interests of raising teacher quality overall and of the school children.⁷⁰ Proponents argue that by protecting the interests of teachers and securing a positive work environment, unions advance the interests of school children.

Unions exercise their power through lobbying and attempting to influence policymakers at all levels of government to pass policies and laws that advance their members' interests.

While unions exercise authority over school governance through the collective bargaining process, many issues are decided by the state legislature before school boards and unions meet to negotiate. State law defines the obligation of districts to bargain (required in Michigan), and state law and case law determine what issues can be negotiated and place some restrictions on negotiable subjects (e.g., teacher pay is negotiable, but state law may restrict when and/or how teachers are paid). Rather than focusing solely on collective bargaining at the local level, union leaders have discovered that it is more efficient to lobby state legislators to get particular provisions inserted in state law (this is also true of securing union-friendly federal policies).⁷¹ Unions still negotiate contracts with local districts, but also work hard to influence federal and state policies.

Mandatory bargaining issues in Michigan are those that are related to wages, hours and other terms and conditions of employment.⁷² These include things such as pay, pensions, grievance procedures, sick leave, work rules, seniority and promotion, health care benefits, management rights clauses, class loads, selection of textbooks, retirement incentive plans, instructional time, extracurricular duties, schedule changes in preparation time and length of the school day, and the criterion and format of teacher evaluation. Permissive bargaining subjects are those over which bargaining is neither compelled

nor prohibited and include recruiting standards, formulation of new positions, maximum class size, maintenance of school standards, peer review, teacher protection, and appointment of curriculum committee members, among other things.⁷³ Prohibited bargaining subjects include who will be the policyholder of any employee group insurance benefit, establishment of the starting day for the school year and the amount of pupil contact time, authorization of contracts to operate PSAs, and decisions to contract non-instructional support services, among other things.⁷⁴

It is clear that unions have an impact on school district governance, as well as on education governance at the state and federal levels. The effects of collective bargaining vary by district and school, but they generally restrain the power of school boards and superintendents, and require principals to react to centralized personnel policies.⁷⁵ However, union power is not absolute and unions face challenges in maintaining their relevance and authority. Today unions are attempting to strike a balance between traditional unionism with a focus on worker solidarity and the increasing professionalism of teaching.⁷⁶

The effects of collective bargaining vary by district and school, but they generally restrain the power of school boards and superintendents, and require principals to react to centralized personnel policies.

Other Groups

Other groups play a more informal, but still influential, role in education governance. These groups include state and local professional associations, representing teachers, administrators, school boards, and other staff; bodies representing business interests (e.g., state and local chambers of commerce); advocacy groups (e.g., those supporting increased expenditures for special education); and philanthropies with an interest in education (e.g., the W.K. Kellogg Foundation and the Skillman Foundation). These groups advance their interests by lobbying for preferred policies and laws at all levels of government and/or by contributing money to schools directly or to education funding (e.g., the Gates Foundation provides philanthropic funding to school districts with stipulations attached that the local boards must meet). Decisions made by governing bodies with authority over education are influenced by voices representing these interests.⁷⁷

Interstate Comparisons

An interstate comparison of education governance includes a review of state governance structures, regional and local district organization, school funding models, and charter school organization.

State Governance Structures

State education governance structures vary, but can be categorized into five general models that describe how state boards of education are constituted and whether the chief state school officer (i.e., the superintendent of public instruction in Michigan) is appointed or elected (See **Table 15**). This general state governance structure, which includes governors, legislatures, state boards of education (SBEs), and chief state school officers (CSSOs), dates back to the early 20th century and has not been altered substantially since then. The structure has changed somewhat within some states (e.g., Michigan used to elect its superintendent, now the superintendent is appointed by the board).

State governance structures affect how education policy leaders interact and help to explain the education policy development and implementation process. Michigan's model can be viewed as separating education policy from partisan politics to some extent by having a superintendent of public instruction who is appointed by the bipartisan state board of education. Board members are elected in partisan elections and may be vulnerable to political pressures, but they are elected for eight-year terms, allowing them to focus on a long-range vision for schools and potentially making education reform less vulnerable to political pressures. This model makes it more likely that the superintendent will be an educator rather than a politician (since s/he is not elected).⁷⁸ The reality in Michigan is that the board shares the responsibility for education policymaking and reform with the legislature and governor, and this has led the board to take a more consultative and advisory role and has also contributed to partisan politics playing a greater role in the develop-

Table 15
State Education Governance Structures

<u>Elected SBE, CSSO Appointed by SBE</u>	<u>SBE Appointed by Governor, CSSO Appointed by SBE</u>	<u>Elected CSSO, SBE Appointed by Governor</u>	<u>SBE and CSSO Appointed by Governor</u>	<u>Hybrid System</u>
Alabama	Alaska	Arizona	Delaware	Louisiana
Colorado	Arkansas	California	Iowa	Minnesota
Hawaii	Connecticut	Georgia	Maine	Mississippi
Kansas	Florida	Idaho	New Hampshire	New Mexico
Michigan	Illinois	Indiana	New Jersey	New York
Nebraska	Kentucky	Montana	Pennsylvania	Ohio
Nevada	Maryland	North Carolina	South Dakota	South Carolina
Utah	Massachusetts	North Dakota	Tennessee	Texas
	Missouri	Oklahoma	Virginia	Washington
	Rhode Island	Oregon		Washington, DC
	Vermont	Wyoming		Wisconsin
	Virginia			

Source: Mary Fulton. *State Education Governance Models*. Education Commission of the States: State Notes, March 2008.

ment of education policy. Michigan does not appear to be unique in this regard as others have characterized state boards of education as having “significant powers but limited influence,” and as being relatively weak institutions in relation to other state actors.⁷⁹

While states have ultimate authority over education and local districts are agents of their states, some states have more legal authority over their local districts than others. Michigan is one of 34 states with a law on the books allowing the state to take over schools and/or districts. Michigan’s Local Government Fiscal Responsibility Act⁸⁰ gives the superintendent of public instruction responsibility for monitoring and periodically reviewing the financial conditions of school districts. The state can declare a fiscal emergency and can appoint an emergency financial manager. Currently, the Detroit City School District is operating under the authority of an emergency financial manager appointed by the state. Until recently, the state did not have a law on the books allowing it to intervene in schools over academic matters. On January 4, 2010, the Governor signed leg-

The reality in Michigan is that the board shares the responsibility for education policymaking and reform with the legislature and governor, and this has led the board to take a more consultative and advisory role and has also contributed to partisan politics playing a greater role in the development of education policy.

islation giving the state more power over schools that are struggling academically. Twenty-six other states have the legal authority to reconstitute schools.⁸¹

Regional and Local District Organization

The structures of regional and local school districts vary considerably across the states. **Table 16** shows the number of regional districts, population per district, students per district, and square miles per district in Michigan compared with

the national average, the average of the 30 states with regional districts (twenty states⁸² do not have regional school districts), the average of all large states,⁸³ and the average of the Great Lakes states.⁸⁴ As the table indicates, Michigan has a high number of ISDs, which tend to be small in terms of total population per district, students per district, and geographic size. In most states that have regional districts, they appear to function similar to Michigan’s ISDs: they are either appointed by local school boards or elected by voters and they serve as regional educational service agencies providing services to local districts and to students directly.⁸⁵

Table 16
Interstate Comparison of Regional School Districts, 2007

	Number of Regional Districts	Population per District	Students per District*	Square Miles per District
Michigan	57	176,312	30,083	996.56
Average of All 50 States	16	211,186	34,619	2,675.20
Average of 30 States with ISDs	26	351,976	57,698	4,458.66
Average of All States Over 10 Million Population	39	412,898	70,718	2,536.36
Average of All Great Lakes States	33	399,327	63,192	2,605.91

* K-12 student population

Source: “School Data Direct.,” *Council of Chief State School Officers (CCSSO) State Education Data Center* website: www.schooldatadirect.org/ (accessed 1.Sep.09); “50-State K-12 Governance Structures Online Database: Regional Boards.” *Education Commission of the States* website: mb2.ecs.org/reports/Report.aspx?id=170 (accessed 1.Sep.09); and U.S. Census Bureau.

Table 17
Interstate Comparison of Local Districts, 2007

	<u>Number of School Districts</u>	<u>Population per District</u>	<u>Students per District</u>	<u>Square Miles per District</u>
Michigan	552	18,206	3,106	102.91
Average of All States and D.C.*	291	46,364	6,967	669.29
Average of All States Over 10 Million Population	675	54,130	8,337	199.90
Average of All Great Lakes States	547	18,907	2,993	107.95

* Except for Hawaii because it only has one statewide district.

Source: "School Data Direct." *Council of Chief State School Officers (CCSSO) State Education Data Center* website: www.schooldatadirect.org/ (accessed 1.Sep.09); and "50-State K-12 Governance Structures Online Database: Local School Boards." *ECS* website: mb2.ecs.org/reports/Report.aspx?id=170 (accessed 1.Sep.09); and U.S. Census Bureau.

All states, with the exception of Hawaii with its single statewide school district, have local school districts. Washington, D.C., has one local school district also. All local school boards have members elected by voters; six states⁸⁶ have some local board members appointed by either local officials or the governor. As **Table 17** illustrates, Michigan has a higher number of smaller districts than the national average and the average of all large states, but is more comparable to its Great Lakes neighbors.⁸⁷

Tremendous variation exists among the states in the structure of education governance arrangements. Duties assigned to local boards range from narrow (e.g., schools boards' role in Massachusetts is limited to policymaking, budget management, and oversight of the superintendent) to broad (e.g., school boards in Pennsylvania have authority over everything from adopting textbooks to operating cafeterias to authorizing field trips). Some states have limited districts' roles by allocating more authority directly to schools. In the 1990s, the Kentucky Legislature required every school in the state to create a school council responsible for policy decisions at the school level. This shift to school-based management drastically altered the role of school boards in Kentucky and serves as evidence that local districts are agents of the state and state-level governance decisions substantially guide, constrain, and

sometimes change the governance structure and decisions made at the local level.⁸⁸

School Funding Models

School funding across the states can be analyzed by reviewing the percentage of funding in each state that comes from each major revenue source: the federal government, state governments, and local governments. Funding carries with it influence, so those states that have more centralized funding structures are likely to have more state control over education policy. The level of funding from each major source varies across the states. The percentage of school funding coming from local revenue sources in FY2007 ranged from 1.6 percent in Hawaii (which has one statewide school district) and 5.3 percent in Vermont to 58.9 percent in Illinois (local funding made up 88.3 percent of funding in Washington, D.C., but it is not a good comparison because it has no source of state funding). State sources provided only 31.7 percent of school funding in Nebraska, but 87.8 percent of funding in Vermont. The percentage of funding from federal sources ranged from 4.0 percent in New Jersey to 17.6 percent in Louisiana (federal funding tends to be more need-based, so Louisiana, which is still recovering from Hurricane Katrina, qualified for significant federal school aid).⁸⁹

Table 18
Percent of K-12 School Funding from Local, State, and Federal Sources, FY2007

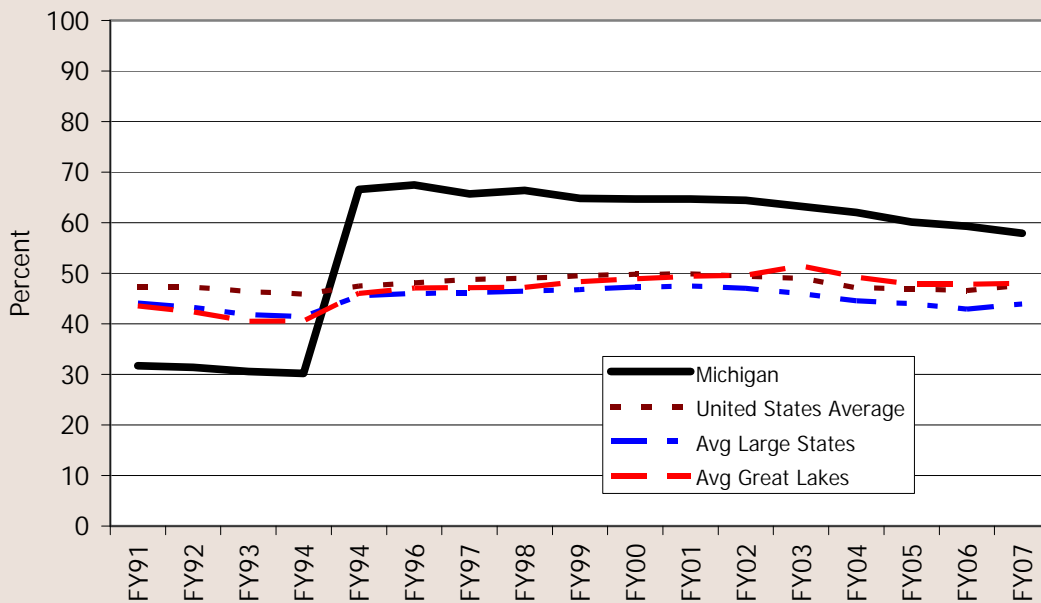
	<u>Local Sources</u>	<u>State Sources</u>	<u>Federal Sources</u>
Michigan	34.2%	57.9%	7.8%
Average of All 50 States and D.C.	44.1%	47.6%	8.3%
Average of All States Over 10 Million Population	47.9%	43.9%	8.2%
Average of All Great Lakes States	45.1%	48.0%	6.9%

Source: U.S. Census Bureau, Governments Division. *Public Education Finances: 2007*, Issued April 2009. Table 5: Percent Distribution of Elementary-Secondary Public School System Revenue by Source and States. www.census.gov/govs/school/index.html (accessed 2.Sep.09).

Table 18 compares Michigan’s funding structure to the national average and the averages of comparable states (those over 10 million population and those that touch the Great Lakes). Michigan stands

out because its funding structure is more centralized with a greater percentage of funding coming from state sources and a lesser percentage coming from local sources. **Chart 2** shows how Michigan’s

Chart 2
Percent of K-12 Funding from State Sources, FY1991-FY2007



Source: U.S. Census Bureau, Governments Division. *Public Education Finances: 1991-2007*. Table 5: Percent Distribution of Elementary-Secondary Public School System Revenue by Source and State. www.census.gov/govs/school/index.html (accessed 2.Sep.09).

funding structure changed dramatically after the passage of Proposal A in 1994. Michigan went from being below average in its percentage of school funding from state sources to substantially above average, where it remains today (although the percentage of funding from state sources has declined from a high of almost 70 percent). Michigan's funding structure is unique because even though public education in Michigan still receives approximately one-third of its funding from local revenues, those revenues are largely controlled by the state, which determines local operating property tax rates (which still require voter approval). The state school aid formula sets the per pupil funding amount that districts have for operations; districts have control only over the amounts raised for capital spending.

Not only is there variation in the composition of revenues by source across the states, but revenue and spending levels per pupil differ across the states (See **Chart 3**). The national average elementary-secondary revenue per pupil was \$11,496 in FY2007 (includes operating and capital revenue). This represents a range from \$7,245 revenue per pupil in Utah to \$18,354 total revenue per pupil in New York (revenue per pupil was \$20,167 in Washington, D.C.). Michigan, at \$11,557, was close to the national average and ranked 18th among the states. Total current spending per pupil ranged from \$5,683 in Utah to

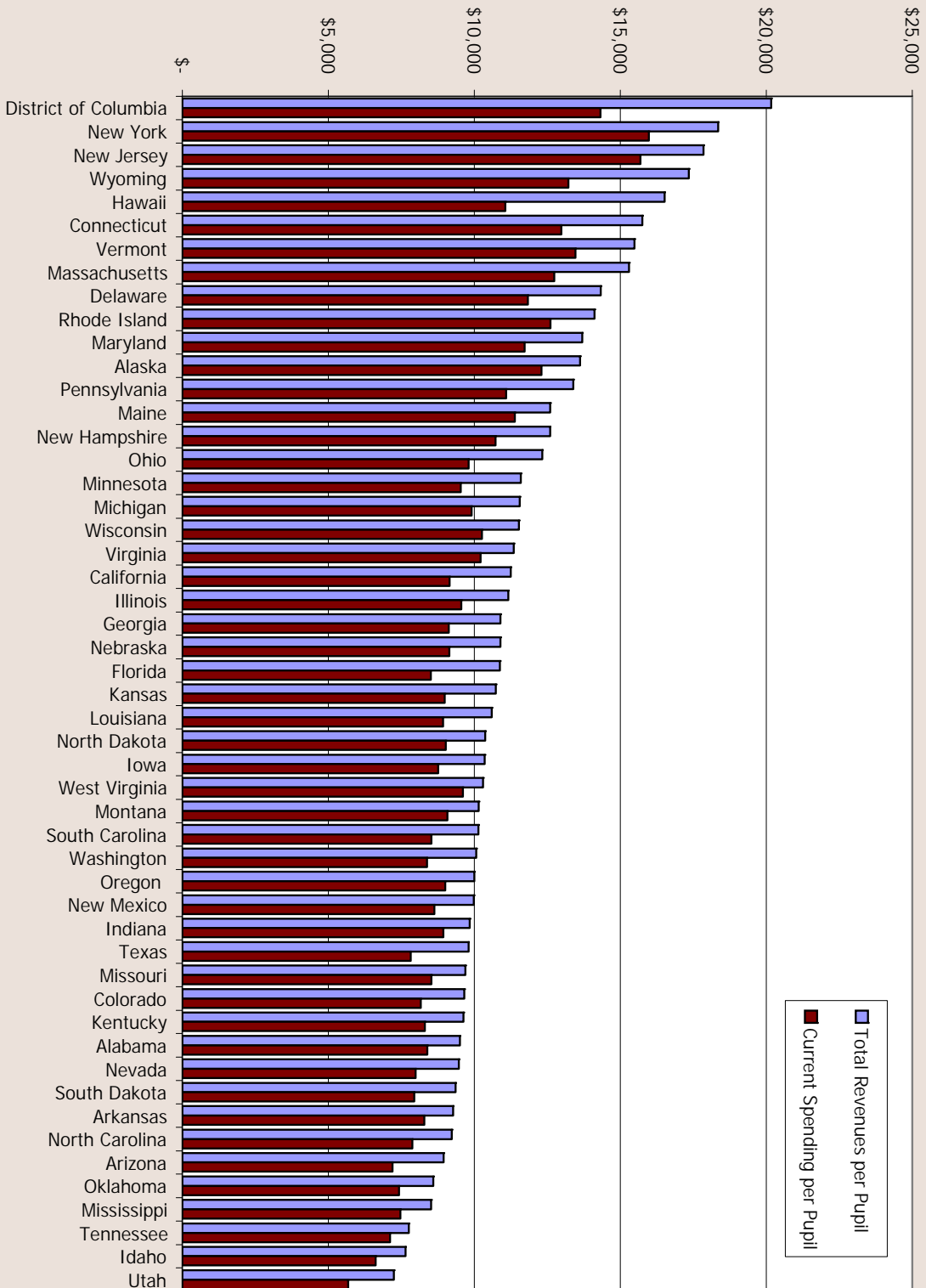
\$15,981 in New York. The national average spending per pupil in FY2007 was \$9,666 and the average in Michigan was \$9,912 (again, close to the national average and ranked at 18th).⁹⁰ (Current spending is less than revenues because total revenues include operating and capital revenues whereas current spending includes only operating spending.) These numbers may reflect the priority placed on education in different states, but may also simply reflect the variations in wealth across the states or the difference in political philosophies on government spending.⁹¹

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Charter Schools across the States

Another issue that affects education governance across the states is the organization of charter schools.⁹² Forty states, including Michigan, and Washington, D.C., have some type of charter school law on the books. These 40 states and D.C. have over 5,000 charter schools serving 1.5 million students.⁹³ The laws vary among the states in terms of how charter schools are authorized and what is required of them. Analyses of charter legislation across the states often depends upon the value orientations of the reviewer(s) and what level of emphasis they place on values that can include increased choice, accountability, and equity, among other things. Only 12 states have some sort of tax credit, tax deduction, or school voucher law and Michigan is not in that group.⁹⁴

Chart 3
Revenues and Spending Per Pupil by State, FY2007



Source: U. S. Census Bureau, Governments Division, Public Education Finances: 2007, Issued April 2009. Table 11: States Ranked According to Per Pupil Elementary-Secondary Public School Finance Amounts. www.census.gov/govs/school/index.html (accessed 2.Sep.09).

Implications of Michigan's Education Governance System

As stated at the beginning of this paper, the governance structure determines how education funding and policy decisions are made and implemented. Therefore, understanding education governance in Michigan is critical to understanding public education and affecting change in Michigan's public education system. Michigan's current governance structure raises a number of issues that are highlighted below.

Complex Political Environment

While no two states are exactly alike in how they provide education, most, if not all, states create and implement education policy within a complex political environment. From the President of the United States to the elected local school board member, many different government officials (elected and appointed) have a role in education governance and this can create confusion for education officials and for the public.

Michigan, similarly to many other states, has set up a system of education governance separate from the general government structure at the state and local levels. The state board of education and superintendent of public instruction represent a governance structure somewhat outside of the general government structure, which includes the governor and legislature. The governor and legislature still have important roles in education governance and the ultimate responsibility for and authority over public education, but they do not have direct authority over the state board and superintendent. Multiple state actors, within the education governance structure and the general governance structure have education policymaking and/or implementing responsibilities. At the local level, the local school boards and superintendents separate education governance from the local government system (i.e., city, village, township, county). This represents a more clear separation because few mayors or other local officials have a formal role in education governance.

From the President of the United States to the elected local school board member, many different government officials have a role in education governance and this can create confusion for education officials and for the public.

Overlapping Authority

The system of overlapping authority created by Michigan's education governance system creates checks and balances in education governance, but it also creates confusion and can lead to policy being made in a fragmented and irrational manner. One education policy researcher has called U.S. school governance complex and fragmented, a structure "in which it appears that everybody – and therefore nobody – is in charge."⁹⁵ With everybody (and therefore nobody) in charge, it can be difficult to hold any one person or group (the governor, the legislature, a school board, a teacher) responsible for educational outcomes because the picture of who has control over what becomes obscured.⁹⁶

This complex environment is further confused by an issue termed "policy pile-on." This occurs when new policies and requirements do not replace old ones, but are simply piled on top of existing regulations without a rational review of how the policies work together. A clear example of this occurs with federal education policy, which often results in new laws and initiatives (e.g., NCLB and IDEA) being layered on top of old ones making it an increasingly complex task (requiring specialized personnel) just to comply with federal conditions and requirements.⁹⁷

Expending excessive time and resources complying with educational policies from all different levels requires districts to use funds that otherwise could be devoted to the classroom. However, these overlapping systems do create checks and balances and the multitude of actors and groups may have a legitimate role to play in balancing power and accountability within the educational system, a potentially necessary, although messy, tenet of democracy.⁹⁸

Expending excessive time and resources complying with educational policies from all different levels requires districts to use funds that otherwise could be devoted to the classroom. However, these overlapping systems do create checks and balances and the multitude of actors and groups may have a legitimate role to play in balancing power and accountability within the educational system, a potentially necessary, although messy, tenet of democracy.⁹⁸

Accountability and Perception

The average citizen is not aware of the complexities of education governance and believes that educa-

tion is largely a local issue. Education is provided at the local level, but local school districts are not like independent home-rule cities. School districts are agents of the state and are dependent on the state for funding. The centralization of education funding and governance, which has been enhanced by the recent movement toward increased federal and state standards and accountability requirements (e.g., NCLB), requires local boards and administrators to mediate multiple policy initiatives, funding requirements, learning standards, and assessment systems, emerging from federal, state and local levels.⁹⁹

Regardless of the limitations placed on local boards by the education governance system, many Michigan residents hold local board members responsible for all education policies and decisions. This is a case where perception does not match reality and it can make it difficult for school board members to make politically hard decisions (e.g., closing schools) because they know that they will be held directly accountable for the decision, even if it is necessary due to enrollment patterns and funding decisions largely out of the board's control.

Role of Intermediate School Districts

The role of ISDs is a bit ambiguous because the services provided by ISDs are not uniform across the state and some of the services originally provided by ISDs have been acquired by other layers of government (e.g., vocational education and workforce training programs are now provided by both ISDs and community colleges). When ISDs, as they are organized today, were established in 1962, a need existed for an additional layer of government between the state and local districts to provide certain intensive services, such as special education, and to provide opportunities for cooperation and collaboration. ISDs today still provide specialized education services and opportunities for collaboration (in fact, they are being called on to provide more and more cooperative arrangements), however, the level of services provided and the opportunities for

local district collaboration vary across the state. It is time to revisit the role of ISDs and to discuss what services should be provided at the local school district level and what should be done on a more regional level.

School Funding Issues

The centralization of school funding with the passage of Proposal A in 1994 gave the state the authority to determine operating funding levels for local school districts. Local boards and district administrators can no longer set a budget and then go directly to local voters and ask them to provide the necessary operating revenue through local property taxes. Local districts are still in charge of creating their budgets and determining spending priorities (within the requirements created by state and federal laws), but they must adjust their spending priorities within the revenue levels set by the state.

The centralization of school funding has had many effects, including decreasing the fund-

ing gap in per pupil revenue levels in districts across the state. Since the passage of Proposal A, revenues per pupil in the lowest revenue districts have increased 165 percent from \$2,762 in FY1994 to \$7,316 in FY2009. During that time period, revenues per pupil in the highest revenue districts increased only 20 percent from \$10,294 to \$12,443. This has reduced the spending gap between the highest revenue and lowest revenue districts by over 30 percent, from a gap of approximately \$7,500 per student in FY1994 to a gap of only \$5,100 per student in FY2009. The current school finance system has made the amount of revenue provided to educate each pupil less dependent on where each pupil lives and the property wealth of that district. However, the school finance system has also created issues for local districts that no longer have as much control over their operating revenue and are reliant on the state to determine school revenue levels (rather than allowing local school officials and residents to determine the appropriate school revenue, and there-

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fore spending, levels).

The centralization of school funding has also made school districts more reliant on state revenues, which tend to be more directly linked to the economy, and therefore more volatile, than local revenues. The finance system created by Proposal A relies on a mixture of sales, income, and property taxes, whereas the old finance system relied heavily on local property taxes. Sales and income tax revenues can fluctuate significantly with changes in the economy, which has been evident during the nine-year long recession that Michigan has endured. However, to be fair, when school finance was overhauled in the 1990s, nobody

could have envisioned the protracted economic and state revenue troubles Michigan would face. It should also be noted that while property tax revenues tend to be more stable and less elastic than state tax revenues, the current credit and housing crises have negatively affected housing values and property tax revenues and are now beginning to show their impact on property tax collections.

These issues have been exacerbated by the fact that the state is on an October 1 through September 30 fiscal year while local districts are on a July 1 through June 30 fiscal year. Local districts are one quarter of the way through their fiscal year by the time the state is required to set its budget. This can make budgeting difficult for local districts if they are un-

sure what their operating revenue will be for the year and it can make unexpected revenue cuts difficult to meet.

Competition

Michigan's education governance structure, which allows for charter schools and schools of choice, creates competition in public education. Competition in public schooling is viewed as positive by those who believe that education should operate based on market standards and be more responsive to its "customers" (e.g., students, parents, residents). Critics of public education competition argue that competition pulls money away from the public education system at a cost to many, for the benefit of a few.

In reality, competition has benefits and costs. Competition from charter schools and other traditional public schools for students (and their accompanying tax dollars) causes districts to review how they spend their money and attract students. It may lead districts to spend more money in the classroom, provide more specialized programs (e.g., full-day kindergarten, math programs, art programs), foster closer relationships with parents and residents, and reevaluate their priorities and procedures on a more regular basis. Competition also causes some districts to spend money on advertising and marketing. It can create winners and losers and can inhibit collaboration among districts.

The centralization of school funding has also made school districts more reliant on state revenues, which tend to be more directly linked to the economy, and therefore more volatile, than local revenues.

Conclusion

An understanding of education governance requires knowledge of federal education policy, the state government's role, the responsibilities of local and regional districts, and the role played by other groups and actors with an interest in public education. These multiple actors may have a legitimate role to play in public education governance, but they create a complex educational policy web that can be difficult for the interested citizen to understand and navigate.

The responsibility to provide a system of free and public education rests with the Michigan Legislature,

but authority over education governance and policy is shared among the state, federal and local levels.

These multiple actors may have a legitimate role to play in public education governance, but they create a complex educational policy web that can be difficult for the interested citizen to understand and navigate.

Those that are closest to the people, local school boards and administrators, operate on a grant of authority from the state and have responsibility for implementing education policy and providing education. The authority of local school boards and districts has been diminished as Proposal A centralized school funding and the movement to increase

standards and accountability requirements has contributed to a more centralized governance system.

EndNotes

¹ Michigan's fiscal year was from October 1, 2008 to September 30, 2009; school districts' fiscal year was from July 1, 2008 to June 30, 2009.

² This number is based on the State's tracking system, which is not very robust for home schooled students.

³ Michael W. Kirst. "Turning Points: A History of American School Governance." *Who's In Charge Here? The Tangled Web of School Governance and Policy*. Ed. Noel Epstein, Education Commission of the States, Washington D.C.: Brookings Institution Press, 2004: pgs. 16, 18, 21-26.

⁴ U.S. Census Bureau, Governments Division. *Public Education Finances: 1991-2007*. Table 1: Summary of Public School System Finances for Elementary-Secondary Education by State: 2006-07. www.census.gov/govs/school/index.html (accessed 2.Sep.09).

⁵ "American Recovery and Reinvestment Act." *Education Commission of the States* website: www.ecs.org/ecsmain.asp?page=/html/IssueCollapse.asp (accessed 19.Aug.09).

⁶ The Michigan Constitution, Article VIII, Section 1.

⁷ The Michigan Constitution, Article VIII, Section 2.

⁸ The Michigan Constitution, Article VIII, Section 2.

⁹ The Michigan Constitution, Article VIII, Section 3.

¹⁰ Citizens Research Council of Michigan. *Organization of State of Michigan Education Functions*. Report No. 335, December 2002: pg. 1.

¹¹ State Board of Education, Michigan Public Act 287 of 1964, MCL 388.1011.

¹² The Michigan Constitution, Article VIII, Section 3.

¹³ Office of Special Education and Early Intervention Services, MDE. *Intermediate School District Plan Criteria for the Delivery of Special Education Programs and Services*, September 2008.

¹⁴ As part of a series on public education in Michigan, CRC will be releasing a paper discussing school district consolidation and reorganization.

¹⁵ Citizens Research Council of Michigan. *A Bird's Eye View of Michigan Local Government at the End of the Twentieth Century*. Report No. 326, August 1999: pg. 6.

¹⁶ Ionia Township S/D #2 and Oneida Township S/D #3.

¹⁷ Glenn Public School District, Arvon Township School District, Elm River Township School District, Palo Community School District, Easton Township S/D #6, and Big Jackson School District.

¹⁸ AuTrain-Onota Public Schools, Hagar Township S/D #6, Sodus Township S/D #5, Mar Lee School District,

Stanton Township Public Schools, Church School District, Bloomfield Township S/D #7F, Colfax Township S/D #1F, Sigel Township S/D #3F, Sigel Township S/D #4F, Sigel Township S/D #6, Verona Township S/D #1F, Berlin Township S/D #3, Excelsior Township S/D #1, Grant Township S/D #2, Bois Blanc Pines School District, Moran Township School District, Powell Township Schools, Wells Township School District, Nottawa Community School, and Bangor Township S/D #8.

¹⁹ Bloomfield Township S/D #7F, Bois Blanc Pines School District, Grant Township S/D #2, Arvon Township School District, Oneida Township S/D #3, Sigel Township S/D #6, and Ionia Township S/D #2.

²⁰ Utica Community Schools and Detroit City School District.

²¹ The median is the middle value in a sequence of numbers; in contrast, the average is the sum of the sequence of numbers divided by their count.

²² U.S. Census Bureau, 2000 Land Area. quickfacts.census.gov/qfd/states/44000.html (accessed 9.Nov.09).

²³ Saginaw City School District, Waterford School District, Farmington Public School District, Kalamazoo Public School District, Wayne-Westland Community School District, Flint City School District, Lansing Public School District, Rochester Community School District, Walled Lake Consolidated Schools, Warren Consolidated Schools, Ann Arbor Public Schools, Livonia Public Schools, Dearborn City School District, Plymouth-Canton Community Schools, Grand Rapids Public Schools, Utica Community Schools, and Detroit City School District.

²⁴ The eligibility guidelines to qualify for a free or reduced price school lunch from July 1, 2009 to June 30, 2010 are obtained by multiplying the year 2009 federal income poverty guidelines by 1.30 (free lunch) or by 1.85 (reduced price lunch) and by rounding the result upward to the next whole dollar (Federal Register, Vol. 74, No. 58, Friday, March 27, 2009, pgs: 13411-13412).

²⁵ Oneida Township S/D #3, Bloomfield Township S/D #7F, Grant Township S/D #2, and Bois Blanc Pines School District.

²⁶ Birmingham City School District, Bloomfield Hills School District, Northville Public Schools, Grosse Ile Township Schools, Novi Community School District, Easton Township S/D #6, Saline Area Schools, Dexter Community School District, Troy School District, East Grand Rapids Public Schools, DeWitt Public Schools, Grosse Pointe Public Schools, Forest Hills Public Schools, Rochester Community School District, and

Brighton Area Schools.

²⁷ Flint City School District, Willow Run Community Schools, Albion Public Schools, Walkerville Public Schools, Westwood Community Schools, Ionia Township S/D #2, Muskegon Heights School District, Saginaw City School District, Mt. Clemens Community School District, Whittemore-Prescott Area Schools, Whitefish Township Schools, River Rouge School District, Van Dyke Public Schools, Burt Township School District, Muskegon City School District, Godfrey-Lee Public Schools, Grand Rapids Public Schools, Hamtramck Public Schools, Beecher Community School District, Pontiac City School District, and Baldwin Community Schools.

²⁸ Covert Public Schools and Benton Harbor Area Schools.

²⁹ CRC will make detailed statistics on all local school districts available upon request.

³⁰ Margaret L. Plecki, Julie McCleery, and Michael S. Knapp. *Redefining and Improving School District Governance*. Center for the Study of Teaching and Policy, University of Washington, October 2006: pgs. 5-7.

³¹ Margaret L. Plecki, et al., *Redefining and Improving School District Governance*: pgs. 5-7.

³² The Revised School Code, Michigan Public Act 451 of 1976, MCL 380.11a.

³³ MCL 380.401a, 411a-412a.

³⁴ Public Sector Consultants Inc. *First Class School Analysis*. August 2008. www.skillman.org/media/pdf/skillmanreport_final.pdf (accessed 6.Aug.09).

³⁵ The State School Aid Act of 1979, Michigan Public Act 94 of 1979, MCL 388.1664.

³⁶ MCL 380.502, 522.

³⁷ MCL 380.402.

³⁸ Michigan Attorney General Op. No. 7234 (July 20, 2009).

³⁹ Some local districts can levy "hold harmless" millages, but these rates and funding levels are still determined by the State; ISDs can levy regional enhancement millages that are shared among an ISD's constituent local school districts.

⁴⁰ MCL 380.1278a.

⁴¹ MCL 380.1284a-1284b.

⁴² The School Aid Fund receives a percentage of gross income tax collections before refunds equal to 1.012 percent divided by the income tax rate, or 23.2 percent at the current tax rate of 4.35 percent.

⁴³ As part of a series on public education in Michigan, CRC will release a paper discussing school finance and revenues in more detail.

⁴⁴ MCL 388.1705-1705c.

⁴⁵ Mackinac Center for Public Policy. *Education Report: Thousands of students switch public schools under choice law*, 21.Sep.01. www.educationreport.org/pubs/mer/article.aspx?ID=3747&print=yes (accessed 20.Oct.09).

⁴⁶ Andrew Saultz and Kathryn Summers. *Explaining School Choice*. Senate Fiscal Agency: State Notes, July/August 2009.

⁴⁷ Nonprofit Corporation Act, Michigan Public Act 162 of 1982.

⁴⁸ Michigan Public Act 362 of 1993 amended the Revised School Code (PA 451 of 1976).

⁴⁹ As part of a series on public education in Michigan, CRC will be releasing a paper on charter schools and other non-traditional schools in Michigan.

⁵⁰ MCL 380.502.

⁵¹ Donald A. Spencer. *The Origin and Evolution of Michigan's Intermediate School District*. Submitted to the Michigan Association of Intermediate School Administrators, 23.Sep.09: pg. 3.

⁵² As part of a series on public education in Michigan, CRC will release a report discussing intermediate and local school district service provision and organization.

⁵³ MCL 380.611-616, 623.

⁵⁴ MCL 380.601a.

⁵⁵ CRC will make detailed statistics on all 57 intermediate school districts available upon request.

⁵⁶ MCL 380.1711.

⁵⁷ Office of Special Education and Early Intervention Services, MDE. *Intermediate School District Plan Criteria for the Delivery of Special Education Programs and Services*, September 2008.

⁵⁸ MCL 380.627-628, 641, 671, 673, and 681.

⁵⁹ MCL 380.624-625a, 705, 1722-1729.

⁶⁰ Margaret L. Plecki, et al. *Redefining and Improving School District Governance*: pg. 15.

⁶¹ *Brown v. Board of Education*, 347 U.S. 483 (1954).

⁶² *Parents Involved in Community Schools v. Seattle School District No. 1 et al.*, No. 05-908 (2007).

⁶³ Michael A. Rebell. "Educational Adequacy, Democracy, and the Courts." *Achieving High Educational Standards for All: Conference Summary*. Eds. Timothy Ready, Christopher Edley Jr., and Catherine E. Snow, Division of Behavioral and Social Sciences and Education, National Research Council: pgs. 218, 221-222.

⁶⁴ Michael A. Rebell. "Educational Adequacy, Democracy, and the Courts": pg. 226.

⁶⁵ Todd Ziebarth. *State Constitutions and Public Educa-*

tion Governance. Education Commission of the States: State Notes, October 2000.

⁶⁶ Citizens Research Council of Michigan. *School-Finance Reform in Michigan: Will Judicial Intervention be Next?* Council Comments No. 986, January 1990.

⁶⁷ "Legality of Collective Bargaining." *Education Commission of the States: Teacher Rules, Roles and Rights* website: www.ecs.org/html/offsite.asp?document=http%3A%2F%2Fwww%2Eenctq%2Eorg%2Fcb%2F (accessed 20.Aug.09).

⁶⁸ Michigan Public Act 336 of 1947.

⁶⁹ Michael W. Kirst. "Turning Points: A History of American School Governance": pg. 25.

⁷⁰ Emily Cohen, Kate Walsh, and RiShawn Biddle.

Invisible Ink in Collective Bargaining: Why Key Issues Are Not Addressed. National Council on Teacher Quality, July 2008: pg. 3.

⁷¹ Emily Cohen, et al. *Invisible Ink in Collective Bargaining: Why Key Issues Are Not Addressed*: pgs. 1, 4, and 12.

⁷² MCL 423.215(1).

⁷³ La Rae G. Munk. *Collective Bargaining: Bringing Education to the Table*. Mackinac Center for Public Policy, August 1998: pgs. 15-17.

⁷⁴ MCL 423.215(3).

⁷⁵ Michael W. Kirst. "Turning Points: A History of American School Governance": pg. 25.

⁷⁶ William Lowe Boyd, David N. Plank, and Gary Sykes. "Teachers' Unions in Hard Times." *Teachers' Unions and Educational Reform*, Kennedy School of Government Conference, Harvard University: Cambridge, MA, September 24-25, 1998: pgs. 21-28.

⁷⁷ Margaret L. Plecki et al. *Redefining and Improving School District Governance*: pgs. 4, 20-21.

⁷⁸ Martha McCarthy, Carol Langdon, and Jeanette Olson. *State Education Governance Structures*. Indiana Education Policy Center and Education Commission of the States, November 1993: pg. 31.

⁷⁹ Paul Manna. *State Governance, Policy, and Education Performance in the United States*. Annual Meeting of the American Political Science Association. Chicago, September 2-5, 2004: pg. 3.

⁸⁰ Michigan Public Act 72 of 1990.

⁸¹ Kyle Zinth. *What Governors Need to Know: Highlights of State Education Systems*. Education Commission of the States: State Notes, February 2005.

⁸² Alabama, Arizona, Florida, Hawaii, Idaho, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nevada, North Carolina, North Dakota, Oklahoma, Tennessee, Utah, and Virginia.

⁸³ Large states are defined as those with a population over 10 million in 2007: California, Florida, Illinois, Michigan, New York, Ohio, Pennsylvania, and Texas (www.census.gov).

⁸⁴ States touching one of the Great Lakes include Illinois, Indiana, Michigan, Minnesota, New York, Ohio, Pennsylvania, and Wisconsin.

⁸⁵ "50-State K-12 Governance Structures Online Database: Regional Boards," *Education Commission of the States* website: mb2.ecs.org/reports/Report.aspx?id=168 (accessed 1.Sep.09).

⁸⁶ Alabama, Maryland, Mississippi, New Jersey, South Carolina, and Virginia.

⁸⁷ District size will be discussed in more detail in the paper on school district consolidation and reorganization.

⁸⁸ Margaret L. Plecki, et al. *Redefining and Improving School District Governance*: pgs. 3, 10-11.

⁸⁹ U.S. Census Bureau, Governments Division. *Public Education Finances: 2007*, Issued April 2009. Table 5: Percent Distribution of Elementary-Secondary Public School System Revenue by Source and States. www.census.gov/govs/school/index.html (accessed 2.Sep.09).

⁹⁰ U.S. Census Bureau, Governments Division. *Public Education Finances: 2007*, Issued April 2009. Table 11: States Ranked According to Per Pupil Elementary-Secondary Public School Finance Amounts. www.census.gov/govs/school/index.html (accessed 2.Sep.09).

⁹¹ Interstate finance will be discussed in more detail in the paper on school finance and revenues.

⁹² Charter schools will be discussed in more detail in the paper on non-traditional schools in Michigan.

⁹³ "Charter Connection: All About Charters." *The Center for Education Reform* website: www.edreform.com/Issues/Charter_Connection/?All_About_Charter_Schools (accessed 18.Sep.09).

⁹⁴ Kyle Zinth. *What Governors Need to Know: Highlights of State Education Systems*.

⁹⁵ Michael W. Kirst. "Turning Points: A History of American School Governance": pg. 16.

⁹⁶ Plecki, et al. *Redefining and Improving School District Governance*: pgs. 2-3.

⁹⁷ Plecki, et al. *Redefining and Improving School District Governance*: pgs. 14, 30.

⁹⁸ Plecki, et al. *Redefining and Improving School District Governance*: pg. 22.

⁹⁹ Plecki, et al. *Redefining and Improving School District Governance*: pgs. 11, 30.