



Guiding Principle 3:



**Invest in an
Efficient and Effective
System of Public Funding**

Michigan must invest in an efficient and effective system of public funding that ensures that every student is supported by sufficient resources, including additional resources necessary for disadvantaged students, to achieve high-performance standards.



Rationale

Meeting world-class education standards requires that Michigan boost classroom achievement. Michigan needs to provide schools with sufficient funding to enable students to meet these standards, and then hold schools accountable for the results. However, if Michigan taxpayers are going to be asked to support additional spending to help achieve these performance standards, they must first be assured that existing resources are being spent efficiently and effectively. Michigan's funding model should encourage innovation and collaboration to increase efficiency.

Michigan's education system must prepare every Michigander for success. Some students have special needs and will require additional resources to achieve the same outcomes as general population students. English-language learners, students growing up in poverty, special education students, and other disadvantaged groups will need additional resources to have the same chance of meeting Michigan's performance standards. Michigan's finance system needs to recognize this and have funding formulas that accommodate these differences.

What does a 21st century Michigan look like?

Michigan is committed to funding education at the level necessary for success. Michigan schools, community colleges, and universities have the resources necessary to provide programs and services that meet the needs of all students. Thanks to these supports, all students can achieve Michigan's high-performance standards, and student performance is no longer correlated with income and geography. While programs and services are robust, they are also efficient and every dollar is spent effectively. Educators select evidence-based programs, and there are mechanisms to collaborate when it is most beneficial academically and financially to do so.

Michigan's public education funding system is driven by student need and is easy for taxpayers to understand. Differences in per-pupil revenues between districts and pupils can be easily and clearly explained because they are based on documented differences in costs.

Funding levels for higher education are transparent and policy based.

What does Michigan look like now?

Michigan school districts receive varying amounts per pupil, but these differences are based on historical differences in property tax wealth and local tax efforts rather than on differences in the costs of educating students. Michigan's recently completed education finance study noted that the funding weights for at-risk students and English-language learners were far below the levels recommended by research and far below the weights used by many other states.⁹⁷ Michigan higher education funding levels rank poorly compared to other states, and there is little or no policy rationale for funding differences between schools.

Michigan's education outcomes historically have not been commensurate with spending, which suggests that the state may be able to find ways to spend money more effectively. Michigan is situated in the middle of states with

respect to spending, ranking 24th highest in per-pupil expenditures in 2013; however, the state has among the worst outcomes in 2013, ranking

38th in fourth-grade reading and 42nd in fourth-grade math.

Measuring Success

While we implement these strategies, we must track progress and outcomes by asking questions such as:

- Are funding levels supported by transparent and easily understood justifications?
- Is funding sufficient to implement the recommendations and meet the goals of the 21st Century Education Commission?
- Does the funding model provide all students with an equal opportunity for success?
- Are funds being spent efficiently?

Key Strategies

3.1 Identify efficiencies

3.2 Determine the base funding amounts for K–12

3.3 Determine the additional resources needed for disadvantaged students

3.4 Develop funding formulas to support the system

3.1—Identify Efficiencies

Identify opportunities to increase efficiencies in education funding.

Details

The Governor and Michigan Legislature, in conjunction with representatives from the education community, should undertake a comprehensive examination of how education dollars are currently spent in Michigan and identify opportunities to spend these funds more efficiently and effectively. This examination should include identifying opportunities including, but not limited to, eliminating redundancies, prioritizing evidence-based techniques, and determining the most efficient and effective ways of delivering services to students.

Rationale

Becoming a world leader in education will require additional investment. However, before Michigan taxpayers can be asked to support additional spending for education, they need to be assured that Michigan spends current funds efficiently and effectively. Determining how to spend funds in the most efficient manner will require a careful review by policymakers with the input of education experts.

Potential Responsible Party

The Governor and Legislature should work to determine ways to improve efficiency.

3.2–Determine the Base Funding Amounts for K-12

Determine the spending needed for K-12 students to meet performance targets.

Details

Michigan needs to determine the level of resources needed for K–12 students to meet its performance standards, as well as to implement the recommendations identified by the 21st Century Education Commission.

Rationale

The Commission is recommending that Michigan adopt performance outcomes that are benchmarked against the highest-performing states and nations, and that schools be held accountable for meeting these benchmarks. If the state is going to be successful in meeting these goals, schools need to be provided with the resources necessary for success.

Michigan’s per-pupil base spending amounts vary by district, and these variations are not based on underlying costs but instead on the level of per-pupil funding in place when the state reformed school spending in 1994.

Michigan needs to efficiently distribute resources, and efficient distribution requires a transparent calculation of what it costs to meet performance standards.

Tennessee and Washington provide good models for transparent funding. These models determine the costs associated with instructional, classroom, and nonclassroom services, and the foundation allowances are built from these costs. For example, under Tennessee’s model, an elementary school with 300 children in grades K–3 is assumed to need 15 teachers; schools are assumed to need one English-language instructor for every 30 English-language learners; they are further assumed to need \$76.75 for textbooks for each student, and \$74.50 for classroom materials and supplies. Total per-pupil funding is built up from calculations like these. These calculations will also allow the state to effectively account for differences in per-pupil costs for things like elementary and secondary education, the population density of the district, and other factors that impact the per-student cost of education.⁹⁸

Schools are not required to spend money according to these parameters, but the formulas ensure that the funding amounts are transparent and that the state has made an attempt to provide the resources it has identified as necessary for meeting the performance standards. Michigan should make a similar effort to identify the resources needed to meet the standards, and then distribute these resources in a similarly transparent manner.



Photo taken at Voyageur Academy in Detroit

Michigan made a partial attempt at identifying costs with the recently completed Education Finance Study.⁹⁹ However, many were unconvinced by the study's findings and questioned some of the methodological underpinnings.

Potential Responsible Party

The Governor and Legislature should determine the base funding amounts.

3.3–Determine the Additional Resources Needed for Disadvantaged Students

Determine the additional funding amounts needed to ensure disadvantaged students have an equal chance of meeting Michigan’s performance standards.

Details

Some students face additional challenges in meeting the state’s performance standards, such as being an English-language learner or attending a school with concentrated poverty. Commissioners saw this first hand during school visits in Southeast Michigan. Michigan’s funding formulas should recognize this and provide districts with the funds needed to give disadvantaged students an equal shot at success.

Rationale

Michigan’s funding formulas should be equitable. Similar districts and students should be provided with similar resources, and students with greater educational needs should be provided with the additional resources they need to have an equal chance of meeting the performance standards. For example, education performance in Michigan is highly correlated with income; lower-income children often arrive at school behind other students and often do not catch up. These students—be it in suburban, rural, or urban school environments—often face a myriad of problems which can make it difficult for them to succeed. At-risk students attending schools with concentrated poverty face particularly acute challenges. Providing at-risk students with an equal chance of success requires additional resources for remediation, wraparound services, and other interventions, and the system should provide the funding to support such measures.

The state’s recent education finance study cited research showing that Michigan’s spending on disadvantaged students trailed the levels recommended by the research and the levels of many other states. Michigan should strive to be a leader in funding equity.

Potential Responsible Party

The Governor and Legislature should determine the appropriate funding level for at-risk students.

3.4—Develop Funding Formulas to Support the System

Determine a method to efficiently and effectively distribute public funding throughout the state that accounts for the additional resources necessary for disadvantaged students to achieve high standards.

Details

Once the levels of spending needed to meet Michigan's performance standards are determined, Michigan needs to develop funding formulas that efficiently and effectively distribute these resources to the proper entities to support student success.

Rationale

Michigan's funding formulas need to recognize the different resources needed for disadvantaged students to have a high probability of success. These formulas must distribute these resources to where they can most efficiently be utilized, whether that is a building, district, intermediate district, or other body.

Potential Responsible Party

The Governor and Legislature should determine the appropriate funding formulas.