



# Public Education Governance in Michigan

Association of Government Accountants,  
Greater Lansing Chapter

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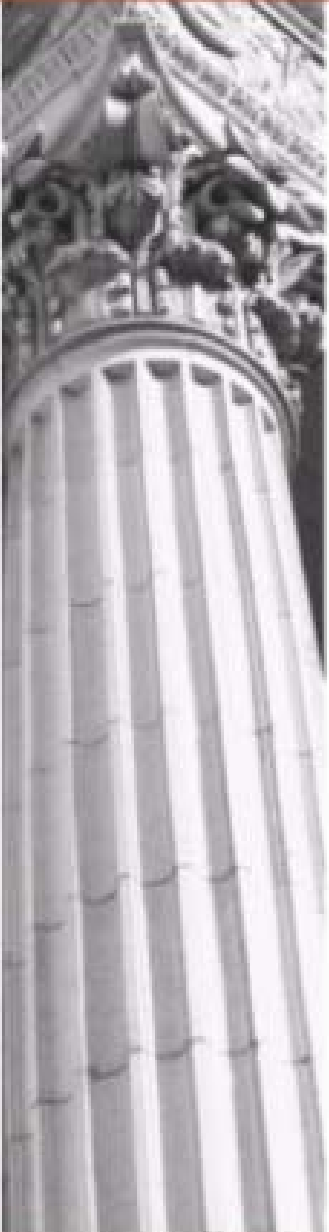


# **Overview of CRC Education Project**



## CRC Education Project

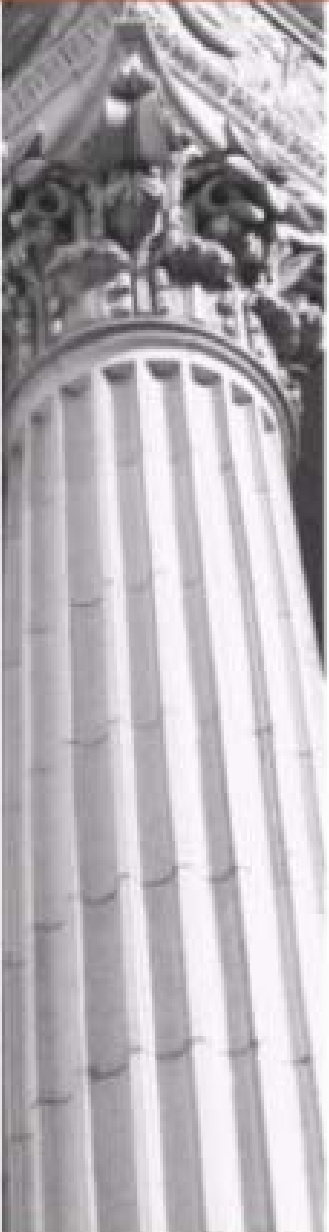
- Education Governance
- K-12 Revenues and School Finance
- Fiscal Realities and Spending Reforms
- PSAs and Non-Traditional Schools
- School District Service Provision and Reorganization
- Analysis of Educational Reforms





## Education Governance

- Governance Structures
- Interstate Comparisons
- Implications of Current System
- Education Governance Reforms
  - Independent versus dependent districts
  - State/city takeovers
  - Site-based management
  - P20 systems





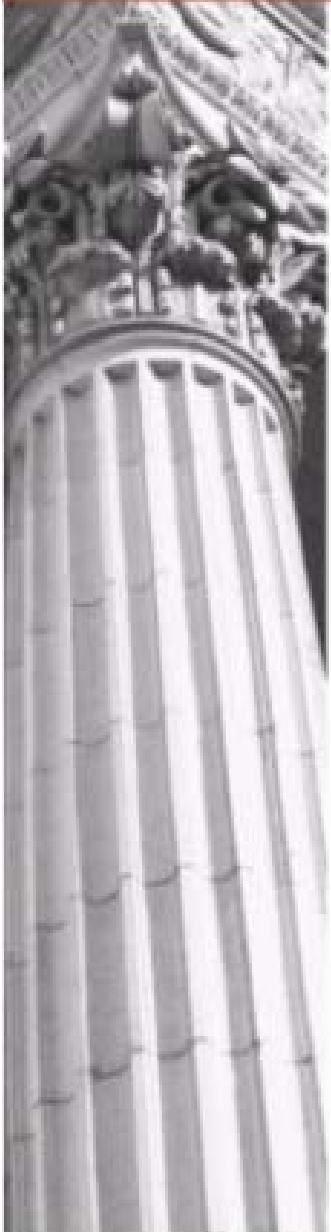
## K-12 Revenues and School Finance

- Pre-Proposal A Funding Structure
- Proposal A and School Revenues
- Foundation Allowance Formula
- Categorical Grants
- State and Districts' Budgeting Processes and Timelines
- Interstate Comparisons of Funding Structures
- Analysis of School Finance Reforms
  - Changes to tax structure
  - Changes to current revenues
  - Changes to foundation system
  - School district equity



## Fiscal Realities and Spending Reforms

- Cost Pressures
- Capital Expenditures
- Measures of Districts' Fiscal Health
  - Indicators of fiscal stress
  - Deficit districts
- Interstate Comparison of Education Spending
- Analysis of Spending Reforms/Cost Reductions





## Public School Academies and Non-Traditional Schools

- Analysis of PSAs
  - Academic achievement and success
  - Accountability
  - Role as models for traditional schools
  - Relationship between PSAs and traditional districts
- Public Money for Private Schools: Vouchers and tax credits
- Impact of Choice on All Students and Schools







## School District Consolidation and Reorganization

- Optimal Size
- Economies of Scale and Other Benefits
- Role of the State and ISDs
- Barriers to Reorganization





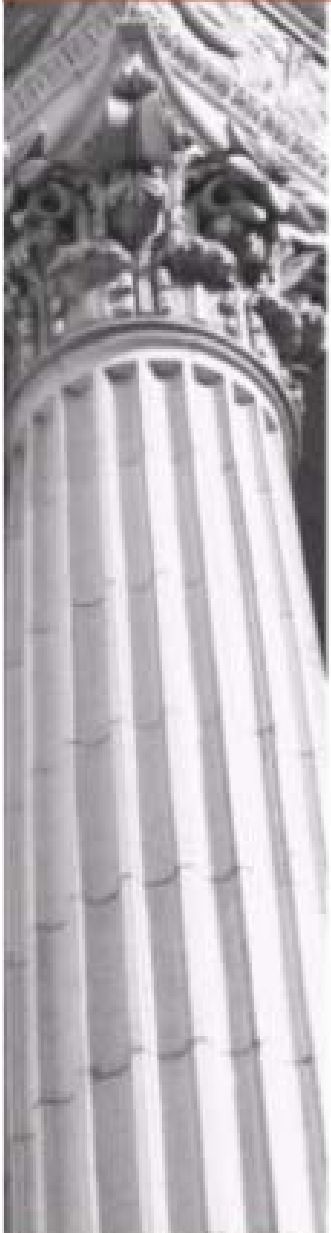
## School District Service Provision

- Survey of Local and Intermediate Districts
- Identify School District Collaboration
  - District to district
  - District to local government
  - District to PSA
  - District to private school
  - District to private company: Privatization
- Role of ISDs
- Barriers to Cooperation and Privatization



## Analysis of Educational Reforms

- Identify Effective Schools and Programs
- Analyze Changes to Educational System
- International Comparisons
- Alternate Delivery Methods
- Pre-Kindergarten through Grade 14 or 16
- Better Use of Technology





## Why Education Now?

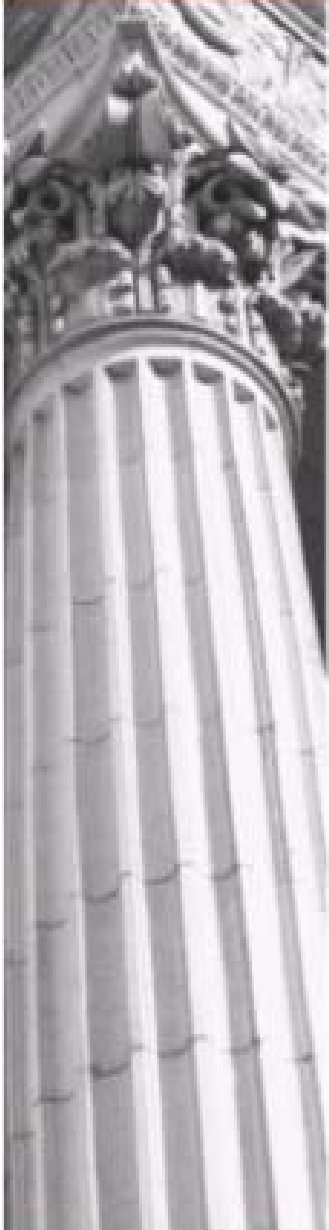
- Public Primary and Secondary Education Facing Numerous Challenges
  - State revenues falling
  - Local revenue growth stagnating
  - K-12 education service providers facing escalating cost pressures
  - Stimulus funds have created a budgetary “cliff”
  - School district organization and service provision structures being reviewed



## Education is Critical

- A Successful Democracy Relies on an Educated Citizenry
- Reeducating Workers and Preparing Students for the Global Economy Both Crucial to Transforming Michigan's Economy
- Education Vital to State and Local Budgets
- Public Education Represents a Government Program that Many Residents Directly Benefit From





# **Public Education Governance in Michigan**

January 2010, CRC Report 359



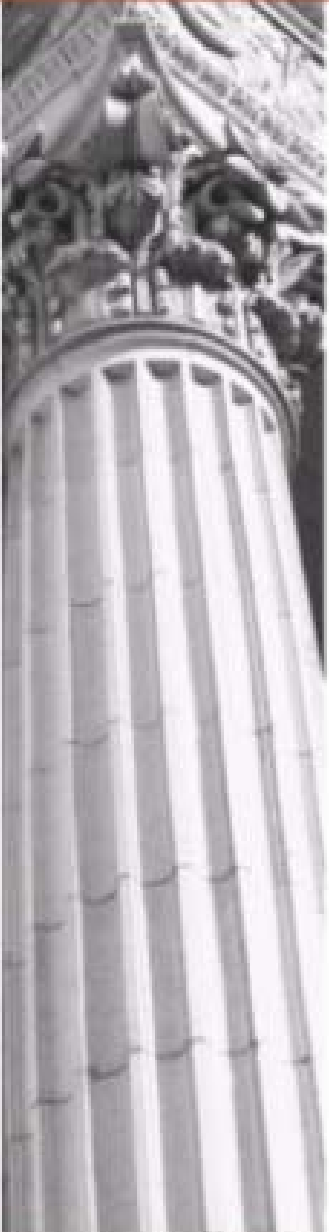
## The Federal Role

- The Elementary and Secondary Education Act (ESEA), 1965
- No Child Left Behind (NCLB), 2001
- FY2007: \$46.4 billion in total federal education grants
  - Michigan total: \$1.54 billion
- American Recovery and Reinvestment Act (ARRA), 2008-2009
  - \$787 billion federal stimulus package
  - \$100 billion for education projects



## The Tenth Amendment

- “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.”
- Federal Government’s Authority Over Education Conditioned on Federal Funding







## Michigan Constitution

- Education is a Uniquely Important State Function
- “The means of education shall be forever encouraged” (Michigan Constitution, Article VIII, Section 1)
- Requires Legislature to “maintain and support a system of free public elementary and secondary schools as defined by law” (Michigan Constitution, Article VIII, Section 2)





## State Functions

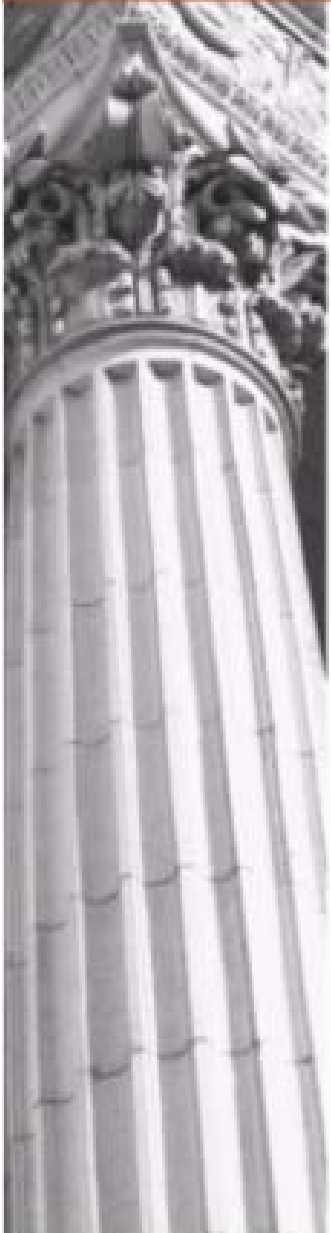
- State Legislature
  - Plenary power over educational matters
  - Can take more active role in providing education
  - Took more active role in funding education with Proposal A in 1994
  - Directs and develops educational policy determining oversight, standards, and accountability; operating funding levels; and provision requirements
- Governor
  - Ex-officio member of state board of education
  - Executive authority over superintendent
  - Role in education policy, oversight, and funding



## State Functions

- State Board of Education (SBE)
  - Eight members elected at-large in partisan elections
  - Consultative and deliberative role rather than active policymaking role
- Superintendent of Public Instruction
  - Appointed by SBE
  - Implementer of SBE policy and state law
- State Departments
  - Michigan Department of Education (MDE)
  - Other state departments





# Local District Organization and Functions

Descriptive Statistics of Current Districts



## Local District Enrollment Data, FY2009

	District Count	% of Total	Total Enrollment	% of Total	Enrollment per District
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](http://michigan.gov/cepi/0,1607,7-113-21423_30451_30460-214378--,00.html) (accessed 25.Nov.09).



## Local District Size, FY2009

	Avg. District Sq. Mi.	Students per Sq. Mi.	Avg. No. of Buildings	Students per Building
1-500 Students	116.63	4.42	1	152
501-1,000 Students	151.16	17.50	3	297
1,001-2,500 Students	116.58	77.40	4	378
2,501-5,000 Students	67.80	266.44	7	513
5,001-10,000 Students	57.44	255.56	12	572
Over 10,000 Students	66.01	353.09	34	573
All Districts	105.04	121.66	6	382
All Districts Median	72.29	19.76	4	386

Source: CEPI, MDE.



## Additional District Statistics

- Average district has 332 FTEs
  - 130 teachers
  - 47 special education FTEs
- Median district has 182 FTEs
  - 76 teachers
  - 19 special education FTEs
- Average district
  - 8.5 students per FTE
  - 20.4 students per teacher
  - 12.1 special education students per FTE
- 13.6% Special Education Pupil Membership
- 42.3% Free/Reduced Price School Lunch Pupil Membership



## Local School Boards

- Created over 200 Years Ago to Separate Education Governance from the Local General Governmental System
- Represent Needs and Preferences of Local Communities
- Designed to Focus on Broad Matters of Policy
- Agents of State Government
- Multiple Roles and Functions Require Them to be Accountable to the State, the Federal Government, and Local Constituents
- General Powers Districts: Enrollment less than 100,000
- First Class Districts: Detroit Public Schools





## Diminished Role of Local School Boards

- School Funding
- Curriculum Standards
- School Calendar
- Centralized Versus Decentralized Governance





## Superintendents' Role

- Professional Management
- Execute Board Policies
- Administer Instructional Programs
- Liaison Between School Personnel and Board
- Oversee District Employees
- Participate in Collective Bargaining
- Prepare and Submit Budgets to Board





## School Funding

- Proposal A of 1994
  - Majority of revenue raised by state government
  - Funding distributed based on a per pupil formula determined annually by state
- School Funding Formula
  - State foundation allowance (state aid and local property tax revenues)
  - Federal education grants
  - State categorical grants
- Centralization of School Funding
- Capital Revenues Raised Locally



## Schools of Choice Law

- Districts May Enroll Nonresident Students Without Having to Obtain Approval from Students' Districts of Residence
- Nonresident Students Must be from Same or Contiguous ISD
- Competition for Students and Education Dollars
  - Fiscal challenge for districts losing students
  - Financial boon to districts gaining students
  - Marginal cost to educate student much less than average cost
- FY2009: 80,000 school of choice students representing \$594 million in school aid



## Public School Academy (PSA) Organization and Functions

- Public Schools Organized as Nonprofit Corporations
- FY2009: 232 PSAs serving 6% of students
- Semi-Autonomous Public Schools
  - Required to meet same student accountability standards
  - Provided freedom from some regulations facing traditional districts



## Intermediate School Districts (ISDs)

- 57 ISDs
- Educational Service Agencies Providing Services to:
  - Local districts
  - The state
  - Students
- Local Variation: Services provided not uniform across state
  - Allows local district needs to be met
  - Leads to differences in the levels of central services provided to districts
  - Can make it difficult for citizens to understand exactly what ISDs do



## ISD Constituent Districts, FY2009

ISDs	No. of ISDs	% of Total	No. of Constituent Districts	% of Total
1-6,000 Students*	9	15.8%	52	6.6%
6,001-10,000 Students	15	26.3%	121	15.5%
10,001-20,000 Students	15	26.3%	138	17.6%
20,001-50,000 Students	13	22.8%	210	26.8%
Over 50,000 Students	5	8.8%	262	33.5%
Total Districts	57	100.0%	783	100.0%

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



## ISD Pupil Enrollment, FY2009

ISDs	ISD Enrollment	Local District Enrollment	PSA Enrollment	Total Enrollment	% of Total
1-6,000 Students	931	38,151	150	39,232	2.4%
6,001-10,000 Students	3,608	117,859	2,105	123,572	7.4%
10,001-20,000 Students	4,152	201,425	3,144	208,721	12.6%
20,001-50,000 Students	6,872	403,957	19,668	430,497	25.9%
Over 50,000 Students	2,628	776,120	79,147	857,895	51.7%
Total Districts	18,191	1,537,512	104,214	1,659,917	100.0%

Source: CEPI, MDE. 2008-09 Public Headcount data, district enrollment data.  
[michigan.gov/cepi/0,1607,7-113-21423\\_30451\\_30460-214378--,00.html](http://michigan.gov/cepi/0,1607,7-113-21423_30451_30460-214378--,00.html) (accessed 25.Nov.09).





## Intermediate School Districts

- Services
  - Special education
  - Other services
- Funding and Taxing Authority
  - Budgets must be approved by constituent districts
  - Property tax mills (operating, special education, and vocational education)
  - Regional enhancement property tax
- Revenues Totaled \$2.4 billion
  - Some revenues passed through to local districts
  - 60% from local sources, 18% from state sources, 22% from federal sources



## Special Education Governance in Michigan

- Provides Clear Example of Complexity Surrounding Education Governance
- Federal Laws
  - Individuals with Disabilities Education Act (IDEA)
  - No Child Left Behind (NCLB)
  - Section 504 of the Rehabilitation Act of 1973
  - Americans with Disabilities Act (ADA)
- State Rules and Regulations
- Programs Vary Across State
- Revenues and Expenditures Difficult to Track



## Other Actors Who Influence K-12 Education Governance

- State and Federal Courts: The court system exercises legal authority over public education
- Teachers' Unions
  - Michigan one of 34 states that require public employers to engage in collective bargaining
  - Collective bargaining generally restrains power of school boards and superintendents and requires principals to react to centralized personnel policies
- Other Groups



## Interstate Comparison

- State Governance Structures
  - Michigan: State board of education (SBE) elected and appoints superintendent of public instruction
  - Local Government Fiscal Responsibility Act
  - New law gives state more powers over schools struggling academically



## Interstate Comparison of Regional School Districts, 2007

	No. 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.schooladatadirect.org/](http://www.schooladatadirect.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](http://mb2.ecs.org/reports/Report.aspx?id=170) (accessed 1.Sep.09); and U.S. Census Bureau.



## Interstate Comparison of Local School Districts, 2007

	No. of Regional Districts	Population per District	Students per District	Square Miles per District
Michigan	552	18,206	3,106	102.91
Average of All 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 school district.

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



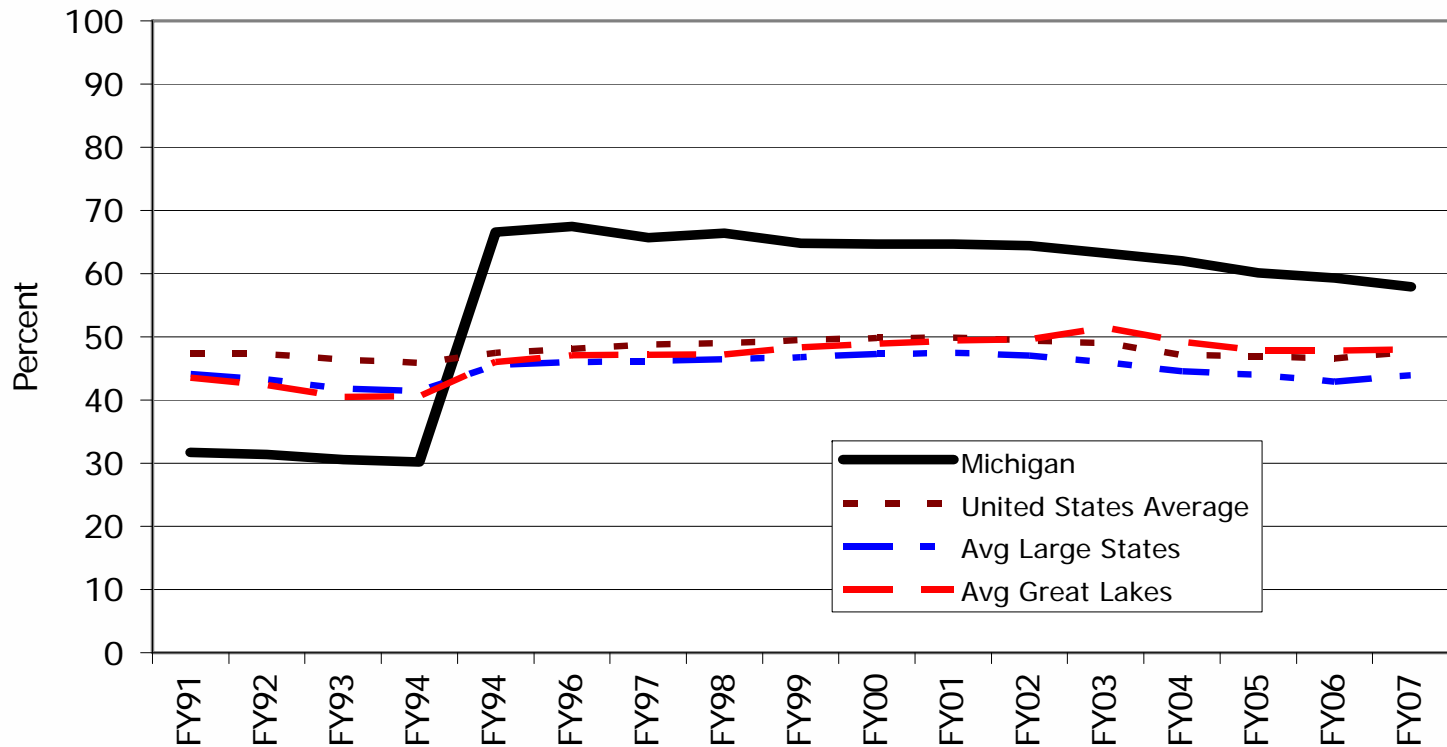
## Percent of K-12 School Funding from Local, State and Federal Sources, FY2007

	Local Sources	State Sources	Federal Sources
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](http://www.census.gov/govs/school/index.html) (accessed 2.Sep.09).

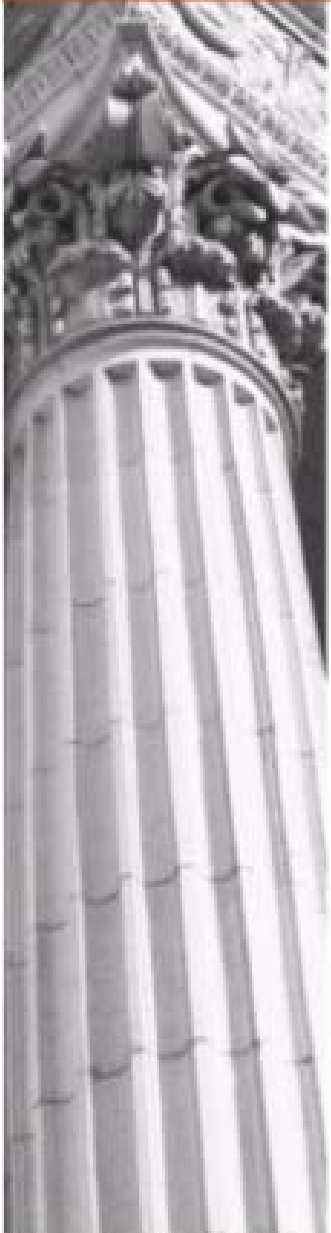


## Percent of K-12 Funding from State Sources, FY1991-FY2007



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](http://www.census.gov/govs/school/index.html) (accessed 2.Sep.09).



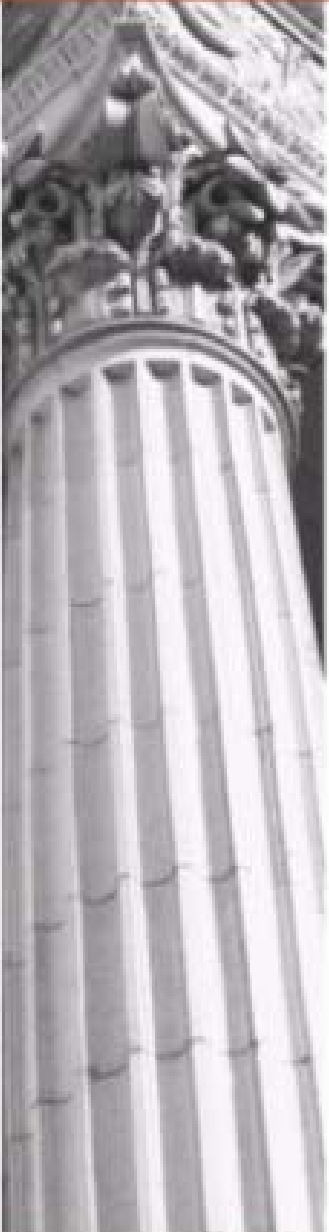


# Implications of Michigan's Governance System



## Complex Political Environment

- Two Systems of Government
- Overlapping Authority
  - “Everybody – and therefore nobody – is in charge”
  - Policy pile-on
  - Checks and balances
- Accountability and Perception Issues
- Role of ISDs





## School Funding Issues

- Centralization of School Funding
  - Decreased the funding gap in per pupil revenues across the state: Amount of revenue provided to educate a pupil less dependent on where that pupil lives and property wealth of their district
  - Led to loss of local control
  - Made districts more reliant on state revenue which tends to be more directly linked to the economy and more volatile
  - Issues exacerbated by state and school districts different fiscal years



## Competition

- Governance Structure Creates Competition
  - Charter schools
  - Schools of choice
- Competition has Benefits and Costs
  - May cause districts to evaluate programs and provide more services
  - May cause districts to spend money on advertising and marketing
  - May inhibit collaboration

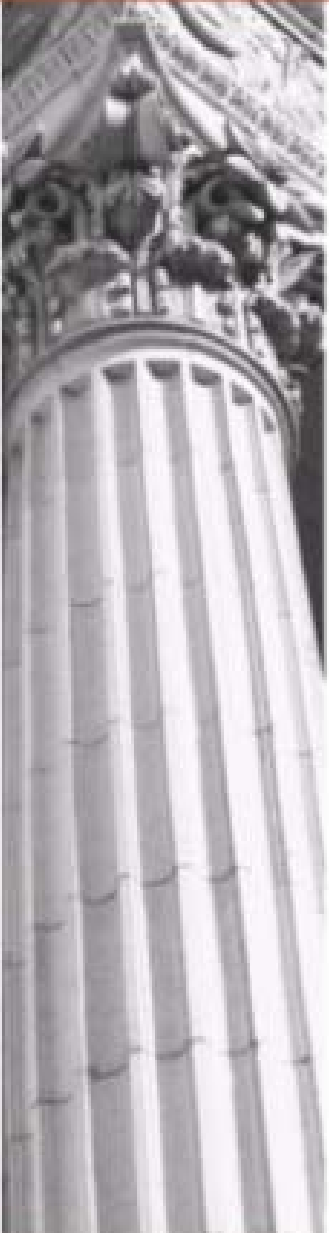


## Conclusion

Understanding education governance in Michigan is critical to understanding public education and affecting change in Michigan's public education system. The multitude of actors involved in education governance 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.



**Questions?**





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