2021 BUDGET PRIORITY: PROVIDE MORE STATE FUNDING TO PUBLIC SCHOOLS IN HIGH-POVERTY COMMUNITIES

LEAGUE RECOMMENDATION:

Provide the resources needed to address the educational challenges faced by children exposed to the stresses of poverty by: (1) adopting a School Aid formula that is weighted by the number of students in poverty, English language learners and children with special needs; and (2) fully funding the At-Risk School Aid program.

BACKGROUND:

Numerous studies of school funding in Michigan have shown that the state is failing to provide the resources needed to guarantee a high-quality education for all students, and particularly for students in low-income schools, English language learners and children with disabilities or special needs. While overall funding for education has risen since the great recession, adjusted for inflation, School Aid Fund revenues are 4% lower this year than they were in 1995 when Proposal A took effect.

A 2018 report by The Education Trust found that Michigan is among the bottom five states in the country in addressing equity in school funding, meaning that the state's highest poverty districts receive 5% less in total state and local funds than its lowest poverty districts. In her first budget proposal, Governor Whitmer proposed a weighted school funding formula that significantly increased funding for high-poverty schools, special education and English language learners. The Legislature rejected that proposal, despite broad support from educators, business leaders and advocates, as well as research demonstrating that increased spending on students from low-income families can improve educational attainment, reduce poverty and ultimately improve lifetime earnings.

School Aid Formula: For 2020, the Legislature increased per-pupil payments by between $120 and $240, bringing the minimum per-pupil state payment to $8,111, and the maximum to $8,529. The nonpartisan Michigan School Finance Research Collaborative recommended in a January 2018 report that schools receive a base state payment of $9,590 per pupil, with additional funding weighted by the number of students in poverty, the number of English language learners, district size and geographic isolation—up to a maximum of $11,482 per pupil.

The At-Risk School Aid Program: The At-Risk School Aid program has been the primary vehicle for providing state funds to schools to serve students who are at risk of failing academically or are chronically absent. After more than a decade of flat funding, when At-Risk payments fell well below statutory levels, the Legislature approved increases of $70 million in 2016, $120 million in 2018, and $5 million in 2020. Despite these increases, the At-Risk program is still not fully funded and payments are prorated.

WHY DOES IT MATTER?

When funding falls short, schools in high-poverty communities struggle the most. To improve equity, Michigan needs a school funding formula that addresses the added costs of teaching children who have lived with the stresses of poverty, those with identified disabilities or special needs, and English language learners.
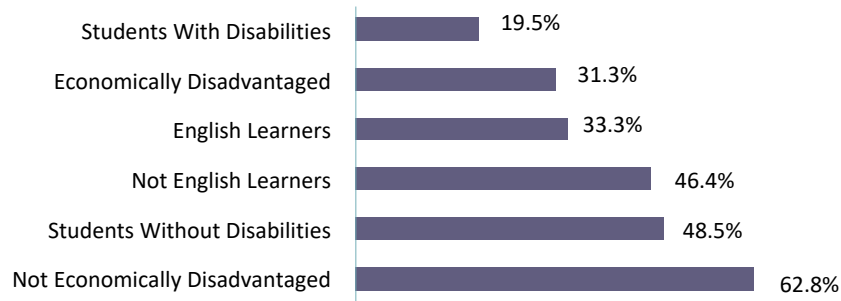
The barriers faced by families in poverty can affect children's learning and success. While family income alone does not keep children from learning, the many stresses faced by those living in poverty can—including, potentially, low parental

literacy, poor health, a lack of stable housing, frequent moves, less access to high-quality early education and care, fewer after-school or enrichment programs, and increased exposure to environmental toxins like lead that can affect brain growth and development.

Children in high-poverty schools are less likely to achieve or be prepared for college, and the disadvantages start early. Students whose families are more economically secure are twice as likely to be proficient on standardized tests for reading by third grade, and the advantage continues through to college readiness.

Percent of Third-Graders Reading Proficiently for Economic Disadvantage, Special Needs and English Learners (2018-19)

Category	Percent
Students With Disabilities	19.5%
Economically Disadvantaged	31.3%
English Learners	33.3%
Not English Learners	46.4%
Students Without Disabilities	48.5%
Not Economically Disadvantaged	62.8%

Source: M-STEP, MI School Data

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