

Education

Funding of Public Schools

Traditionally local public schools were supported by local property taxes, with voter approval. This reliance on property taxes produced very different funding from district to district. In 1993 Proposal A allowed the state to collect property taxes on residential property and distribute them more evenly. Taxes on non-residential property, set at 18 mills, remained local. This was set at 18 mills across the state and is the local part of the foundational allowance. The rest comes from a six-mill property tax on residences, some of the sales tax, tax on cigarettes, real estate transfer tax, the lottery and the general fund. The state legislature decides on the amount of the foundational allowance and the amount is reduced by the amount collected locally from the 18 mills on nonresidential property. For example, District A has 1,000 students and a foundation allowance of \$7,000 per pupil for a total of \$7,000,000. The local 18 mills generate \$2,000,000, which is subtracted from the total allowance, leaving the state to pay \$5,000,000.¹

In addition to the per-pupil Foundation Allowance, districts also receive funding for special situations. These are not guaranteed and can vary from year to year much more than the foundational allowance. School districts also receive reimbursement for special education costs and some federal funds earmarked for special programs.

Recommendations

The goal in funding education must be the education of all our pupils, including especially those who are at risk and have needs based on poverty and low-income families. The foundational allowance must be raised and made part of long range planning so districts do not have to engage in a cycle of starting and canceling programs.



In 2018 the School Finance Research Collaborative called for a foundational allowance of \$9,590 with additional money for districts with special circumstances. For example, a rural district has much higher transportation costs than an urban district.²

We must adopt a policy of school district consolidation so that a district is large enough to provide the varied curriculum that is needed for today's pupils in our technological society and economy. This could also reduce the cost of education.

Schools are the lifeblood of a healthy Michigan future. Their funding must not be left up to the whims of our state legislature and governor. John Austin, former Michigan Superintendent of Public Instruction, wrote that Michigan must change the way it finances schools to provide the resources needed to meet the very different learning needs of every student, and "Bring quality and performance to the educational chaos".³

- 1) "History Of School Funding in Michigan" Saline Finance Blog, May 13, 2013. <https://warnerfinance.wordpress.com/2013/05/13/history-of-school-funding-in-michigan-3/>.
- 2) Michael Gerstein, The Detroit News Published 12:31 p.m. ET Jan. 17, 2018 <http://www.detroitnews.com/story/news/politics/2018/01/17/michigan-school-equal-funding-report/109542402/>.
- 3) John Austin, "Michigan's future at stake in fixing public education", Bridge, October 31, 2017 <http://www.bridgemi.com/guest-commentary/michigans-future-stake-fixing-public-education>.