



UPDATE ON STATE SUPPORT OF NONPUBLIC SCHOOL STUDENTS

This report is a follow up to *State Support of Nonpublic School Students*, Memorandum 1126, January 2014, www.crcmich.org/state_support_nonpublic_school_students-2014/

In January 2014, the Citizens Research Council reported on Michigan's "shared time" arrangement that allows state school aid funds to be paid to public school districts (traditional and charter) that enroll nonpublic school students.¹ While the number of "shared time" students statewide remains relatively small (about 11,300 students) compared to Michigan's total public school enrollment (1.4 million students), the growth of "shared time" enrollments since 2014 has been prodigious. With this growth, Michigan now spends close to \$100 million to support the education of nonpublic school students by public school teachers. The financial incentives involved with "shared time," combined with recent law changes, will continue to drive up nonpublic school student enrollment over the coming years.

"Shared time" instruction refers to the use of state funds to finance educational services supplied to nonpublic students enrolled in both traditional public and charter schools. Basically, "shared time" is a form of dual enrollment for K-12 students. These private school students are enrolled part-time in the public school for certain elective courses (i.e., non-core curriculum) and the enrolling district receives state School Aid Funds based on the number of classes the student takes (i.e., a fraction of a per-pupil foundation grant). This form of indirect aid to nonpublic schools has existed, uninterrupted, in Michigan since the 1920s. The arrangement has been deemed legal by the courts and does not violate Michigan's ban on direct aid to nonpublic schools under Article VIII, Section 2 of the 1963 Michigan Constitution.

"Shared Time" Enrollment Bucks Trends

Nonpublic student enrollment growth has bucked the statewide trends in total public and nonpublic student enrollment. In the 2015-16 school year, 11,326 "shared time" full time equivalent (FTE) students enrolled in public school, an increase of 282 percent over the 2,962 FTE students enrolled in shared time programs in 1999-2000.² Over the same period, statewide public school enrollment declined 11 percent and nonpublic school enrollment (including home school students) fell by 39 percent. As a result of these divergent trends, nonpublic school students enrolled in public schools statewide comprise almost one percent of the total public school enrollment in 2015-16, compared to 0.2 percent in 1999-2000.

The growth in "shared time" enrollment has been most pronounced since the Research Council's 2014 report, jumping 45 percent in the past three years (see **Chart 1**). This growth was fueled by newly participating districts, as well as by already participating districts growing their nonpublic enrollments. In 2015-16, 36 percent of all school districts (305 of 842 traditional public and charter schools) enrolled at least one nonpublic student.

In terms of nonpublic school student participation, "shared time" enrollment makes up about 10 percent of the total statewide student FTEs. Stated another way, the average nonpublic school student spends

¹ For a more comprehensive detailing of the history and a legal examination of the "shared time" program, see Citizens Research Council of Michigan Memorandum #1126, *State Support of Nonpublic School Students*, January 2014, www.crcmich.org/state_support_nonpublic_school_students-2014/.

² The State of Michigan captures "shared time" enrollment on an FTE basis for purposes of distributing state aid to enrolling public school districts. Because these students enroll on a part-time basis, the actual number of individual students that participate in these programs is many more.

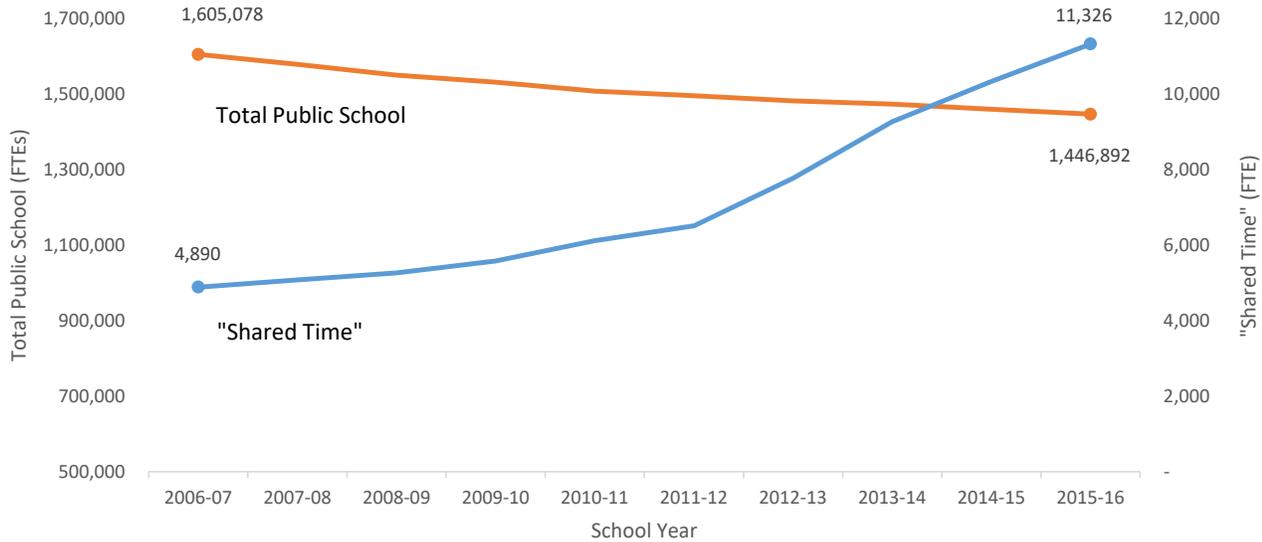
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roughly 10 percent of his/her school year attending classes provided by a public school. In terms of raw numbers, about 68,000 of the approximately 114,000 private and home school students statewide

were enrolled in public school in 2015-16. For the individual student, participation varies significantly depending on the student's grade level, educational plans, and available course offerings.

Chart 1

Total Public School vs. "Shared Time" Enrollment



Source: Center for Educational Performance and Information (CEPI)

How Many Private School Students Attend Your Public School?

The nonpublic student enrollment is relatively small for the state as a whole; however, for a handful of districts, these students account for a sizeable percentage of overall enrollment. In 15 districts, "shared time" FTEs represent at least 5 percent of the total enrollment. For Madison Academy, an 891-student charter school in Flint, 43 percent of its total enrollment is nonpublic school students. The next largest participating district, Brighton Area Schools, enrolled over 1,400 nonpublic student FTEs in 2015-16, representing 19 percent of its total enrollment. **Chart 2** shows the public school districts with the largest nonpublic student enrollments as a share of their total enrollments.

One in five Brighton students (on an FTE basis) are private school students. On a head count basis,

however, the district enrolls many more private school students (over 9,500 students) than it does public school students (5,948 students) because all nonpublic school students are enrolled in public school on a part-time basis (i.e., less than one full FTE), while traditional public school students are enrolled full-time.

To highlight the fiscal significance of "shared time" participation, consider the case of Brighton Area Schools. The district originally targeted expanding its nonpublic student enrollment as a counterforce to declining student enrollment and to address the resultant financial challenges. The district's "shared time" enrollment growth has been unprecedented, which has helped the district erase an operating deficit and strengthen its balance sheet.

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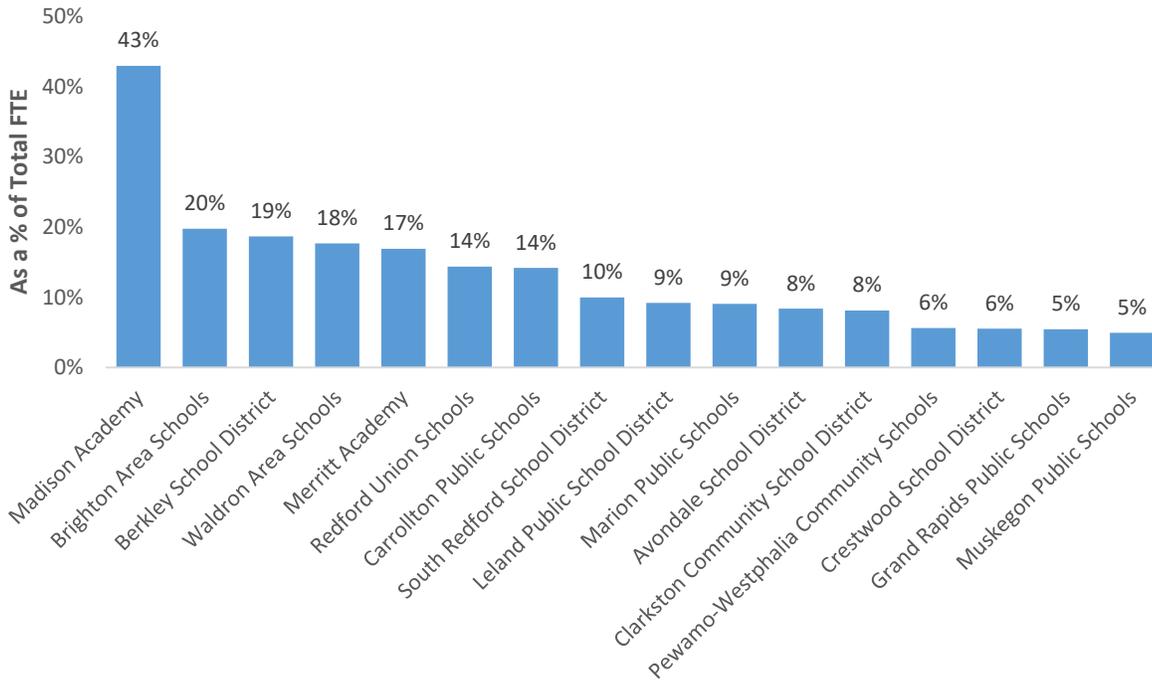
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Chart 2

School Districts and Charter Schools with Five Percent or Greater “Shared Time” Enrollment in 2015-16



Source: Center for Educational Performance and Information (CEPI)

In 2012-13, the district enrolled 442 nonpublic student FTEs, representing seven percent of its total enrollment. These students were residents of 67 different school districts, with a significant number coming from the nearby districts; Ann Arbor Public Schools (77 FTEs), Pinckney Community Schools (33 FTEs), and Howell Public Schools (29 FTEs). Non-public school student enrollment added \$3.1 million in foundation grant funding to the district’s budget for that year.

For the most recent year, Brighton Area Schools enrolled 1,432 private school student FTEs that are residents of 161 different public schools districts. The largest shares of the total were residents of Lansing Public School District (98 FTEs), Saginaw Township Community Schools (91 FTEs), and Ann Arbor Public Schools (86 FTEs), all districts that are located outside of Brighton’s intermediate school district (Livingston Educational Service Agency). According to the district, these students attended 44 different nonpublic schools (note: nonpublic schools enroll resident students from multiple public school

districts). Brighton enrolled the most nonpublic school students from Nouvel Catholic Central, a K-12 school in Saginaw (172 FTEs) and Lansing Catholic High School (126 FTEs). On average, it serviced 32 FTE students from each of the 44 nonpublic schools.

As a result of its aggressive marketing efforts over the last five years, Brighton has been able to grow its shared services program in large measure by expanding its geographic reach; it now provides services to students from districts across the Lower Peninsula. The district has established the infrastructure to recruit, hire, and deploy instructional staff to teach in schools far beyond Brighton’s boundaries and it provides educational services to students at all grade levels based on the needs of schools it serves.

Most significantly, Brighton’s nonpublic school student enrollment added \$10.6 million in per-pupil funds to the district’s budget in 2015-16. The portion of these funds not required to operate the district’s shared services contracts are available to supplement its general operating budget.

Spending Approaches \$100 Million

The increase in nonpublic student enrollment means additional per-pupil funding for districts. This is because every nonpublic student FTE that a district counts in membership for purposes of distributing state aid generates additional resources (minimum of \$7,391 per FTE). For the 2015-16 school year, nonpublic students generated \$86 million for enrolling districts. This is up from \$57 million in 2012-13. The \$86 million in School Aid Fund dollars to support nonpublic school students amounts to approximately \$60 per pupil statewide.

The fiscal year 2016-17 School Aid Budget contains a

\$2.5 million General Fund appropriation to reimburse private schools for the cost of compliance with state health and safety mandates. Some in the public school community have argued that the appropriation violates Michigan's constitutional prohibition against aid to nonpublic schools and have suggested that a lawsuit may be initiated to challenge the funding's legality. Although the legality of Michigan's "shared time" arrangement has been settled for more than three decades, it is worth noting that the School Aid Fund has spent an additional \$10 million per year each of the last three years to support nonpublic school students attending public schools.

Saturation or Continued Growth?

Given the robust growth in "shared time" enrollment statewide, it is unlikely that a saturation point has been reached. Data analyzed since CRC's 2014 report shows that both traditional public districts and charter schools continue to supply the services demanded; there is evidence of districts increasing their nonpublic student enrollment as well as new districts offering "shared time" courses. While it may be the case that "shared time" enrollment in some districts is leveling off, recent statewide trends implies continued growth.

It is difficult to gauge the future demand for the

program. Given current trends, nonpublic schools will continue to request state assistance to help defray the costs of educating their students as long as the incentives do not materially change. Demand is contingent on the educational plans of the individual students participating. Also, future demand is constrained by state law provisions, including which elective courses are eligible as well as which grade levels may participate. Over the last five years, policymakers have sought to provide nonpublic students with greater access to "shared time" instruction by opening it up to kindergarten students and expanding the geographic area that public schools may serve.

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