



School Finance Research Collaborative Study

Q & A

1. What is an Adequacy Study and why is it important?

- Adequacy studies determine the true cost of providing a quality education to all students, regardless of their income, location or other circumstances.
- These studies often include geographic cost differences, labor cost differences and analysis of geographic isolation, among other factors.
- The School Finance Research Collaborative study was done based on Michigan's State Standards for student achievement for all students in both charter and traditional public schools.

2. Who is the School Finance Research Collaborative?

- The School Finance Research Collaborative is a diverse, broad-based and bipartisan group of business leaders and education experts from all corners of Michigan that formed in 2016.
- The group comes from a variety of backgrounds, but all of its members agree:
- It's time to change the way Michigan's schools are funded.



3. How was the study paid for?

- Funding for the study came from the W.K. Kellogg, Charles Stewart Mott and Skillman foundations, as well as other nonprofits and associations.
- Additional funding came from 32 ISDs across Michigan.

4. Isn't this study just about more money?

- This study calls for research-based decisions as a best practice to help all Michigan students achieve and succeed.
- Adequacy studies have proven nationwide to be a critical first step toward any meaningful education reform that has resulted in improved student achievement.
- Michigan's current school funding approach is broken, and this study provides the building blocks for a new school finance formula that serves the widely varying needs of all students.

5. What were the report's key findings?

- Simply put, the study identified a base cost for educating a student, and also identified several factors that deserve additional funding for student characteristics including **poverty, special education, English Language Learners** and **Career and Technical Education**.



- The study also identified costs in related areas response to school district or charter school characteristics including: transportation of students, geographic isolation, state pension system costs and enrollment size.
- The study found the base cost of a regular education student is **\$9,590** for both traditional public schools and charter schools.
 - That amount excludes transportation, food service and capital costs, and only includes pension costs at 4.6% of wages.
 - In addition to the base per-pupil cost, a percentage of the base cost should be provided for **special education, English Language Learners, students living in poverty** and programs to provide **Career and Technical Education**, and to account for **geographic isolation**. See below.
 - All school districts and those charter schools in the state pension system (MPSERS) should receive funding in addition to the base for the payment required by law. Currently, the required additional payment is equal to approximately 21.1% of all wages.

6. How should we fund special education?

- Students in need of special education services should be identified by the amount of time spent in the classroom, and by severity:



- **Mild-level severity:** Students should be funded at an additional funding weight of 0.70 (70%) of the base per-pupil cost.
 - Students are in a regular education classroom 80% or more of the time.
- **Moderate-level severity:** Students should be funded at an additional funding weight of 1.15 of the base per-pupil cost.
 - Students are in a regular education classroom 40% to 80% of the time.
- **Severe-level:** The State of Michigan should reimburse costs incurred at 100%.
 - Students are in the regular education classroom 20% or less of the time they are in school.

7. How should we fund English Language Learners?

- The WIDA language assessment tool should be used to determine a student's proficiency in language.
 - **WIDA levels 1 and 2:** Students should be funded at an additional 0.7 (70%) of the base per-pupil cost.
 - **WIDA levels 3 and 4:** Students should be funded at an additional 0.5 (50%) of the base per-pupil cost.
 - **WIDA 5 and 6:** Students should be funded at an additional 0.35 (35%) of the base per-pupil cost.



- If a student is eligible for ELL and is in poverty, Only the ELL weight should be applied.

8. How do we address student poverty?

- Poverty students should be funded at an additional 0.35 (35%) of the base per-pupil cost.
- More study is needed to determine the impact of literate and illiterate poverty and concentrations of poverty across Michigan.

9. How should we fund Career and Technical Education?

- In addition to the base cost, an additional 10% of the base cost per CTE enrolled student should be applied for the increased cost of equipment, supplies and other materials.

10. What about students in smaller districts and remote areas?

- Additional student funding for certain school district characteristics should be added because district expenses operate on **economies of scale**.
- **Isolated school districts** should receive an additional .04 (4%) of the base per-pupil cost.



- The state definition of an isolated district should be amended to include **all areas of the state**, not just the U.P.
 - Because Michigan’s school district sizes vary widely and small districts lack economies of scale, **district size** must be taken into account, with funding increases provided for all districts under 7,500 students.
 - There are 196 school districts with less than 1,000 students, and 210 school districts with enrollment between 1,000 and 3,000 students.
 - Smaller districts with fewer students incur greater charges per student as a result.
 - The study examines how cost differentials can be applied to account for this effect on public school districts.

11. What did the research say about pre-K for 3- and 4-year-old children?

- The base cost for preschool is **\$14,155** with no additional funding weights.
- More intense resources are needed due to low teacher-to-student ratios.
- Significant returns on investment for preschool require high-quality pre-K programs.



- To best educate our youngest students, Michigan should make preschool for all students a goal.

12. What did the research say about student transportation?

- A per-rider (not per student) amount of **\$731** should be allocated above the base per-pupil cost.
- An additional study is needed that designs a more specific transportation-cost formula.

13. What did the research say about school personnel wages?

- The study recommends using a Comparable Wage Index (CWI) for Cost of Living (COL) differences due to geographical location.

14. What was not studied by the researchers?

- Alternative education, adult education and cyberschools



15. What was recommended by the researchers for additional study?

- **Capital costs:** The researchers recommend the state conduct a full capital study that examines the costs faced by districts and charter schools.
- **Transportation:** The researchers recommend additional study for the transportation needs of all districts.
 - This study should include the needs of isolated districts, and determine if a separate funding source is needed.
- **Poverty:** The researchers recommend additional study for “high-needs poverty” and possible additional funding to serve those students. These include students who are from illiterate families, have been abused and/or neglected or are homeless, and students who have been affected by parental loss due to death, divorce, incarceration or military service. See the footnote on the first page of Chapter 2 of the study report.

16. Who did the research?

- This study was conducted by Augenblick, Palaich and Associates and Picus Odden & Associates, the nation’s top two school finance research firms.



- The research team has over 100 years of combined experience.
 - APA has conducted this type of research in all 50 states.

17. How was the research done?

- The study used the **Evidence Based (EB)** and **Professional Judgment (PJ)** approaches to determine the true cost of student achievement in Michigan.
- The PJ approach gathers leading educators to identify human resources and operating expenses needed to meet student achievement standards.
- The EB approach uses academic research on student performance to identify needed resources for schools to meet state standards.
- Nearly 300 Michigan educators informed the study.
 - They served on panels focused on all grade levels, preschool, special education, English Language Learners, poverty and Career and Technical Education.
- The study included a first-of-its kind panel on charter schools, and also examined districts of varying sizes and geographically isolated districts.



- The report incorporated findings of Michigan’s 2016 school funding report, which called for increasing base per-pupil funding and additional funding for at-risk students and English Language Learners.
- The state’s report used the **Successful School District (SSD)** approach, which assumes the base cost spent by districts found to be meeting standards could be used for all districts.

18. Why was this study needed?

- Michigan lacked a comprehensive school funding study and policymakers need a clear roadmap to make decisions about school funding in Michigan.
- In 2016, Michigan ranked 24th in per-pupil K–12 spending, and the state ranked 8th-highest in per-pupil spending as recently as 2000.
- Since 2000, Michigan’s inflation-adjusted per-pupil spending has fallen by \$663 per pupil, while the U.S. average has increased by over \$1,400 per student.
- This report represents the most comprehensive school adequacy study in Michigan in at least 50 years.
- The report creates a new roadmap for best practices, student achievement and preparing all students for the future.
- Michigan now joins more than 30 states that have conducted comprehensive adequacy studies over the past 15 years as the first step toward improving student achievement for all students.



19. Who supports this study?

- All 56 Michigan Intermediate School Districts have passed resolutions of support, contributed financially to the project or both.
- There is growing support across Michigan for a new school funding approach that improves student achievement and helps prepare all students for college and careers.
 - This includes widespread support in the business community, which views a high-quality pre-K-12 education as critical to Michigan’s ongoing economic comeback.

20. What does this study say about the cost of pre-K-12 in Michigan?

- The answer is not yet known.
- Additional work is needed to analyze the numbers and any additional funding beyond the base per-pupil cost.
- The only purpose of this study was to determine the true cost of educating all students to Michigan’s State Standards.



21. What are the next steps?

- This first-of-its-kind study will be provided to Michigan policymakers.
 - It is now up to our leaders in the Legislature to take action on these recommendations.
- The School Finance Research Collaborative will make numerous presentations on the report across Michigan.
- To view the report and stay up to date on the Collaborative's work, visit fundmischools.org.