

# THE FINANCING OF ADULT EDUCATION IN MICHIGAN

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A REPORT BY:

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## THE FINANCING OF ADULT EDUCATION IN MICHIGAN

Substantial numbers of adults in Michigan do not possess a high school diploma. The 1980 Census indicated that about 1.68 million Michigan residents age 25 and over lacked 12 complete years of schooling, or about 32 percent of the population age 25 and over. (By way of comparison, there were 1.81 million children enrolled in Michigan public schools in 1980.) These are significant figures and suggest that adult education levels in the state should be a matter of concern, particularly in view of the close connection between certain skills acquired in the classroom and occupational potential — and, on the other hand, between lack of education and poverty.

The State of Michigan spends about \$3.2 billion of its own funds annually for education, which can be divided roughly as follows:

- \$2 billion in state aid for elementary-secondary education provided free to school-age children.
- \$1 billion in state aid for higher education of adults who also contribute through payment of tuition and other fees.
- \$200 million in state aid for elementary-secondary education provided free to adults who lack high school diplomas.

A typical elementary-secondary education program for adults in a Michigan school district has two components — adult basic education (ABE) and high school completion. The ABE program features courses in reading, writing, and basic mathematics to bring adults to an eighth grade competency. The high school completion program includes most courses offered in the regular high school program. Generally at the ABE level there are slightly more males enrolled; at the high school level there are more females, and about twice as many females graduate. Most students are from low income families including many welfare recipients. Districts with large programs may have one or more buildings devoted exclusively to the adult education program. In addition, community facilities such as churches, industrial buildings, and community centers may be used on a part-time basis. Such districts are moving in the direction of full-time adult education staff. Districts with small programs use school buildings on a part-time basis in the late afternoon and evening and hire part-time staff. In 1984, a total of 11,630 adults received diplomas from adult education programs in Michigan.

Do the citizens of Michigan receive a good return on the annual investment of \$200 million by the state in adult elementary-secondary education programs of local school districts? Could the return be improved by changing the investment strategy used by the state? This paper evaluates the adequacy of the approach taken by the State of Michigan to financing adult elementary-secondary education (hereinafter simply “adult education”). No critique of the actual content of adult education classes or curricula in local school districts is expressed or implied.

## ADULT EDUCATION LEVELS IN PERSPECTIVE

It is important at the outset to understand some of the dimensions of adult educational deficiencies in Michigan. The 1980 Census included data on educational attainment for adults age 25 and over in all states, as well as in the various political subdivisions thereof. \* These data provide a basis for placing the adult education problem in some perspective. They show that:

- **Educational deficiency levels for Michigan adults are typical of most large states.**

Michigan ranked 16th among the 21 largest states in 1980 in the proportion of adults 25 and over having less than 12 years of schooling. The Michigan proportion (32.0%) was marginally lower than the 21-state total (33.5%) and fell in the mainstream of large states (30-38%). Four states had significantly low percentages of adults without a high school education (22-28%), while another four (all southern) had substantially higher percentages than others in the group (42-45%).

**Table 1**  
**Percentage of Adults 25 and Over Having Completed**  
**Less Than 12 Years of Schooling,**  
**21 Largest States**

North Carolina	45.2%	Florida	33.3%
Tennessee	43.8	Ohio	33.0
Georgia	43.6	Maryland	32.6
Louisiana	42.3	New Jersey	32.6
Virginia	37.6	MICHIGAN	32.0
Texas	37.4	Wisconsin	30.4
Missouri	36.5	Massachusetts	27.8
Pennsylvania	35.3	Minnesota	26.9
New York	33.7	California	26.5
Indiana	33.6	Washington	22.4
Illinois	33.5	TOTAL, 21 STATES	33.5

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\* The Census also included educational attainment data for 18-24 year-olds in certain types of jurisdictions. The problem with such data for this age group, however, is that many youths are still enrolled in regular school programs at age 18 or 19, and many will complete 12 years of schooling in the normal course of events. Such students are mixed in the data with other youths who have dropped out of school before completing 12 years.

- **Educational deficiencies for older age groups of Michigan adults are much higher than the overall figure.**

A total of 1.68 million Michigan adults age 25 and over had less than a high school education in 1980. The proportion with less than 12 years of schooling rose sharply with age (as shown in Table 2). Over 63 percent of adults age 65 and above in 1980 had not completed 12 years of schooling — a total of almost 576,000 persons. Thus 34 percent of Michigan adults who might have sought adult education classes in 1980 had reached the usual retirement age. Another 41 percent of potential adult-education clients were in the 45-64 age bracket, which also had relatively high levels of educational deficiencies. Fewer than one in five adults in the younger (25-44) age group had less than 12 years of schooling, which meant that this group — comprising almost half of all adults 25 and over — supplied only 25 percent of potential adult education students.

**Table 2**

**Percentage of Michigan Adults 25 and Over Having Completed  
Less Than 12 Years of Schooling, By Age Group**

Age Group	Adult Population	% of Adults Age 25 & Up	<u>Persons Without 12 Yrs Of Educ.</u>		
			Number	% of Group	% of Total
65-UP	911,387	17%	575,838	63%	34%
45-64	1,796,722	34	683,251	38	41
25-44	2,545,931	49	422,421	17	25
<b>TOTAL</b>	5,254,040	100%	1,681,510	32%	100%

**SOURCE:** 1980 Census, Detailed Population Characteristics (Michigan), Table 237.

These data suggest that in time the adult population of the state may “outgrow” a large part of its educational deficiencies, as better-educated age groups succeed those now in the 45-and-over groups. (For example, if all 1980 age groups had contained the same proportion of adults with less than 12 years of schooling as the 25-44 group, the total of such individuals would have been cut almost in half.) In the meantime, of course, a large pool of potential adult education clients remains.

- **Educational deficiencies are greatest among adult residents of central cities in Michigan SMSAs.**

Central cities and other places with at least 50,000 residents in the 25 Michigan counties within Standard Metropolitan Statistical Areas (SMSAs)<sup>1</sup> had a relatively high incidence of adult educational deficiencies (34.9% of adults 25 and over lacking 12 years of schooling versus 32.0% for the state as a whole). These places contained 40 percent of all adults age 25 and up in the state but 44 percent of those with less than 12 years of schooling. On the other hand, SMSA-county adults living outside central cities and other places over 50,000 were much better educated as a group than residents of the state in general. The 58 non-SMSA counties included a somewhat higher percentage of adults age 25 and up with less than 12 years of schooling than the state as a whole (33.7% vs. 32.0%); even so, these counties held only 19 percent of such adults in the state.

Sizeable variances in adult educational deficiencies existed within SMSA central cities and other places over 50,000. Table 3 indicates the cities in 1980 with greatest numbers, highest proportions, and lowest proportions of adults over 25 having under 12 years of schooling.

**Table 3**

**Number & Percentage of Michigan Adults 25 and Over Having Completed Less Than 12 Years of Schooling, SMSA Central Cities and/or Places of 50,000 or More Population**

<u>Greatest Numbers</u>		<u>Highest Proportions</u>		<u>Lowest Proportions</u>	
City	Number	City	%	City	%
Detroit	313,039	Benton Harbor	59.9%	East Lansing	3.6%
Grand Rapids	33,657	Muskegon Hts.	52.4	Ann Arbor	9.3
Flint	33,562	Pontiac	47.8	Troy	15.0
Warren	33,495	Detroit	45.8	Farmington Hls.	15.9
Lansing	19,556	Saginaw	42.4	Portage	17.3
Pontiac	18,782	Bay City	40.9	Southfield	17.4
Dearborn	18,756	Muskegon	40.8	Livonia	21.2
Saginaw	17,610	Battle Creek	40.1	Royal Oak	21.9
Taylor	15,832	Flint	39.5	Sterling Hts.	23.1
Westland	15,142	Taylor	39.4	Norton Shores	23.9
Statewide	1,680,946*	Statewide	32.0	Statewide	32.0

**SOURCE:** 1980 Census, General Social & Economic Characteristics (Michigan), Tables 119, 175.

\*Differs from Table 2, above, due to sampling variation.

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<sup>1</sup> An SMSA as defined by the federal government consists of one or more counties containing an urbanized area with at least 50,000 inhabitants. Each SMSA contains one or more central cities that form its urban core.



- **Poverty incidence is high among families headed by an adult with educational deficiencies, particularly when the family is headed by a female.**

The 1980 Census showed almost 2 million family units in the state with a householder, or family head, from 25 to 64 years of age. About one-fourth of these families were headed by an individual with less than 12 years of schooling; such families were more than twice as likely to fall below the poverty line as families headed by an individual with 12 or more years of schooling. The problem was particularly acute for female-headed families, in which group 41 percent of families headed by an adult with an educational deficiency fell below the poverty line.

## **ADULT EDUCATION POLICY IN MICHIGAN**

It is possible to trace adult education programs in Michigan back to 1862, when H.A. Hobart held classes for adults in a one-room school in the Village of Cliff Mines in the Keweenaw Peninsula. Only in the last forty years, however, has the state provided support for such a program on any scale. It becomes clear in analyzing the provisions for adult education that there still is no coherent state policy addressing the problem of deficiencies in adult education levels and focusing available resources toward a remedy. Instead the state's adult education program appears to have developed in ad hoc fashion, beginning with the state simply giving local school districts permission to provide adult classes and, 20 years later, a financial incentive to do so. State policymakers have enacted no program design and have adopted operating controls only in response to identified abuses. Those controls are inadequate to insure that state adult education aid is spent efficiently and effectively. Although Michigan has a strong belief in local control of education, the lack of program structure, loose operating controls, and financial incentives suggest a lack of concern over the wise use of state adult education dollars.

### **Permissive Statutory Basis**

The statutory basis for adult education programs in Michigan public schools is found in a provision of the school code dating back to 1943. The provision reads:

The board of a school district other than a primary district may provide instruction for adults and may employ qualified teachers and provide the necessary equipment for adult education courses. (MCL 380.1293, 1943 PA 175.)

The permissive basis of adult education policy in Michigan is obvious from a reading of the law: There is no requirement for a local board of education to operate an adult education program. Access to the public schools for adults with educational deficiencies is controlled by the discretion of local districts to offer — or not to offer adult education classes.

## Financial Incentive

Although the state appropriated adult education funds as early as 1945, the current basis of financing adult education programs was established in 1964 with Public Act 285, which amended the school aid act to provide that “all pupils regularly enrolled and working toward a high school diploma may be counted in membership regardless of age.” Previously the state school aid act had limited the membership count to pupils between 5 and 20 years of age, with certain exceptions. Allowing adult education students into the membership count meant that a school district enrolling adults would receive a larger basic membership allowance from the state.

The basic membership allowance is the most significant state school aid appropriation in Michigan. Over three-fourths of direct state aid to school districts is distributed through the basic membership formula, which has as its goal to assure that school districts receive equal revenue per pupil for equal local tax effort. (The remaining one-fourth is distributed as categorical or special-purpose aid.) In the 1984-85 school year, a local district is guaranteed by the membership formula to earn \$328, plus \$64 per mill of property tax levied, for each student in its membership count. Thus a local district levying 31 mills is guaranteed \$2312 per pupil; if its property tax yields \$1312 per pupil, the state provides another \$1000 through the membership formula. A district receives no membership aid if its property tax yield per pupil is greater than the guarantee. The state is expected to pay out about \$1.3 billion in basic membership aid in 1984-85, although it is important to note that the formula is open-ended: the state guarantee applies in full regardless of the number of mills levied or pupils in membership.

Three local factors determine a school district’s membership allowance in any given year — (1) the value of taxable property in the district, (2) the millage rate levied against that property, and (3) the number of pupils in the membership count. Property valuation is outside the control of the district and must be considered fixed. The tax rate can be increased only with voter approval; in the short run, it too is relatively fixed. But the membership count is to some extent within the control of administrators of the local school district. Since 1964, one of the ways a district has been able to increase its membership count is to draw on the pool of adults with educational deficiencies by conducting adult education classes.

When a local school district adds pupils to its membership count, it benefits financially, as shown in Table 4. If the district already is “in-formula” (i.e., if its property tax yield per pupil is less than the state guarantee), it will receive the full guaranteed amount (\$2312 for a 31-mill district) in additional state aid for each pupil added. If the district would otherwise be “out-of-formula” (i.e., if its property tax yield per pupil would be greater than the state guarantee), each additional student will reduce the tax yield per pupil and bring it closer to in-formula status. If sufficient pupils are added to drop the district below the in-formula threshold, it also will receive in full the guaranteed

amount in state aid for each pupil added beyond the threshold. A district brought into formula by adding students also would avoid the recapture of state categorical aid. Even if an out-of-formula district is not drawn into formula by the addition of adult students, students from that district can be used to generate state aid if they attend classes administered by an in-formula district through a joint program that includes the out-of-formula district.

**Table 4**

**1984-85 State Membership Aid for a Hypothetical School District with Varying Numbers of Students**

<b>Tax Rate</b>	<b>Tax Yield</b>	<b>Pupils</b>	<b>Revenue Guarantee*</b>	<b>State Membership Aid**</b>	<b>Categorical Recapture?</b>
31	\$2,312,000	999	\$2,309,688	-0-	YES
31	2,312,000	1000	2,312,000	-0-	NO
31	2,312,000	1001	2,314,312	\$2312	NO
31	2,312,000	1002	2,316,624	4624	NO

\*(\$328 + (\$64 X 31 MILLS)) X NO. PUPILS

\*\*Guarantee less tax yield.

### **Minimal State Program and Operating Controls**

Local school districts are free under the school code to offer any sort of adult education program they might choose, but a state membership allowance is limited by the school aid act to adults “regularly enrolled and working toward a high school diploma.” Even though the numbers of adults potentially eligible for additional elementary-secondary education is almost as large as the regular school-age population (and may have been larger in the past), the state never has developed a clear rationale to control and focus its investment. The state’s policymakers have done no analysis of how many or which adults lacking diplomas most need additional schooling, where they live, how they might be served economically and efficiently, and how much it might cost to operate such programs. These programmatic deficiencies were raised in a 1980 report of the state Auditor General, which also pointed to several deficiencies in operating controls for the program.

Because the state aid provided to school districts for adults comes from general membership funds, there is no requirement that the money be used solely in the adult education program and no separate financial accountability for that money. Thus, state policymakers have no systematic information on how much of their \$200-million-a-year investment in adult education actually is used to educate adults, and no way to

know what kinds of programs are being offered. Nor do they have comprehensive data on the unit costs of adult education programs in various school districts, and only beginning in 1984 have data been collected on the numbers of adults who receive high school diplomas through such programs.

State membership aid is based on a pupil count taken the fourth Friday after Labor Day, with membership adjusted to a full-time-equated basis. This measure of workload may be acceptable for the regular school program because school districts are required by law to provide a regular instructional program throughout the school year, and most of the students are required by law to attend. Neither of these requirements applies to adults, however, and the fourth-Friday count may not measure adequately the size of an adult education program throughout the school year. A 1980 report by the state Auditor General points out that this type of workload measure creates an incentive to recruit adults heavily only in the fall, to generate additional membership aid. Any subsequent falloff in adult enrollment has the effect, under such a measure, of making available more state money for use in other program areas.

In the regular school program (grades 1-12), a district must provide 900 hours of instruction to a student it counts as a full-time member. The required instructional time for adult full-time equivalency, however, is set by law at 480 hours — 47 percent less. Since both types of membership yield the same state-aid guarantee to the local district, but one requires substantially less instruction, districts should find adult memberships lucrative. Thus, the method of Adjusting adult memberships to full-time equivalency also may have the effect of generating state money for use in other program areas of a school district.

## **ADULT EDUCATION PROGRAM DEVELOPMENT**

As might be expected in a program characterized by lack of structure and loose operating controls, the responses of local school districts to the availability of state aid for adult education have varied. In 1983-84, some districts had relatively large programs, while in 85 districts the program was not available at all. Some 181 districts operated their own programs, and another 264 participated in 80 joint or multi-district programs. Only 2 of 161 out-of-formula districts administered an adult education program, but 107 were members of a joint program administered by an in-formula district. Over the last several years, certain districts have engaged in practices that have been seen as abuses of the program. State policymakers have reacted to some of these abuses by adding restrictions to the program.

## Growth of the Program

Pupil membership in Michigan public schools increased through the 1971-72 school year, peaking at 2,212,505. Membership declined in the following year, and the downward trend has continued since — due primarily to a falloff in the number of live births in the state that stretched from 1957 through 1976. The loss of pupils due to decline in the number of births was mitigated partially for several years by the transfer of students from nonpublic to public schools. Non-public pupil membership declined from 358,765 to 210,347 between 1963 and 1974 but stabilized thereafter at about the 200,000 level. The decline in public school membership increased after 1975-76, with annual losses in the 2-3 percent range.

**Table 5**

### **Total Public School Enrollment and Adult Education Enrollment (Expressed In Terms of Full-Time-Equated Memberships)**

<b>School Year</b>	<b>Total Enrollment</b>	<b>Annual Change</b>	<b>Adult Enrollment*</b>	<b>Annual Change</b>	<b>Adult % of Enrollment</b>
1974-75	2,139,720	—	42,802	—	2.0%
1975-76	2,143,233	0.2%	59,372	38.7 %	2.8
1976-77	2,098,030	(2.1)	51,114	(13.9)	2.4
1977-78	2,037,268	(2.9)	51,515	0.8	2.5
1978-79	1,978,371	(2.9)	49,694	(3.5)	2.5
1979-80	1,922,470	(2.8)	55,294	11.3	2.9
1980-81	1,873,281	(2.6)	64,292	16.3	3.4
1981-82	1,807,069	(3.5)	72,051	12.1	4.0
1982-83	1,759,179	(2.7)	82,379	14.3	4.7
1983-84	1,729,848	(1.7)	92,483	12.2	5.3

**SOURCE:** Michigan Department of Education, unpublished data

\*Includes fourth Friday reporting categories (DS 4061) post graduate (under 20 years of age), day evening (grades 9-12), day evening-adult basic education, and day evening all other.

At the same time, adult education memberships began an extensive growth in the mid-1970s, running counter to the trend in regular enrollment. Growth in adult education enrollment was especially high in 1976 and in the early 1980s, when the state's financial distress caused reductions in state aid to local school districts. During the past decade the adult education program has more than doubled in size. In 1983-84, adults in the program represented over 5 percent of total enrollment in the public

schools, and these adult memberships generated an estimated \$200 million in basic membership allowances from the state school aid fund to local school districts.\*

Adult education enrollment jumped dramatically in school year 1975-76, increasing by 38 percent over the prior year. This focused legislative attention on the program. Joint hearings held by the K-12 Education Subcommittees of the Senate and House Appropriations Committees in the winter of 1976 brought out certain abuses of the program. Among them:

- One out-of-formula district was able to operate an adult education program and receive state membership aid for its adult pupils by virtue of a consortium arrangement with an in-formula district. The role of the in-formula district in the consortium was to report the adult pupils for state aid membership purposes; for this it received an administrative fee from the out-of-formula district. The out-of-formula district administered the program and received state aid to operate the program even though it otherwise was ineligible for membership aid.
- One in-formula district was conducting an aggressive campaign to attract adult education pupils from neighboring districts, operated adult education programs in a number of nursing homes, and derived 45 percent of its total membership from adults.

State officials felt that the sudden growth of the adult education program was caused by the economic incentive involved and could be controlled by reducing that incentive. The law at that time required adult education students to carry four credits of coursework in order to be counted as a full-time student in membership; those carrying fewer credits were counted partially. Local school officials reported that adults could earn four credits with 360 hours of instruction, while community colleges commonly provided 480 hours of instruction for full-time students. It was felt that local schools could provide 360 hours at a cost below the amount of state membership aid generated by counting the pupils involved, with the profit from adult education available for use in the regular and community education programs. One way to control program growth was to reduce the profit by increasing the number of hours of instruction used as a basis to count an adult student as a full-time member for state aid. The Legislature took this route, amending the school aid act to replace the four-credit basis with a 480-hour basis for full-time adult membership. This measure was an alternative to a proposal in the Executive Budget for fiscal 1976, to count a full-time adult membership as 0.7 member for state aid purposes.

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\* Derived by multiplying the total number of adult education memberships by the gross membership allowance guaranteed by the state aid act at the statewide average school district millage rate.

Another way to control the growth of the adult education program would be to remove the program from the membership allowance altogether, creating a categorical program. The Executive Budget for fiscal 1977 recommended this approach; it would have provided \$32 million to reimburse local school districts for the actual costs of adult education programs, which was substantially less than the membership formula generated for adult education that year. The Legislature did not adopt such an approach.

Two years later the Legislature attacked some of the abuses of the adult education program by amending the state aid act to adopt a set of service delivery standards. The 1978 law required an in-formula district operating an adult education program to limit the program within the geographic boundaries of the district, to develop course descriptions and individual plans for students, and to insure that the adult high school completion program would be comparable to its regular counterpart. It authorized cooperative adult education programs among school districts ("consortiums") based on annual written agreements specifying all of the programs offered in participating districts. And it authorized out-of-formula districts to participate in cooperative adult programs. Through these amendments lawmakers hoped to improve the quality of adult education programs and make them available in both in- and out-of-formula districts, while preventing the use of adult education as a means of generating extra revenue for local districts.

The Legislature in 1983 adopted two further amendments to the state aid act to prevent abuse of the adult education program. One prohibited the counting in membership of pupils enrolled for the same class at both a school district and a post-secondary institution. It had been found that a few school districts and post-secondary institutions were entering into agreements involving dual enrollment for a single class so that both could profit from adult students. The second amendment limited fees for services, facilities, and utilities charged within cooperating districts to the actual costs involved and prohibited further payments by an administering district to other cooperating districts. This was intended to prevent the possibility for out-of-formula districts to "launder" membership aid through a cooperating in-formula district by charging excessive fees that would be paid out of the membership aid generated by adult students.

In 1984 the Legislature responded to concerns about adult education programs offered in nursing homes and mental health institutions by amending the state aid act to prohibit counting in membership a resident of such institutions age 26 or over and enrolled on-site, without direct program approval of the Department of Education. A departmental survey had found that a few districts were offering most of the institutional programs, and site visits indicated that most of them did not meet state criteria for ABE or high school completion.

## **The Distribution of Adult Education Memberships, 1983-84**

The 92,483 adult education memberships reported for state aid in the 1983-84 school year represented 5.35 percent of total enrollment in Michigan public schools. However, adult memberships were distributed quite unevenly among the various school districts. One factor that contributes to such variance is the existence of consortium arrangements among two or more districts for adult education. Because all adult memberships accrue to the administering district of a consortium, that district can be expected to show a disproportionate share of adult members. Following are examples of the uneven distribution:

- The 19 Kent County school districts reported 13,257 adult memberships, representing over 15 percent of their total enrollment. These same 19 districts reported 14 percent of the statewide total of adult memberships versus only 5 percent of all school-aid memberships in the state. By both measures the Kent County districts had almost three times as many adults in membership as might be expected.
- More broadly, there were 59 school districts in the state that reported 1983-84 adult memberships of 1,000 or more and/or over 10 percent of total enrollment. (See Table 6.) The 69,071 adult memberships in these districts were over 12 percent of their total enrollment. The 59 districts held 75 percent of adult memberships versus only 32 percent of all school-aid memberships in the state. Forty of the 59 districts operated a consortium program. If nonresident adult members are excluded from the count of the administering district, the membership count was 55,126 for the 59 districts, or 60 percent of all adult memberships in the state. This group of districts had significantly more adult members than might be expected from the size of their total enrollments. It follows that other districts had proportionately fewer.

The first two columns of Table 6 compare total adult enrollment with total student enrollment for all districts that had 1,000 adults and/or adult enrollment of 10 percent or more. The effect of consortium arrangements on the distribution of adult memberships can be seen in the last two columns of Table 6, which show the number of adult students who reside in each district that administers a consortium and their percentage of resident enrollment (i.e., total enrollment less out-of-district adult enrollment).



**Table 6**  
**Adult Education Enrollment in Selected School Districts, 1983-84**  
**(Full-Time-Equivalent Basis)**

<b>School District</b>	<b>County</b>	<b>All Adults:</b>		<b>Administering Dist. Resident Adults:</b>	
		<b>FTE</b>	<b>% of Total Enrollment</b>	<b>FTE</b>	<b>% of Resident Enrollment</b>
Hastings*	Barry	538	14.16%		
Pinconning*	Bay	319	10.46		
Coldwater*	Branch	463	12.37		
Albion*	Calhoun	254	10.02		
Pickford	Chippewa	226	35.15	11	2.57
Clare*	Clare	260	15.02		
Bark River	Delta	131	16.03	24	3.38
Harris					
Breitung*	Dickinson	240	10.64		
N. Dickinson*	Dickinson	59	10.07		
Flint*	Genesee	2,854	8.46		
Bendle	Genesee	303	15.33	94	5.32
Kingsley	Gr. Traverse	222	20.44	14	1.59
Hillsdale*	Hillsdale	341	12.81		
Lansing	Ingham	2,853	10.82	2,613	10.00
Haslett	Ingham	208	10.37	36	1.96
Lakewood*	Ionia	655	20.01		
Whittemore	Iosco	420	24.26	104	7.35
Prescott					
Jackson	Jackson	980	11.06	961	10.87
Parchment	Kalamazoo	1,679	46.82	62	3.15
Forest	Kalkaska	163	20.02	8	1.21
Grand Rapids	Kent	9,075	26.76	8,448	25.38
Wyoming	Kent	1,678	24.14	1,291	19.66
Godfrey Lee	Kent	1,276	57.87	273	22.71
Comstock Park	Kent	378	22.08	64	4.58'
Van Dyke	Macomb	2,020	29.44	413	7.86
Lakeshore	Macomb	927	17.17	824	15.56
Bear Lake	Manistee	167	25.89	122	20.17
Gwinn	Marquette	442	13.15	294	9.15
Mason Co.	Mason	206	13.21	122	8.27
Central					
Mason Consol.	Monroe	583	25.25	109	5.94
Fruitport	Muskegon	420	12.90	213	6.98
Orchard View	Muskegon	415	15.40	405	15.08
Muskegon Ht*	Muskegon	319	10.03		
Newaygo	Newaygo	387	21.23	117	7.53
Fremont	Newaygo	253	10.08	185	7.57
Pontiac	Oakland	2,173	11.52	1,906	10.25
Ferndale	Oakland	1,619	25.26	1,227	20.39
Hazel Park*	Oakland	1,035	15.15		
Berkley*	Oakland	810	14.98		
Lake Orion	Oakland	638	11.41	239	4.60
Madison	Oakland	542	15.67	284	8.88

**Table 6, Continued**

**Adult Education Enrollment in Selected School Districts, 1983-84  
(Full-Time-Equivalent Basis)**

<b>School District</b>	<b>County</b>	<b>All Adults:</b>		<b>Administering Dist. Resident Adults:</b>	
		<b>FTE</b>	<b>% of Total Enrollment</b>	<b>FTE</b>	<b>% of Resident Enrollment</b>
South Lyon	Oakland	493	11.06	208	4.98%
Ewen-Trout C.	Ontonagon	139	21.32	61	10.63
W. Ottawa	Ottawa	612	12.61%	206	4.63
Allendale*	Ottawa	232	19.51		
Saginaw	Saginaw	1,914	10.60	1,659	9.31
Port Huron*	St. Clair	1,166	8.86		
Algonac	St. Clair	472	14.41	406	12.65
Ypsilanti*	Washtenaw	1,766	22.78		
Willow Run	Washtenaw	505	11.94	220	5.58
Detroit*	Wayne	14,019	6.69		
Highland Park*	Wayne	2,642	30.49		
Wayne-Westland	Wayne	2,171	11.41	1,942	10.33
Redford Union	Wayne	1,597	24.52	620	11.20
Garden City	Wayne	989	13.71	366	5.55
Huron	Wayne	774	29.56	104	5.34
Southgate	Wayne	539	10.49	470	9.27
Inkster*	Wayne	385	11.64		
Manton	Wexford	125	13.60	44	5.25

**SOURCE:** Michigan Department of Education, unpublished data

\*Unitary district.

A second factor contributing to the variance in adult education program size is the distribution of adults with educational deficiencies. As discussed earlier, the larger cities generally have higher proportions of such adults than other areas of the state; and school districts in cities with large numbers of adults having educational deficiencies should have large adult education programs. A comparison of adult educational deficiency levels from the 1980 Census and adult education membership levels in the larger cities should give a rough measure of the extent to which adult memberships are distributed according to the need for them. For example, a school district serving a city with 10 percent of the adult population having educational deficiencies might be expected to enroll about 10 percent of statewide adult school-aid memberships.

Table 7 makes such a comparison for 15 urban school districts. Many had higher shares of adult enrollments than population characteristics would suggest. The Grand Rapids School District, which covers almost all of that city, enrolled 9 percent of the state's adult students as resident adults in its adult education classes, although the city's 1980 population contained only 2 percent of adults age 25 and up with educational deficiencies.

Similarly, the following school districts enrolled far higher proportions of resident adult students than their municipality's share of adults with educational deficiencies — Godfrey Lee and Wyoming (which together cover a large part of the City of Wyoming), Highland Park, and Hazel Park.

The Flint, Lansing, Pontiac, Saginaw, and Benton Harbor districts also had adult enrollment shares greater than their respective cities' shares of adults with educational deficiencies, but the differentials were smaller. The adult education enrollments in Kalamazoo (administered by the Parchment School District), Redford Township (administered by Redford Union School District), and Muskegon were proportional to municipality adult educational deficiency levels. On the other hand, Detroit had 15 percent of adult education enrollment but almost 19 percent of adults with educational deficiencies. Taylor also had a smaller adult enrollment than would be indicated by the city's deficiency statistics. The range of differentials between educational deficiency levels and adult enrollment levels is striking:

- Highland Park, with 2.9 percent of enrollments versus 0.4 percent of deficiencies statewide, had over 7 times the program size that would be proportional.
- Taylor, with 0.6 percent of enrollments versus 0.9 percent of deficiencies statewide, had only two-thirds the program size that would be proportional.

**Table 7**

**Adult Education Enrollment Compared with Adult Population  
Lacking 12 Years of Schooling, Selected Urban Districts**

<b>School District and City</b>	<b>Adult Resident Enrollment as a of Statewide Total</b>	<b>Adult Residents with Less Than 12 Yrs. Schooling as a % Of Statewide Total</b>
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**Adult Enrollment Share Far Exceeds  
City Share of Schooling Deficiencies:**

Grand Rapids	9.0%	2.0%
Godfrey Lee/Wyoming <sup>1</sup>	3.2	0.7
Highland Park	2.9	0.4
Hazel Park	1.1	0.3

**Adult Enrollment Share Exceeds City  
Share of Schooling Deficiencies:**

Flint	3.1%	2.0%
Lansing	2.8	1.2
Pontiac	2.1	1.1
Saginaw	1.8	1.1
Benton Harbor	0.6	0.2

**Table 7 (continued)**

**Adult Education Enrollment Compared with Adult Population  
Lacking 12 Years of Schooling, Selected Urban Districts**

<b>School District and City</b>	<b>Adult Resident Enrollment as a of Statewide Total</b>	<b>Adult Residents with Less Than 12 Yrs. Schooling as a % Of Statewide Total</b>
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**Adult Enrollment Share Proportional to  
City Share of Schooling Deficiencies:**

Kalamazoo <sup>2</sup>	0.7%	0.6%
Redford <sup>3</sup>	0.7	0.6
Muskegon	0.7	0.6

**Adult Enrollment Share Less Than  
City Share of Schooling Deficiencies:**

Detroit	15.2%	18.6%
Taylor	0.6	0.9

<sup>1</sup> These districts share a large part of the City of Wyoming.

<sup>2</sup> Administered by Parchment School District.

<sup>3</sup> Both Redford districts; administered by Redford Union.

**The Profit Factor in Adult Education, 1983-84**

It is believed generally that adult education programs are profitable for local districts that operate them. Not only are the instructional costs typically lower, but state aid per student-hour of instruction is higher:

- The typical adult education teacher is paid an hourly rate below the hourly equivalent received by most teachers in the regular school program. For example, a 1984 survey of Wayne County school districts indicated that most districts paid adult education teachers \$12-\$13 per hour, or \$13,000-\$14,000 on an annual basis — which is less than half the average teacher salary in the median school district in Wayne County. Table 8 compares instructional salaries per pupil for adult education and the regular program as reported to the state by the 17 school districts that had over 1,000 adult pupils in 1983-84. The data indicate that adult instructional salaries per pupil are substantially lower in every case. In addition, fringe benefits such as health and dental insurance are not provided by many school districts to adult education teachers. In most instances adult education teachers are not part of a collective bargaining agreement.

**Table 8**

**Adult Education Instructional Salaries Per Pupil  
Compared With Regular Program Instructional Salaries Per Pupil,  
Selected School Districts, 1983-84**

<b>School District</b>	<b>Instructional Salaries Per Pupil, Regular*</b>	<b>Instructional Salaries Per Pupil, Adult</b>
Flint	\$1448	\$832
Lansing	1,495	571
Parchment	1,358	989
Grand Rapids	1,421	1,054
Wyoming	1,383	680
Godfrey Lee	1,361	724
Van Dyke	455	458
Ferndale	1,725	1,087
Pontiac	1,379	1,014
Hazel Park	1,486	577
Saginaw	1,433	489
Port Huron	1216	590
Ypsilanti	1,637	429
Detroit	1,323	366
Highland Park	1,788	381
Redford Union	1,648	633
Wayne-Westland	1,814	854

SOURCE: Calculated from Annual School District Financial Reports (Form B) and unpublished Dept. of Education membership data

\*Includes salary expenditures for both basic and added needs programs.

- A school district can count as a full-time member for state aid purposes any adult education pupil receiving 480 hours of annualized instruction, while a pupil in the regular program must receive 900 hours annually to be counted as a full-time member. Effectively, then, a district receives 47 percent more state aid for each student-hour of adult education instruction delivered than it does for each student-hour of regular instruction.

Since adult education salaries typically are lower per adult education pupil and state aid is substantially greater on a per-student basis, it is not surprising to find that adult education programs are profitable for the districts that operate them. Table 9 provides estimates of adult education program expenditures and state aid for adult education pupils in the 17 school districts enrolling over 1,000 adult pupils during school year 1983-84. State aid exceeded adult education expenditures by more than \$40 million in the 17 districts, a profit of 50 percent or \$781 per adult pupil on the \$80 million expended. Every district received more in state aid than its estimated outlays

Table 9

Adult Education Expenditures Compared With State Membership Aid, Selected School Districts

School District	Estimated Expenditures				Transfer To Other School Districts	Estimated Revenues		Estimated Profit Per Adult Pupil	
	Total Instruction	Support Services	Employee Benefits			Total	Estimated Revenues	Total	Total
			Instruction	Support Services					
Flint	\$2,659,656	2,274,383	\$ 395,602	\$ 242,570			7,839,938	\$ 2,267,727	\$ 795
Lansing	1,699,460	1,784,327	236,729	170,869		\$ 5,572,211	6,781,860	2,890,475	1,013
Parchment	2,760,654	102,131	220,266	32,513		3,891,385	4,056,464	940,900	560
Grand Rapids	9,925,771	6,158,612	1,356,665	571,605		3,115,564	19,574,775	1,562,122	172
Wyoming	1,637,247	640,471	178,377	68,731		18,012,653	3,648,196	1,123,370	669
Godfrey Lee	1,220,347	292,420	125,216	38,596	\$ 400,708	2,524,826	2,858,250	780,963	612
Van Dyke	962,163	650,921	136,746	132,042	2,834,846	2,077,287	5,024,639	307,921	152
Ferndale	2,177,786	847,475	31,923	268,934		3,326,118	4,389,325	1,063,207	657
Pontiac	2,319,315	1,371,958	327,348	175,359		4,193,980	5,221,516	1,027,536	473
Hazel Park	635,226	593,950	88,052	61,416		1,378,644	2,478,825	1,100,181	1,063
Saginaw	1,047,531	1,045,699	117,844	97,214		2,308,288	4,724,755	2,416,467	1,263
Port Huron	834,059	385,401	133,890	33,126		1,386,476	2,492,908	1,106,432	949
Ypsilanti	825,945	1,050,931	92,734	90,448		2,060,058	4,321,402	2,261,344	1,280
Detroit	5,486,638	8,339,489	978,471	1,151,072		15,955,670	30,981,990	15,026,320	1,072
Highland Park	1,093,484	1,928,443	195,182	178,432		3,395,541	6,618,210	3,222,669	1,220
Redford Union	2,067,264	478,701	138,425	83,046		2,767,436	3,757,438	990,002	620
Wayne-Westland	-2,049,175	1,208,220	265,497	152,893		3,675,785	5,820,068	2,144,283	988
TOTAL	\$39,401,721	\$29,153,532	\$3,548,866	\$5,018,967	\$3,235,554	\$80,358,640	\$120,590,559	\$40,231,919	781

SOURCES: Annual School District Financial Reports (Form B); CRC calculations.

for adult education, although the profit margins ranged from \$152 per adult student in Van Dyke to \$1280 per adult student in Ypsilanti. Generally, those districts with low instructional expenditures per adult pupil had the highest profit margins.

Expenditure data for Table 9 were derived from the Annual School District Financial Report ("Form B") for the Fiscal Year Ended June 30, 1984. Form B includes specific data for adult education instructional expenditures, and these were included as reported by individual school districts. Since Form B does not allocate support services expenditures by instructional programs, it was necessary to identify those support services account codes that would include expenditures attributable to the adult education program. The account codes used were those accepted by the Michigan Department of Education in determining adult basic education expenditures for federal reporting purposes, and the district's expenditures in each code were multiplied by the percentage of adult education pupils to total pupils to derive an amount for Table 9. Employee benefits expenditures are reported in Form B as a lump sum for all instructional programs; the amount allocated to the adult education program in Table 9 was based on the relationship between adult education salaries and total instructional salaries in the reporting district (e.g., if adult education salaries were 10% of instructional salaries, then 10% of employee benefits was allocated to adult education, even though many districts do not provide full fringe benefits to adult education staff). The support services estimate for employee benefits was derived in a manner similar to that used for the instructional program. Two districts reported the transfer of adult education funds to other districts in a consortium. Under existing law, these transfers were to reimburse a cooperating district for facilities, utilities, and other costs directly attributable to the adult education program, and they were treated in Table 9 as expenditures by the administering district.

The profit factor built into state aid for adult education can be used to enhance other instructional programs in a school district because the surplus comes from general membership funds. There is thus a strong economic incentive to maximize adult memberships in order to generate additional revenue for regular school programs. This potential subsidy for regular school programs from state aid earned on behalf of adult members can be quite large in a district that develops a large adult program, as indicated in Table 10, which relates the profit figure derived in Table 9 to regular school enrollment in the 17 selected districts. The indicated subsidy per regular student ranged from \$62 in Pontiac to \$841 in the Godfrey Lee District. The potential subsidy of \$535 in Highland Park represented 60 percent of the amount raised in taxation for each student in the regular program.

**Table 10**

**Potential Subsidy Per Regular Member From Profit In Adult Education, Selected School Districts, 1983-84**

<b>School District</b>	<b>Potential Subsidy Per Regular Member*</b>
Flint	\$ 73
Lansing	123
Parchment	493
Grand Rapids	63
Wyoming	213
Godfrey Lee	841
Van Dyke	64
Ferndale	222
Pontiac	62
Hazel Park	190
Saginaw	150
Port Huron	93
Ypsilanti	378
Detroit	77
Highland Park	535
Redford Union	201
Wayne-Westland	127

\*Estimated profit (from Table 9) divided by membership net of adults.

## **SUMMARY OF FINDINGS**

There are a number of findings from the data reviewed in this report that can serve as the basis for evaluating existing policy relating to adult education in Michigan. They are:

1. Michigan has a large number of adults over 25, almost 1.7 million, who have completed less than 12 years of schooling.
2. Approximately 422,000, or about 25 percent of the adults with less than 12 years of schooling, are between the ages of 25 and 44.
3. Educational deficiencies among adults are most prevalent in urban core cities.
4. There is no state policy establishing priorities relating to adult groups that should be targeted for service, services that should be emphasized, and how services should be delivered.
5. Adult education programs, when measured by participation of eligible adults, vary widely throughout the state.



6. Local school districts generate more state aid revenue than is expended on adult education programs. The profit creates a potential subsidy for regular school programs that can be substantial.

## **ALTERNATIVES FOR ADULT EDUCATION POLICY**

Two questions are critical to any reevaluation of adult education policy in Michigan:

- 1. Should the state aid formula for adult education allow a profit that local school districts can use to subsidize the regular school program?**

If the profit from adult education is being used to enhance regular school programs, then in effect some state membership aid is being channeled by a principle other than equalization of resources. There is no connection between the profit generated from an adult education program and resources required to fund a regular school program. This being the case, the state might consider developing a method to remove the profit from the adult education program and reallocate that money to further the equalization objectives of the membership formula. Or the state might consider developing a method to insure that all of the state aid for adult education is in fact expended on adult education.

- 2. Should the state focus its \$200 million investment in adult education toward certain priorities?**

There are a large number of adults with educational deficiencies in Michigan, but some of those deficiencies are more serious than others. To take an obvious example, recreational courses in nursing homes may be a useful social service, but they may not be seen as a critical matter for education. If local school districts are not directing their adult education programs at those most in need of additional schooling, and at the most critical deficiencies involved, then it can be argued that the money is not being employed most efficiently and in the best interest of the state as a whole. The state might consider developing a method to insure that adult education programs are focused on high-priority needs.

### **Membership Formula Modification**

If state policymakers were to decide that the profit factor is the only problem in adult education, then it might be reasonable to modify the membership formula as it applies to adult education. There are at least three possibilities: (1) an increase in the number of hours used as a basis for full adult membership, (2) the provision of less than a full membership allowance for a full-time-equated adult membership, and (3) a second count date for adult education programs.

Since every membership counted in a school district generates the same amount of state membership aid, the obvious question is: Why shouldn't every membership be based on 900 hours of Adjusting the current 480-hour level for adults to 900-hour standard for full state aid membership a hard-to-justify discrepancy and eliminate a major profit factor in adult education. The entire would not be eliminated in all districts, however, because of the prevalent differential in instructional salaries per student between adult and regular programs.

Another possibility is to maintain the 480-hour basis but provide less than a full state aid membership for 480 hours of instruction. For example, 480 hours is just over 50 percent of 900 hours; a 0.5 membership might be provided in lieu of a full membership. A reduced membership allowance would recognize that adult instructional programs are less expensive than regular classroom instructional programs to operate.

A second count for adult pupils, possibly at the middle of the school year, would create a more accurate measure of adult students for state membership aid purposes.

Any of these measures would improve upon the current system of state membership aid for adult education programs. The membership system has certain advantages over alternative methods of financial support for adult education. First, unrestricted membership aid gives maximum recognition to local control, which is a well-established principle of school governance in Michigan. Thus it provides maximum opportunity for innovation at the local level. Second, the membership aid formula channels funds only to in-formula school districts, and thus targets state money to districts less able to support educational programs on their own. But local districts might not focus their adult education programs toward critical needs, and preventing certain districts from participation might eliminate some who could deliver quality programs and shut out potential students in those districts as well.

### **Categorical Appropriation**

State policymakers might decide that changes in adult education policy should go beyond removing the profit factor from state membership aid. If the state cannot finance schooling for all adults with educational deficiencies, shouldn't it insure that state aid goes to meet the highest priority needs for adult education? One approach would be to fund adult education as a categorical program. State policymakers might develop funding criteria for adults to be targeted for service, skills to be provided, and delivery methods to be encouraged. Local school boards could develop programs within state parameters and receive state funds through a matching formula based on actual costs.

The categorical approach to financing adult education has certain advantages. First, it would eliminate the profit factor by basing state aid on actual costs in each district. Creating a specific categorical appropriation account would focus attention on the availability of state funds for adult education; and greater visibility of state funding might lead to some expansion of adult programs. On the other hand, a matching formula would require some commitment from local districts, eliminating any reason to maintain a program simply to generate state aid. Second, a categorical approach would provide a mechanism to establish statewide objectives and a targeted population for adult education programs.

A categorical approach to adult education finance would make all districts eligible to operate a program with state aid. While there might be equity arguments against state aid to out-of-formula districts, it might be argued that (1) eliminating adult educational deficiencies is a worthy statewide social objective that justifies state participation in all school districts, (2) some out-of-formula districts now cut off from state aid might be better able organizationally to deliver such programs than the in-formula districts through which they are forced to work under the current membership aid approach, and (3) existing provisions for recapture of categorical aid to out-of-formula districts provide a mechanism to deal with inequities.

### **Adult Education Plan**

State policymakers might decide to strengthen either the membership formula system or the categorical approach by requiring local school districts to develop annual school district plans for adult education. A logical requirement for receiving state adult education funds would be to require a justification for the types of programs to be delivered and types of adults to be served. If a planning requirement were added to the categorical approach the local plans would be a natural adjunct to any state funding criteria established.

**(End)**