



DISTRICTS GET CREATIVE TO COPE WITH DECLINING STUDENT ENROLLMENT

The Citizens Research Council of Michigan has addressed the finances of Michigan's shared-time program, one of the programs discussed in this memo, in two previous publications: in 2014, "State Support of Nonpublic School Students" (Memorandum 1126), and in 2016, "Update on State Support of Nonpublic School Students" (Note 2016-01).

Key Takeaways

1. Declining student enrollment continues to create financial challenges for many Michigan school districts. A shrinking school-age population and increased participation in school choice options mean fewer students and financial resources to provide educational services.
2. To counter these effects, an increasing number of districts are tapping into nonconventional public school student populations to boost enrollments and budgets. They are enrolling, on a part-time basis, homeschool and nonpublic school students through shared-time arrangements and increasing the offering of two-year kindergarten programs.
3. Collectively, school districts received nearly \$260 million from the School Aid Fund in the 2018-19 school year by enrolling these nonconventional public school students.

Introduction

Michigan, like 38 other states, funds public schools based largely on the number of students they enroll each year. Generally, foundation formula funding models provide a base dollar amount per student with additional money added to address the needs of high-need students. Total funding ebbs and flows with yearly enrollment fluctuations.

Enrollment changes occur in response to a number of factors. Some are within the control of individual districts, while other factors are the result of larger forces outside of their control, such as statewide demographic shifts, changing economic conditions, and state-level policies. A combination of factors has led to more and more school districts facing declining enrollment. While the amount of each district's per-pupil grant, the other variable in the funding equation, has increased every year since the 2011-12 school year, in most cases enrollment losses outweigh the effects of these funding bumps.

As a counterbalance to the broader factors largely outside of districts' control, some have turned to enrolling nonconventional public school student populations to dampen the financial effects that accompany fewer students. By tapping into these student populations, districts are able to meet the learning demands of children and families previously not served by the public school system. At the same time they are able to offset, or at least slow, their enrollment slide and funding losses.

Specifically, public schools across the state are providing services to more and more nonpublic school, homeschool, and kindergarten students as a hedge against declining enrollment pressures. The additional state funding districts collect from enrolling these nonconventional student populations is substantial, estimated at over \$260 million in 2018-19.

This report examines trends in public school enrollment trends of various nonconventional student populations.

Declining Enrollment – Trends, Causes and Financial Consequences

Under a funding system that is based largely on student enrollment, sustained declining enrollment can present serious financial challenges for school districts. District enrollment is influenced by a number of factors, including broader demographic and economic shifts affecting the statewide student-age population. Further, localized elements also influence what happens. This includes the availability and participation in school choice options. While declining enrollment districts may have some success addressing local causes, they are hamstrung when it comes to the broader forces.

Overall, public school enrollment statewide has been declining since the early 2000s and recent projections don't portend an end to this trend (**Chart 1**). The long-term statewide slide is the result of a confluence of factors. On the demographic side of things, live births are way down. With fewer babies being born, the number of children entering the public school system (kindergarteners) each year shrinks and drives down the overall enrollment as proportionately larger class cohorts (12th graders) exit the system. In 2018, Michigan experienced the fewest number of births (110,093 live births) in over 75 years.¹

Michigan's economic woes throughout the 2000s are responsible for considerable population out-migration. Facing the loss of thousands of jobs and reduced wages, families with school-age children, as well as many who planned to start a family in Michigan, left the state during the 2000s to obtain employment elsewhere.

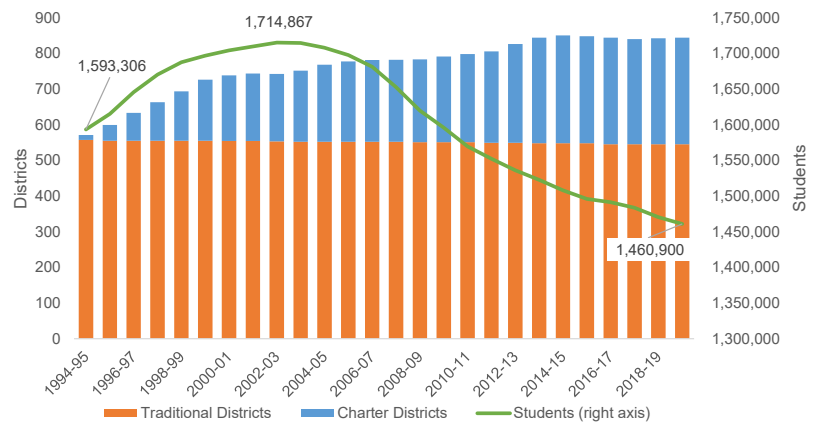
After a peak in the 2002-03 school year at 1.71 million students, public school enrollment (traditional and charter schools) fell to 1.46 million students in the 2019-20 school year, a 15 percent decline. The state's K-12

enrollment was last at this level in 1950. The decline is expected to continue through the fall of 2027.²

At the same time that the K-12 population was contracting, the number school districts has been increasing. Since the adoption of the 1994 Proposal A school finance reforms and the introduction of public charter schools, the number of unique districts has grown.

The total number of unique K-12 districts grew from 571 districts (557 traditional and 14 charter) in 1994-95, the first year under Proposal A, to 844 districts (545 traditional and 299 charter) in 2019-20 (**Chart 1**). Since 2013-14, the number of charter schools has leveled off at about 300 along with the total number of students attending charters (roughly 150,000). Overall charter school enrollment peaked at just under 153,000 students in the 2016-17 school year, growing from less than 5,000 students in 1995-96. Despite this leveling off, the share of students enrolled in charters has increased because of the declining statewide student population.³

Chart 1
Public School Enrollment and Number of School Districts, 1994-95 to 2019-20



Source: Center for Educational Performance and Information

Citizens Research Council of Michigan Board of Directors

ALEKSANDRA A. MIZIOLEK, Chair
MICHAEL P. MCGEE, Vice Chair
LAURA APPEL, Treasurer
TODD ANDERSON
SANDY K. BARUAH
LAURA M. BASSETT

BETH BIALY
LAWRENCE N. BLUTH
CHASE CANTRELL
STEPHAN W. CURRIE
DANIEL DOMENICUCCI
RANDALL W. EBERTS

RICHARD A. FAVOR, JR.
ANN D. FILLINGHAM
RON FOURNIER
CARL GENBERG
JUNE SUMMERS HAAS
JASON HEADEN

RENZE L. HOEKSEMA
EARLE "WIN" IRWIN
THOMAS G. KYROS
ANNE MERVENNE
PAUL R. OBERMEYER
JAMES M. POLEHNA

KIRK PROFIT
CAROLEE K. SMITH
CHRISTINE MASON SONERAL
KATHLEEN WILBUR
MICHAEL A. WILLIAMS

DISTRICTS GET CREATIVE TO COPE WITH DECLINING STUDENT ENROLLMENT

Inter-district choice, a policy adopted in the wake of Proposal A, is another factor affecting student enrollment. Under the schools of choice program, a nonresident student can enroll in a participating neighboring district and the enrolling district collects the per-pupil funding allotted to the student. With the shrinking statewide student population, districts have amped up their participation in inter-district choice.⁴ This includes adding more open seats in grades currently open for students from other districts as well as opening up additional grades and programs for nonresident students. Over 143,000 students enrolled in a district outside of their home district in 2018-19, a 3.3 percent increase over 2017-18. Since 2010-11, statewide participation in inter-district choice grew 37 percent, from 90,500 students. Again, a larger share of all public school students are enrolled in inter-district choice today than ever before due to the increase in nonresident enrollments and the overall declining population.

There are two sides to the schools of choice equation: districts that lose a student and districts that gain a student. On net, districts can either be gainers or losers. Charters and inter-district choice created a heightened level of competition for students (and funding) among districts.

Broadly speaking, the main forces driving declining student enrollment at the district level are a shrinking K-12 population statewide and the net effect of state school choice policies. The combined effect is seen in the enrollment experiences of a growing number of individual districts. Between the 2017-18 and 2018-19 school years, when statewide enrollment shrank by one percent, 60 percent of all districts (821 districts operating in both years) experienced some amount of net student loss.

Over a longer period (between the 2009-10 and 2018-19 school years) even more districts lost enrollment. Of the 709 districts in operation in 2009-10, 66 percent (466 districts) saw some amount of enrollment loss over the next ten years. Of this grouping, 365 districts experienced a decline greater than the

statewide average (seven percent), and 266 districts had a decline of at least twice the statewide average (14 percent).

Districts of all sizes, locations, and types (charter and traditional public) have been affected. However, charter and traditional districts in urban settings (Detroit, Flint, Mt. Clemens, and Pontiac) have been most affected. Urban locations tend to be home to the majority of charter school activity as well as inter-district choice. While there is heavy use of nonresident school choice in more rural settings,⁵ some of the state's largest and most iconic urban centers, such as Flint and Detroit, have experienced the greatest amount of de-population.

Declining enrollment presents a serious financial problem for districts under the state's rigid school funding system. School districts are required by law to adopt, operate and maintain balanced budgets. Given the high degree of state control in funding schools, local districts have few options to supplement the operating funds provided through the foundation allowance. This means that changes in annual operating revenues must get balanced by changes to operating costs.

Schools are largely funded through the per-pupil foundation grant. If a number of students leave a district, they will be spread across multiple classrooms and schools. This will result in smaller average class sizes generally, but not necessarily fewer classrooms or teachers. Typically, operating costs, at least in the short term, only decline slightly, while the lost foundation revenue is substantial. Implementing spending reductions in order to match the revenue loss, instead, will have to come from other cost centers outside of the classroom. In the short-term, classroom costs, which represent the bulk of K-12 spending, are rather "chunky" and it takes time to right-size instructional budgets to meet fewer students. At the same time, public schools have to live within a balanced budget requirement which can create fiscal stress for those that are unable to match expenditure reductions with available revenues.⁶

Expanding the Enrollment Pie

Faced with a shrinking K-12 student population and the increased competition for students arising from school choice policies adopted by the state, a number of districts are tackling their enrollment challenges by tapping nonconventional public school student populations to boost their numbers. In some cases, enrolling these students has allowed schools to completely reverse the decline, while others have only slowed the rate of decline. In either situation, the effect has been that districts are expanding the public school enrollment pie by providing services to children that historically were educated outside the public school system.

These student populations include private school and homeschool students that enroll as part-time students, something referred to as “shared-time” enrollment.^a Shared-time involving private school students began to take off in 2010-11, while growth in homeschool shared-time arrangements is a more recent phenomenon.⁷ Regardless of the setting, shared-time enrollment has helped districts dampen the financial hit from enrolling fewer traditional K-12 students.

Also, districts are expanding their kindergarten enrollments as a buffer against the state-wide trends. Specifically, they are making greater use of developmental kindergarten, a program that allows districts to enroll children in two years of kindergarten and claim the full per-pupil funding each year. This is done with the understanding that a child who is not yet five years old by the state cutoff date can enroll in a developmental kindergarten program as a “young five” for one year and then repeat kindergarten the next year. With each additional student enrolled either in

shared-time or developmental kindergarten, a district can claim another per-student foundation allotment.^b

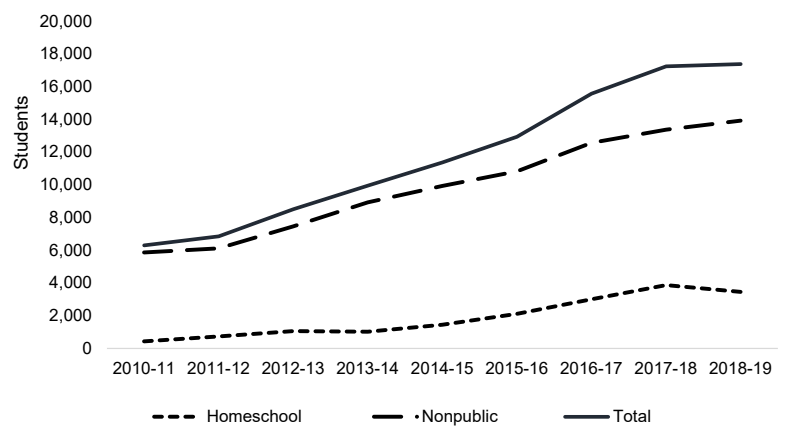
Shared-time Enrollment Continues to Grow

Shared-time enrollment has continued to grow since the Research Council first reported on this topic (in 2014), with enrollment nearly tripling from 6,300 students in 2010-11 to 17,400 students in 2018-19 (see **Chart 2**).^c While still small in the state’s overall picture, shared-time now accounts for 1.2 percent of the total K-12 enrollment and brings nearly \$140 million in annual per-pupil funding to districts state-wide, up from \$49 million per year eight years ago.

Participation continues to be dominated by a handful of districts, most notably Brighton Area Schools and the Berkley School District, with 20 districts enrolling at least 200 students through shared-time programs.

Chart 2

Shared-Time Student Enrollment*, 2010-11 to 2018-19



* Full-time equated (FTE) student count

Source: Center for Educational Performance and Information

a Shared-time refers to the use of state funds to finance educational services supplied to nonpublic school students enrolled part-time in public schools (traditional and charter). Shared-time arrangements include students that are homeschooled as well as those enrolled in nonpublic schools as their primary education provider. Students receive services at either the public school or at their nonpublic school or a homeschool location. Classes are limited to nonessential electives other than math, science, social studies, and English language arts (i.e., non-core classes). Kindergarten is considered nonessential. The enrolling district controls the hiring and placement of teachers providing instruction at a private school.

b School districts receive foundation funding for each full-time (FTE) student, or partial FTE, counted in membership (1 FTE = full foundation grant). Generally, students attending their resident public school count as 1 FTE and shared-time students, enrolled part-time, count as a fraction of one FTE and receive a fraction of a full foundation grant. Unless otherwise noted, student enrollment counts in this paper refer to FTE (as opposed to head count) because this is the basis for distributing state aid.

c These are FTE student counts. Based on headcount data, shared-time enrollment grew from 49,200 students in 2010-11 to 81,100 students in 2018-19.

DISTRICTS GET CREATIVE TO COPE WITH DECLINING STUDENT ENROLLMENT

Both Brighton and Berkley have experienced meteoric growth in their shared-time programs.^d These two districts enroll nonresident students from across the state, partnering with a number of nonpublic schools to staff classrooms and provide instruction in non-core subjects. They enrolled over 2,200 students and 1,800 students, respectively, in 2018-19; more than twice as many students as the next three largest participating districts with roughly 940 students each (Clarkston, Oxford, and Grand Rapids). Collectively, the two districts have 23 percent of all shared-time students. **Appendix A** shows 2018-19 shared-time enrollments for the top 20 participating districts.

In 2018-19, 270 of the 828 traditional and charter school districts claimed at least a fraction of a full-time student. For most districts, however, these students represent only a small proportion of their overall enrollment. In a handful of communities, nonpublic and homeschool students account for at least 10 percent and they generate a sizeable share of the districts' funding (see **Table 1**).

Many of these districts use shared-time arrangements to change the trajectory of their enrollment from negative to positive. **Table 2** (on page 6) presents districts where inclusion of shared-time enrollment in their total enrollment figures accounted for at least a 10 percentage point increase in their overall enrollment numbers over an eight-year period. Additionally, **Table 2** shows the increase in annual per-pupil funding associated with each district's shared-time growth. For example, Madison Academy, a charter school in

Macomb County, completely inverted its enrollment numbers with the addition of shared-time programs and pulled in an additional \$3.1 million in 2018-19. Without these students, the district would have lost one-third of its enrollment. Instead, shared time allowed the district to experience a 32 percent enrollment boost between 2010-11 and 2018-19.

Brighton and Berkley, early adopters of shared-time with the largest number of participants, have boosted their enrollments by more than one-third over this period. Without enrolling nonpublic school students, they would have faced enrollment losses of nearly five percent and nine percent, respectively. The annual revenues they gained were the largest across all districts, \$17 million and \$14 million, respectively.

Table 1

Districts with at Least 10 Percent Shared-Time Students*, 2018-19

District	Shared-Time Students	Non-Shared-Time Students	Total Students	Percentage Shared-Time
Madison Academy	414	414	828	50%
Berkley School District	1,829	4,274	6,103	30%
Brighton Area Schools	2,201	5,980	8,181	27%
Carrollton Public Schools	510	1,797	2,307	22%
Madison District Public Schools	404	1,481	1,885	21%
Merritt Academy	125	546	671	19%
Avondale School District	717	3,721	4,438	16%
South Redford School District	565	3,217	3,782	15%
Redford Union Schools, District No. 1	404	2,360	2,764	15%
Oxford Community Schools	943	5,539	6,482	15%
Hamilton Community Schools	428	2,684	3,112	14%
Berrien Springs Public Schools	502	3,769	4,272	12%
Clarkston Community School District	957	7,205	8,162	12%
Gull Lake Community Schools	404	3,190	3,594	11%
Marcellus Community Schools	87	704	791	11%
Marion Public Schools	48	413	461	10%

* Full-time equated (FTE) student count

Source: Center for Educational Performance and Information

^d State law limits the annual growth of a district's shared-time enrollment. For districts where shared-time enrollment is five percent or greater of their non-shared-time enrollment, annual growth is capped at 10 percent. For those with enrollment less than five percent, growth is capped at the lesser of five percent of its non-shared-time enrollment or 10 percent of its shared-time enrollment.

Table 2

Student Enrollment Growth, 2010-11 to 2018-19

District	Enrollment Growth w/o Shared-Time	Enrollment Growth with Shared-Time	Percent Difference	Increase in Annual Per-Pupil Funding
Madison Academy	-33.0%	31.7%	64.7	\$3,179,348
Brighton Area Schools	-4.8%	30.2%	35.0	\$17,304,291
Berkley School District	-8.5%	26.0%	34.5	\$13,788,755
Madison District Public Schools	7.4%	36.7%	29.3	\$3,178,861
Merritt Academy	26.0%	49.4%	23.4	\$865,278
Carrollton Public Schools	-10.0%	13.4%	23.3	\$3,730,157
Oxford Community Schools	17.7%	37.7%	20.0	\$7,411,591
Avondale School District	1.1%	17.5%	16.4	\$5,226,923
South Redford School District	-0.6%	15.7%	16.3	\$4,416,385
Hamilton Community Schools	2.5%	18.6%	16.1	\$3,335,045
Gull Lake Community Schools	13.2%	27.5%	14.2	\$3,159,446
Redford Union Schools, District No. 1	-26.7%	-14.2%	12.5	\$3,175,158
Clarkston Community School District	-10.7%	1.1%	11.8	\$7,500,145
Marcellus Community Schools	-18.2%	-8.0%	10.1	\$686,666
Note: Total K-12 Enrollment in all 844 Districts	-6.7%	-5.9%	0.8	\$90,703,868

* Full-time equated (FTE) student count

Source: Center for Educational and Performance Information

Overall enrollment effects vary across districts. Oxford Community Schools also enrolls a large number of nonconventional students, but declining enrollment has not been a problem for the district. Instead, enrolling these students added to is already impressive positive gains from 2010-11 to 2018-19; shared-time added another 20 percentage points to its overall growth. Redford Union, on the other hand, was able to temper, but not eliminate, its enrollment loss over the last eight years to 14 percent. Without adding 404 shared-time students to its 2,800 student body in 2018-19, it would be looking at a 27 percent decline over this period.

The Rise of Homeschool Partnerships

Historically, shared-time enrollment has been dominated by nonpublic school students. Participating public schools partner with nonpublic, mostly religious, schools to enroll students part-time and deliver non-

essential, elective courses. For example, in 2015 Brighton Schools had developed relationships with over 40 different private schools to staff classrooms teaching subjects such as foreign languages, art, music, and physical education. Nonpublic school students still make up the vast majority of shared-time participants, but the composition of shared-time has been changing. Homeschoolers are driving that change.

Declining nonpublic school enrollments, coupled with the fact that most of these schools are already engaged with a public school, has shifted the source of growth to the homeschool community. The mechanics and requirements for homeschool partnerships are the same as those with the nonpublic schools. Districts are developing new partnerships with various homeschool communities across the state to offer state-funded elective classes. Many of the classes are provided virtually through existing online platforms, such as Michigan Virtual School,

DISTRICTS GET CREATIVE TO COPE WITH DECLINING STUDENT ENROLLMENT

or online programs that are developed specifically by districts to serve their traditional as well as homeschool students.^e

Chart 2 (on page 4) shows the separate trends for both nonpublic and homeschool student shared-time enrollments.^f Over the last eight years, nonpublic school participation is up about 230 percent, but homeschool participation increased nearly 800 percent – from about 430 to almost 3,500 students. In 2018-19, homeschoolers represented 20 percent of the total shared-time population, up from just seven percent in 2010-11. The number of homeschoolers peaked in 2017-18 at just over 3,800 students, jumping by 500 students largely due to growth in one district: Niles Community Schools enrolled 765 students that year, up from just 238 students the previous year. In 2018-19, the district’s homeschool enrollment fell to 259 students following a state review of its program.^g

Ten districts enrolled at least 100 homeschool students for elective classes, while in three of these districts homeschoolers accounted for at least 10 percent of the overall enrollment (**Appendix A**). Examining those districts with the most shared-time enrollees, it appears that most partner either with homeschool networks or nonpublic schools, but not both, to provide services to these nonconventional students. Three districts, however, enrolled a sufficient numbers of both student types to appear among the top-20 districts for both homeschool and nonpublic school students – Oxford, Berrien Springs, and Traverse City.

Homeschoolers receive more shared-time instruction than the average nonpublic school student.^h For

e Michigan Virtual is a nonprofit organization that develops “face-to-face, blended, and online learning innovations that facilitate the advancement of K-12 education” (www.michiganvirtual.org).

f The Center for Educational Performance and Information (CEPI) provided the Research Council with a data file that breaks out shared-time enrollment by nonpublic and homeschool students for each school year, 2010-11 to 2018-19.

g A preliminary state audit of the district’s student count resulted in the removal of approximately 500 students. The audit is currently under appeal by the district. If the audit findings hold, the district will have to return more than \$4.1 million in state aid it claimed for the 500 homeschool students.

h The average FTE for each shared-time student type

the 2018-19 year, the average homeschool student accounted for 0.47 FTE in shared-time programs and the average nonpublic school student accounted for 0.19 FTE (**Table 3**). Stated another way, the average homeschool student spent just less than one-half of the day in a shared-time classroom compared to a nonpublic school student that spent about one-fifth or the day in a similar classroom. In 2010-11, the average for nonpublic school students was 0.12 FTE (about one-eighth of a school day), while the homeschool average has remained about the same level for the past eight years. Recently, state law was changed to cap an individual student’s shared-time enrollment at 0.75 FTE.

Enrolling nonpublic school and homeschool students has helped districts buck the declining enrollment trend. Bringing these students into the public schools has also changed how state funds are distributed among districts. Collectively, the growth has added \$91 million in per-pupil funds to participating district budgets; state spending for these programs from the School Aid Fund increased from \$49 million in 2010-11 to \$140 million in 2018-19.

Table 3

Average FTE per Shared-Time Student, 2010-11 to 2018-19

Year	Ave. FTE per Homeschool Student	Ave. FTE per Nonpublic School Student	Ave. FTE all Shared-Time Students
2010-11	0.47	0.12	0.13
2011-12	0.48	0.12	0.13
2012-13	0.48	0.13	0.14
2013-14	0.47	0.14	0.15
2014-15	0.48	0.16	0.17
2015-16	0.57	0.16	0.18
2016-17	0.56	0.17	0.20
2017-18	0.55	0.18	0.21
2018-19	0.47	0.19	0.21

Source: Center for Educational and Performance Information

provides a measure of the amount of per-student instruction time provided in each school setting. The average FTE per student is calculated by dividing the total FTE by the total number of unique students (headcount) enrolled in each school setting – nonpublic or homeschool.

Expanded Use of Two-Year Kindergarten Programing

Two-year kindergarten programs are another source of enrollment growth targeted by some districts.⁸ They are commonly referred to as development kindergarten (DK), young 5s, or begindergarten and run exclusively on a district-by-district basis with little involvement by the Michigan Department of Education.ⁱ Children that have not turned five years old by September 1 (traditional kindergarten enrollment date cut off), but will turn five before December 1, are eligible for early entry to kindergarten.^j The programs operate with the intention that children will complete two years of kindergarten. Parents must notify a school in writing that they intend to enroll their child in kindergarten early. While a district may make a recommendation about early enrollment, the final decision rests with parents.

Children enrolled in a DK program are counted the same as a child enrolled in a regular kindergarten classroom. State funding for a DK student also works the same; a full-day DK student generates one FTE and a full per-pupil allotment. Children attending a half-day DK program are counted as one-half of a student FTE and receive one-half of a district's per-pupil foundation grant.

These children are considered kindergarteners, but a unique identifier allows them to be counted separately from the general kindergarten population.^k Children

that attend kindergarten for two years as part of a DK program are identified as “planned” retentions, as opposed to “unplanned” retentions. The unplanned group includes children who were held back because their parents, teachers, or others believe they were not ready to progress to the first grade because of their academic abilities, social-emotional development or some other reason. Instead, they attend a second year of kindergarten.

It is very likely that a substantial number of the reported unplanned retentions are actually DK students. This is evidenced by the fact that the overall kindergarten retention rate in four of the top seven districts in 2018-19 reported no planned retentions, but only unplanned retentions. In each case, these unplanned retentions accounted for at least 40 percent of the overall kindergarten enrollment. It is highly unlikely that these districts held back such a large percentage of their kindergarten students for a second year because their parents did not believe they were ready to advance to first grade. Also, a large number of districts with high percentages of unplanned retentions, and no reported planned retentions, operate DK programs.^l This would suggest that these districts are including many, perhaps all, of their DK students in the unplanned category. **Appendices B-1** and **B-2** show the top 20 districts by overall kindergarten retention rates, as well as the top 20 districts in terms of the total number of retentions (planned and unplanned).

A total of 15,000 children were enrolled in their second year of kindergarten last year, up from about 12,500 in 2014-15. This represents a 21 percent increase in the number of retained students over the four-year period (see **Chart 3**). In 2018-19, approximately 13 percent of kindergarten students, or one in eight, enrolled in a second year.^m This is up from just under 11 percent of all kindergarteners four years ago. Most of the two-year kindergarteners were four year olds enrolled in DK programs.

i Developmental kindergarten is distinct from the state-funded preschool program, Great Start Readiness Program (GSRP), and the federally-funded Head Start preschool. These programs enroll four-year olds from low- and moderate-income households that are at-risk of academic failure.

j Michigan gradually changed the cut-off date, from December 1 to September 1, for children to reach age five before enrolling in kindergarten. Effective with the 2015-16 school year, children had to be five years old by September 1 for the district to count a child for state aid purposes, unless the child had a birthday between September 1 and December 1 and enrolled early.

k Reporting rules require schools to identify those children that are retained or held back in each grade. In the case of kindergarten students that are held back, reporting rules also require districts to identify whether retentions are “planned” or “unplanned”. The “planned” category is used specifically to identify DK students.

l An internet search of a number of districts' websites revealed that DK programs are available.

m In 2018-19, the kindergarten retention rate was the highest (12.9 percent) among all grades. High schoolers (grades 9 through 12) had the next highest rates, with 12th grade having the highest rate among at 5.9 percent.

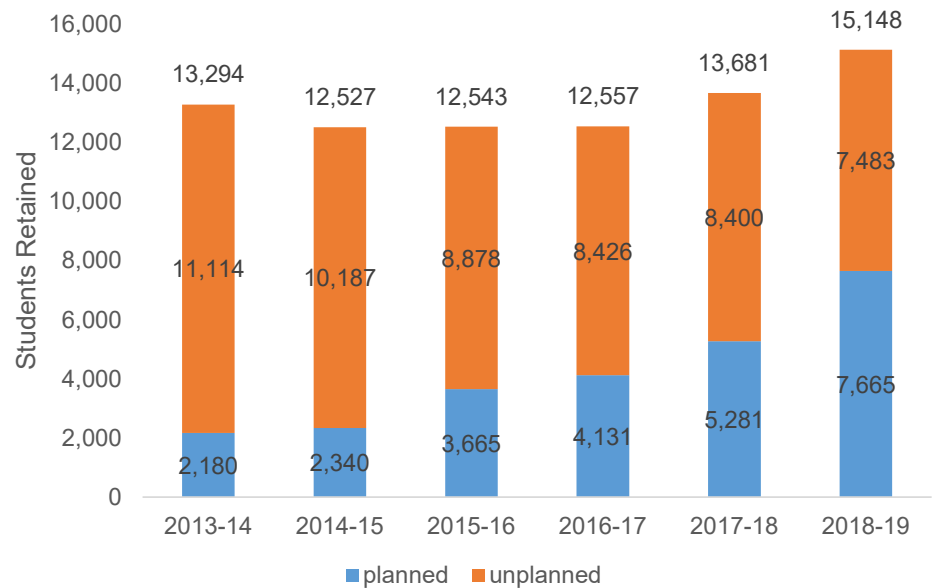
DISTRICTS GET CREATIVE TO COPE WITH DECLINING STUDENT ENROLLMENT

Expanding DK use is reflected in the overall kindergarten count. Over the last four years, kindergarten enrollment is up 3.9 percent compared to a decline of 2.1 percent in total K-12 enrollments. Backing out the roughly 15,000 retentions in the statewide numbers, the total K-12 enrollment would have fallen 2.3 percent over this period.

The total financial outlays for two-year kindergarten programs are substantial. In 2018-19, districts generated more than \$121 million in per-pupil revenue from the 15,000 students enrolled in their second year of kindergarten. These School Aid Fund dollars equate to roughly \$128 for every other K-12 student enrolled last year.

Chart 3

Kindergarten Retentions, 2013-14 to 2018-19



Source: Center for Educational Performance and Information

Conclusion

Michigan's school-age population has been declining since the early 2000s. Combined with greater participation in available public school choice options, including charter schools and inter-district enrollment, many more local districts have been forced to adapt to the realities of declining student enrollment and the attendant financial repercussions. The state's per-pupil funding system, along with strict state control on districts' ability to raise additional tax dollars, requires school officials to reduce spending to match the loss of funding from fewer students. Most declining enrollment districts have been able to make the necessary adjustments to maintain fiscal stability and offer comparable levels of educational services, while those with sizeable and sustained student losses face financial distress and struggle to provide adequate services.

As a hedge against declining enrollment forces outside of their control and to fend off potential financial challenges, a number of districts have taken steps to extend their educational offerings to children previously not served by public schools. By enrolling these nonconventional public school student populations, nearly \$260 million in additional per-pupil funding was collected by districts last school year to pay for public education services provided to students enrolled in homeschool, nonpublic school, and two-year kindergarten programs. With statewide enrollments projected to slide further over the next eight years, we expect current participating districts to continue to offer services and more districts to enroll these nonconventional student populations.

Appendix A
Top 20 Districts with Shared-Time Enrollment, 2018-19

Homeschool Shared-Time			Nonpublic Shared-Time			Total Shared-Time		
District	FTE	As % of District Total Enroll.	District	FTE	As % of District Total Enroll.	District	FTE	As % of District Total Enroll.
Oxford Community Schools	518	8%	Brighton Area Schools	2,201	27%	Brighton Area Schools	2,201	27%
Hamilton Community Schools	406	13%	Berkley School District	1,828	30%	Berkley School District	1,829	30%
Madison District Public Schools	404	21%	Clarkston Community School District	954	12%	Clarkston Community School District	957	12%
Gull Lake Community Schools	342	10%	Grand Rapids Public Schools	928	6%	Oxford Community Schools	943	15%
Berrien Springs Public Schools	322	8%	Avondale School District	716	16%	Grand Rapids Public Schools	935	6%
Niles Community Schools	259	7%	South Redford School District	564	15%	Avondale School District	717	16%
Traverse City Area Public Schools	182	2%	Carrollton Public Schools	510	22%	South Redford School District	565	15%
Center Line Public Schools	126	5%	Oxford Community Schools	425	7%	Carrollton Public Schools	510	22%
Public Schools of Calumet, Laurium & Keweenaw	101	6%	Madison Academy	414	50%	Berrien Springs Public Schools	502	12%
Three Rivers Community Schools	100	4%	Redford Union Schools	403	15%	Traverse City Area Public Schools	434	4%
Marcellus Community Schools	87	11%	Crestwood School District	255	6%	Hamilton Community Schools	428	14%
Jenison Public Schools	80	2%	Traverse City Area Public Schools	251	3%	Madison Academy	414	50%
Clio Area School District	58	2%	Caledonia Community Schools	229	5%	Gull Lake Community Schools	404	11%
Whitehall District Schools	53	3%	Jackson Public Schools	225	5%	Redford Union Schools	404	15%
Monroe Public Schools	47	1%	Romeo Community Schools	204	4%	Madison District Public Schools	404	21%
Alpena Public Schools	45	1%	Holland City School District	197	6%	Niles Community Schools	305	8%
Gibraltar School District	45	1%	Berrien Springs Public Schools	180	4%	Crestwood School District	255	6%
Gobles Public School District	40	5%	Livonia Public Schools School District	151	1%	Caledonia Community Schools	229	5%
Lapeer Community Schools	38	1%	Hudsonville Public School District	140	2%	Jackson Public Schools	225	5%
Iron Mountain Public Schools	13	2%	Zeeland Public Schools	137	2%	Romeo Community Schools	204	4%
Subtotal	3,265		Subtotal	10,912		Subtotal	12,864	
Statewide Total	3,452		Statewide Total	13,927		Statewide Total	17,378	

Appendix B-1 Top 20 Districts based on Kindergarten Retention Rate, 2018-19

District	Unplanned	Planned	Total Retained	Total Enrollment	Share Retained
Webberville Community Schools	23	0	23	43	53%
North Central Area Schools	2	11	13	26	50%
Cross Creek Charter Academy	2	47	49	111	44%
Glen Lake Community Schools	29	0	29	68	43%
Carson City-Crystal Area Schools	35	0	35	86	41%
Ewart Public Schools	33	0	33	83	40%
Marlette Community Schools	3	26	29	73	40%
Norway-Vulcan Area Schools	3	20	23	60	38%
Pewamo-Westphalia Community Schools	7	12	19	50	38%
Vanderbilt Charter Academy	2	27	29	78	37%
Leland Public School District	1	16	17	46	37%
Concord Academy - Petoskey	9	0	9	25	36%
Pottersville Public Schools	35	1	36	101	36%
Bridgman Public Schools	37	0	37	104	36%
Countryside Academy	29	0	29	83	35%
Fowler Public Schools	20	0	20	58	34%
Innocademy	4	18	22	65	34%
Hastings Area School District	91	1	92	273	34%
Holly Academy	31	3	34	101	34%
Montague Area Public Schools	7	40	47	141	33%

Appendix B-2
Top 20 Districts based on Total Kindergarten Retentions, 2018-19

District	Unplanned	Planned	Total Retained	Total Enrollment	Share Retained
Ann Arbor Public Schools	24	267	291	1,682	17.3%
Rockford Public Schools	41	177	218	787	27.7%
Dearborn City School District	34	168	202	1,574	12.8%
Hudsonville Public School District	9	180	189	692	27.3%
Jenison Public Schools	6	176	182	567	32.1%
Kentwood Public Schools	24	142	166	877	18.9%
Grand Haven Area Public Schools	21	138	159	538	29.6%
Portage Public Schools	4	149	153	842	18.2%
Zeeland Public Schools	74	78	152	610	24.9%
Plymouth-Canton Community Schools	144	6	150	1,265	11.9%
Warren Consolidated Schools	23	111	134	1,033	13.0%
Clarkston Community School District	12	120	132	608	21.7%
West Ottawa Public School District	11	118	129	579	22.3%
Grandville Public Schools	16	111	127	555	22.9%
Monroe Public Schools	122		122	499	24.4%
Grand Ledge Public Schools	34	78	112	504	22.2%
Detroit Public Schools Community District	110	2	112	4,119	2.7%
Huron Valley Schools	105	3	108	691	15.6%
Brighton Area Schools	2	103	105	484	21.7%
Livonia Public Schools School District	20	81	101	1,063	9.5%

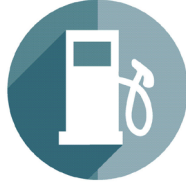
Endnotes

- 1 Michigan Department of Community Health, Division for Vital Records and Health Statistics, 1900-2018 Michigan Residents Birth Files. <https://www.mdch.state.mi.us/osr/nataliity/tab1.1.asp>.
- 2 Hussar, W.J., and Bailey, T.M. (2019). Projections of Education Statistics to 2027 (NCES 2019-001). U.S. Department of Education, Washington, DC: National Center for Education Statistics. <https://nces.ed.gov/pubs2019/2019001.pdf>
- 3 Sanderson Edwards, Danielle, and Cowen, Joshua M. (2019). Who Chooses? Charter and Non-Resident School Enrollment in Michigan. Education Policy Innovation Collaborative, Michigan State University. https://epicedpolicy.org/wp-content/uploads/2019/06/EPIC_Choice_Policy_Brief_June2019.pdf
- 4 Ibid.
- 5 Ibid.
- 6 Citizens Research Council of Michigan (2015). Managing School District Finances in an Era of Declining Enrollment. <https://crcmich.org/publications/managing-school-district-finances-in-an-era-of-declining-enrollment>
- 7 Citizens Research Council of Michigan (2016). Update on State Support for Non-public School Students. https://crcmich.org/PUBLICAT/2010s/2016/shared_time_update-2016.pdf
- 8 French, Ron. (2020). 15,000 kids take two years of kindergarten. Is Lansing listening? Bridge Magazine. <https://www.bridgemi.com/talent-education/15000-michigan-kids-take-two-years-kindergarten-lansing-listening>

A Fact Tank Cannot Run on Fumes

Do you find this report useful and want to support analysis that will lead to better policy decisions and better government in Michigan? Your support of Citizens Research Council of Michigan will help us to continue providing policy makers and citizens the trusted, unbiased, high-quality public policy research Michigan needs.

Please visit www.crcmich.org/donate or fill out the form below and send it to:



Citizens Research Council of Michigan
38777 Six Mile Road, Suite 208
Livonia, MI 48152-3974

You can learn more about the organization at www.crcmich.org/about.

**YES! I want to help fill Michigan's Fact Tank
and support sound public policy in Michigan!**

NAME _____

ADDRESS _____

EMAIL / PHONE _____

- I wish to make a one-time, tax-deductible gift of: \$ _____
- I wish to pledge a total of \$ _____ with an initial payment of \$ _____ .
- I would like my contribution to support: _____ Annual Fund _____ Endowment
- Please mark my gift:
 - Anonymous
 - In Honor Of: _____
 - In Memory Of: _____
- Gift will be matched by: _____

Or donate online at www.crcmich.org/donate