

April 17, 2025

## Block Granting Federal Education Funding Presents Michigan Policymakers with Opportunity to Address Long-standing Inequities Across Schools

### In a Nutshell

- In its efforts to reshape the federal role in education, the Trump Administration has breathed new life into a decades-old D.C. policy proposal to “block grant” federal education funds to states, rather than use restrictive formula-driven grants required by law
- With greater flexibility for federal Title I funding use and allocations, state policymakers will have the opportunity to determine how hundreds of millions of dollars can be best aligned to meet Michigan’s K-12 education goals for low-income students.
- Michigan could use the expanded flexibility over federal funding that comes with block grants to address long-standing per-pupil funding inequities across school districts with the most low-income students.

Amidst the near-daily chaos and disruption swirling around the U.S. Department of Education (massive departmental layoffs, research funding cuts, attempts to eliminate DEI in schools), a long-simmering funding proposal to block grant federal education dollars to states is garnering renewed attention. If enacted, Michigan could use the expanded flexibility over federal funding that comes with block grants to address long-standing per-pupil funding inequities across school districts with the most low-income students.

Since the creation of the U.S. Department of Education (U.S. DOE) in 1979, Republicans have worked to scale-down the federal education bureaucracy and fundamentally change how billions of federal K-12 education funds flow to local public schools each year. The new Trump Administration is no different. In addition to public calls to eliminate the U.S. Department of Education, the new administration has pledged to “return education to the states.” In its efforts to reshape the federal role in education, the Trump Administration has breathed new life into a decades-old D.C. policy proposal to “block grant” federal education funds to states, rather than use restrictive formula-driven grants required by law.

Federal funding represents just \$1 of every \$10 spent by Michigan public schools. However, this money is targeted at serving low-income learners and those with special needs, and some fear block granting will lessen federal oversight and divert spending from high-need students. Still, giving states more control over the use of this limited funding is a policy priority of the current administration. Generally, backers of block grants contend they provide states with greater flexibility to target resources to align with local priorities and funding needs, as opposed to overly prescriptive “one-size-fits-all” federal formula.

Many states are lining up to support a shift to block grants. Several top education leaders from traditionally “red” states asked U.S. DOE Secretary Linda McMahon for greater flexibility with several major funding streams. This includes Title I dollars, the largest program of support for elementary and secondary education that serves children from low-income households. Michigan school districts will receive \$510 million this year to serve 718,000 low-income students in nearly every district from Alma to Zeeland.

Federal law limits how much flexibility the U.S. DOE Secretary can give states to change the use and allocation of federal dollars via her waiver authority. Any permanent policy to block grant major revenue streams to states will require Congress to change the federal Every Student Succeeds Act. Thus far, congressional intentions around block granting remain unclear.

Still, states across the country should be thinking about how they might respond if Congress acts to shift toward a block grant model. This would be a major shift in funding responsibility and authority and could require Michigan policymakers to adapt quickly to adopt state-level policy and guidance to get this money to schools with minimal disruptions.

With block grant flexibility for Title I dollars, Michigan policymakers would be able to pursue state (not federal) funding priorities for supporting low-income students. Instead of federal law, Michigan state and local education leaders, as well as parents and students, would gain responsibility, and accountability, for linking per-student funding levels to each district's financial need. This would help ensure that supports for high needs students are aligned to state goals (e.g., early literacy and 8th grade math), rather than outdated, complicated and obscure funding formulas loosely tied to education goals contained in federal law.

It is always the case that settling on the details of any school funding formula, new or revised, will have to consider practical, administrative, and, of course, political factors. A pivot to block granting federal Title I funds would be no different. Among the initial policy questions Michigan decisionmakers would likely face is what mechanism(s) to employ to distribute the newly block-granted funds. In other words, they must determine a funding formula to allocate hundreds of millions of federal dollars among 840 local school districts to ensure these resources best serve low-income across the state.

State policymakers' options for distributing block grant funds to school districts will be somewhat limited. While they will have to attend to all federal guidelines, it is likely that state officials would have three general approaches to consider: 1) maintain current federal Title I formulas, 2) combine/"braid" federal Title I block grant dollars with state funding for low-income students using existing state school funding formulas, or 3) develop new state-level formulas to meet the needs of low-income students. Each option comes with its own mix of pluses, minuses, and tradeoffs that must be considered.

Should Michigan officials decide to use the existing Title I formula to allocate resources to individual districts, such an approach would likely benefit from a faster implementation period and minimal disruption to current district allocations. But maintaining the status quo would continue to drive substantial funding inequities across Michigan districts that serve the same student population.

Our recent research showed that among the state's poorest schools (i.e., minimum 73 percent low-income students), Title I allocates an average of \$600 per low-income student this year. But actual funding amounts vary widely from district to district. Across Michigan's 300 highest-poverty school districts, per-pupil allocations range from only a few hundred dollars in several districts to \$1,000 per-student or greater in 10 percent of districts. From a statewide perspective, per-student funding variability of this degree is simply unfair because it leaves some schools under-resourced when it comes to serving students with the greatest needs. Existing Title I formulas fail to ensure that ALL high-poverty districts and schools are equitably resourced.

If Congress grants states more flexibility over allocating education dollars, a far better approach to serve low-income K-12 students in Michigan would be for state officials to blend/braid all, or at least a portion, of the Title I funds with the state's existing "at-risk" funding mechanism. This formula uses per-student "weights" (expressed as a percentage of each district's base per-pupil) to allocate \$1 billion of state School Aid Funding to districts for supplemental at-risk programs.

For years, district officials have programmed Title I dollars and state at-risk funds interchangeably for individual schools to serve low-income students with additional teaching and other academic support. The "use" of the two funding streams has been effectively combined by schools for decades; however, districts receive their annual allocations through two separate and very different funding formulas.

Unlike Title I funds, state at-risk dollars are distributed to districts on an equal per-student basis by considering each district's level of student poverty. Under Michigan's new Opportunity Index funding mechanism, districts with higher concentrations of student poverty receive larger per-pupil allotments. This year, for example, low poverty districts will receive at least \$1,200 per student in at-risk funding while each low-income student in a high poverty district will generate \$1,600. The Opportunity Index also ensures that schools with the same level of student poverty are treated equally in terms of per-pupil funding amounts.

Using Michigan's existing weighted-student funding formula to allocate some or all of Title I dollars would not require a "new" formula, but it would likely change the amount flowing to individual schools and school systems, and state policymakers would need to consider the impact of those changes at the local level.

To date, Michigan policymakers have been reluctant to use state at-risk funding to address the inherent inequities in the distribution of Title I funds. That could change if Congress moves to block grant these resources to states. With greater flexibility for Title I funding use and allocations, state policymakers will have the opportunity to determine how hundreds of millions of dollars can be best aligned to meet Michigan's K-12 education goals for low-income students. Blending/braiding portions of federal aid with the existing state Opportunity Index funding would help ensure ALL low-income students, regardless of where they live, receive comparable levels of per-student funding.

## ABOUT THE AUTHOR

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Craig is the Research Council's Research Director and primary researcher of education and school finance issues. Prior to becoming Research Director, Craig served as the Director of State Affairs and as a Senior Research Associate. During his graduate school studies, he worked for the Council as a Lent Upson-Loren Miller Fellow from 1993 to 1995. Before joining the Council in 2006, Craig worked for ten years as a fiscal analyst at both the Senate Fiscal Agency and the House Fiscal Agency. He previously worked for the Michigan Department of State, Office of Policy and Planning and the United States Environmental Protection Agency in Chicago.

Craig holds a B.A. in Economics and Political Science from Kalamazoo College and a Masters in Public Administration from Wayne State University. He holds positions on various professional, nonprofit, and local government boards/associations.

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