



School Finance Research Project

“Determining the Cost for Funding Educational Achievement for all Michigan Students (PK-12)”

Executive Summary

The W.K. Kellogg Foundation awarded a \$100,000 grant to the Oakland Schools Education Foundation on June 30, 2016. The purpose of the grant was to support the School Finance Research Project (SFRP or The Project), which would work to ensure that the cost of student achievement for all students in both traditional school districts and charter schools, including at-risk and vulnerable students, students in geographically isolated districts, students in districts of all different enrollment sizes are determined.

The first step in the project was to fully analyze the 2016 state commissioned adequacy study for K-12 education in Michigan and make reports available to all about the strengths and weaknesses of that effort.

A road map was then developed to guide the project work to build on the state funded study results, improving both the validity and reliability of the cost information produced. A 15-member Steering and Technical Committee, a 9-member Advisory Committee and a statewide non-partisan and 22-member Collaborative representing the private sector, K-12 educators, higher education, and policy experts inclusive of former legislators from all across the state were formed.

See this link for information: <http://www.fundmischools.org/members/>

An RFP was issued in February 2017 for a new Adequacy study using multiple methodologies: **“Determining the Cost for Funding Educational Achievement for all Michigan Students (PK-12)”**. A contractor was selected and the new adequacy study commenced on May 16, 2017. The Study was completed with the report issued on January 17, 2018. Byrum and Fisk Advocacy Communications were engaged to provide expertise to the development of a comprehensive communication plan to educate stakeholders statewide. The plan was promptly developed and implementation began in Fall 2016 and will continue throughout the Spring 2018. The Project considers the Communication effort regarding the need for the additional research and the results of the research to be as important as the research itself.

The total project budget, excluding the approximate \$500,000 of in kind services provided by the 15 member Project Steering and Technical Committee and the Advisory Committee, between July 1, 2016 and June 1, 2018 (23 Months) is \$900,000. Funding was obtained from the Kellogg, C.S. Mott and Skillman Foundations, four educational non-profits associations and from 32 Intermediate School districts from all across the state.

Rationale

The Michigan Education Finance Report issued in June of 2016 was based on a “state funded” Adequacy Study which used only the Successful School District Methodology (SSD). The SSD is one of four commonly accepted methodologies for Adequacy Studies which have evolved over the past 30 years. The Report was a good start but had several weaknesses as a result of contract requirements established by the State of Michigan, particularly in that the study used only one methodology and furthermore a Successful School District was defined primarily as a district with state test scores above the Michigan average with little emphasis on student growth.

This study did not examine charter schools, preschool, geographically isolated districts, the concentration of special needs students, [Transportation](#) or Career and Technical Education (see a review of the Michigan Education Finance Study and an Analysis of Notably Successful School Districts at <http://www.fundmischools.org/resources>

What was clear from the study is that the School Finance System in Michigan is broken and in need of major reform. Subsequently, in March of 2017, the Governors 21st Century Education Commission report also identified the investment level for PK-12 education to be a serious problem which urgently needed to be addressed. See this link: <http://www.fundmischools.org/wp-content/uploads/2017/03/Executive-Summary-The-Best-Education-System-for-Michigans-Success.pdf>

The Project’s objectives were to build on the State funded study by conducting an Adequacy study using multiple methodologies to identify the cost of student achievement for all students PK-12 and then to communicate the results broadly to stakeholders and policy makers across the State. As a result of this Project, Michigan will now have information from three methodologies representing “the very best practice in the United States.” The best possible information must be available to support major School Finance Policy reform. This Project has met that need.

From 2003 to 2014, 25 states conducted Adequacy Studies to guide policy reform and in 23 of the 25 states **multiple methodologies** were used. Types of Adequacy Studies conducted in 25 states from 2003 to 2014:

Adequacy study Methodology used	# of studies ^[1]
Successful School Districts (SSD)	17
Professional Judgment (PJ)	29
Evidence-Based (EB)	19
Statistical (SA)	-
Multiple approaches	23

^[1] This column does not total 39 because 23 of the studies used more than one type of study.

The two methodologies currently being used are the Professional Judgment and the Evidence Based methods, and are the most frequently used approaches by States in America. The Contractor selected to conduct the research is Augenblich, Palaich and Associates (APA). This firm was also selected by the State for the 2016 study, and is a firm that has worked in all 50 states. APA is the nationwide leader in implementing the Professional Judgment method. The ten member research team doing the study also included another leading school finance research firm, Picus, Odden and Associates (POA), the firm who actually developed the Evidence Based (EB) Methodology over 20 years ago.

The adequacy study required 20 educator panels (16 professional judgment and 4 evidence based) to be established to work with the ten member research team. The total number of Michigan educators and panel composition by position was designed by the research team. In total, 266 educators served on panels representing 146 educational entities statewide, and included teachers, principals, superintendents, business officials, technology experts and instructional experts from all across the state. The panels include Preschool, Poverty, English Language Learners, Special Education, Career and Technical Education; districts which are geographically isolated, very small, small, moderate and large school districts and a first time in the nation panel just on charter schools. The impact of high concentrations of special needs students will also be closely examined. The results of the Study delivered in January of 2018 will be communicated to stakeholders and policymakers all across the state.

The Study report provides the building blocks of information needed to develop a new school finance funding formula designed to bring all students to the state standard for achievement and to be responsive to constantly changing demographics in all school districts and charter schools. Achieving the Projects objective is imperative to informing school finance policy reform, an essential element necessary to improve equity and prosperity for all of Michigan.

The Governors 21st Century Education Commission report in March of 2017 recommended that State **determine the base funding amount for K-12**. The Commission further recommended that Michigan adopt performance outcomes that are benchmarked against the highest-performing states and nations. If the state is going to be successful in meeting these benchmarks, schools need to be provided with the resources necessary for success. Michigan needs to efficiently distribute resources, and efficient distribution **requires a transparent calculation of what it costs to meet established performance standards**.

The Southeast Michigan Council of Governments and the Metropolitan Affairs Coalition recently issued a report "Providing Quality Education for All Students". This report calls for full support to the efforts of the School Finance Research Project.

Furthermore, the State Superintendent of Public Instruction established the "Top 10 in 10 years" plan which identified seven strategic goals including reducing the impact of high-risk factors, including poverty, and providing equitable resources. The School Finance Research Project provided some of the information essential to reaching this goal.

The school funding system in Michigan has been broken for quite a while. We all know students who have been shortchanged at some point because the school could not provide the resources needed to impact the learning process to best meet their needs. Now Michigan has the research, conducted by two highly respected firms that specialize in school funding, which tells us what level of funding our schools should have based on the outcomes expected by the state. This research looks at a new model of funding that is based on the individual needs of the students and the uniqueness of the districts, not a one-size-fits-all funding model that has allowed Michigan to drop further behind compared to other states.