

RESULTS SUMMARY OF ED.S. THESIS BY WILLIAM J. KEARNEY

“THE IMPACT OF PROPOSAL A ON MICHIGAN PUBLIC SCHOOLS FROM THE PERSPECTIVE OF DISTRICT SUPERINTENDENTS”

Summary

This study examined the impact that Proposal A has had on the financial health and operations of Michigan public school districts, from the perspective of the district superintendents. Data on the impact of Proposal A were collected from 100 public school districts in Michigan, that were selected through a stratified random sampling method. The results were analyzed based on ten research questions which have formed the foundation of this study. The following synopsis was guided by these ten research questions.

This study concluded that enrollment trend had a definite impact on the financial health of a school district. Declining enrollment produced a negative impact on the financial health of a district, whereas increasing enrollment generated a positive influence on the financial health of a district. Furthermore, districts with fewer than 500 students and districts located in the upper peninsula of Michigan had a greater likelihood that the enrollment trend of their district would have a negative influence on their financial health.

Furthermore, districts with an increasing unreserved general fund balance typically believed that Proposal A has had a positive impact, whereas districts with a deteriorating unreserved general fund balance sensed a negative impact as a result of Proposal A. Moreover, the results indicated that Proposal A had a greater potential of having a negative influence on the unreserved general fund balance of districts with fewer than 500 students as well as districts in the upper peninsula of Michigan.

While this study has shown that a considerable majority of the districts had undergone a major building project over the past five years, Proposal A has not had a noticeable impact on the total debt of school districts. Furthermore, the enrollment size and geographic location of the districts did not have an influence on the impact of Proposal A regarding the total debt of districts. Additionally, this study has only shown a slight connection between the enrollment size of the district and the impact that Proposal A has had on the borrowing needs of districts. Proposal A had a greater potential of having a negative impact on the smallest and largest districts, when compared to districts in the other enrollment categories.

Four possible alternatives to Proposal A were examined during this study. Option A investigated the support behind granting districts the authority to seek an additional millage for operating expenses. The results disclosed that a majority of the districts would like the authority to seek additional mills for operating expenses pending voter approval. Overwhelming support for this option came from the districts in southeastern Michigan, which is the most populated region in the state. This was interesting since districts indicated that one of the best aspects about Proposal A was that they no longer had to pursue millage elections for increasing revenues.

Option B sought the degree of support for shifting the source of funding from a sales tax base to an income tax base. This research revealed that a majority of the districts believed that this was a viable option, however the results indicated that a substantial number of districts thought that the voting public would not agree to this option.

This study did not disclose any widespread support from the districts for the remaining two options. Option C pertained to shifting school funding from a per pupil basis to a per instructional unit basis. While there was no overall support for this option, a large number of districts replied “don’t know”, which implied a lack of familiarity with this alternative.

Likewise, option D which pertained to implementing full state funding of specific non-instructional programs, such as transportation, administered through the Educational Service Regions was not supported by a majority of the districts. Similar to the previous option, a considerable number of districts responded “don’t know” indicating that further information was required. However, this option was supported by a substantial number of districts with fewer than 500 students as well as districts located in the upper peninsula.

Overall, this study has shown that Proposal A has not had an overall negative impact on the majority of the school districts. However, a relationship does exist between the enrollment size of the district and the overall impact of Proposal A. The majority of the districts with fewer than 500 students indicated that Proposal A has had a negative overall impact. From a geographic standpoint, the districts in the upper peninsula had a greater likelihood of encountering a negative overall impact from Proposal A than other districts.

This study found that school districts would prefer to keep Proposal A than have a new school funding plan developed. However, an overwhelming majority of the districts would like to see some adjustments made to Proposal A. Even districts in the two categories that had been impacted the most, districts with fewer than 500 students and districts located in the upper peninsula of Michigan, expressed decisive support for continuing Proposal A with minor adjustments.

Recommendations

Based on the findings of this study, Proposal A should be continued as the foundation of Michigan’s public school funding plan with the following modifications. First, a formula should be developed and implemented for granting local districts the authority to seek additional enhancement mills from the voters for operating expenses. To maintain equity among districts, a tax base sharing plan which distributes proceeds among participating districts, based on an established formula, is recommended. Second, to alleviate the impact of declining enrollment on districts, enrollment averaging should be implemented as an alternative method to computing a district’s pupil membership. In addition to the current blended count format, a three-year average method should be instituted for calculating a district’s pupil membership. Districts would be permitted to use either method to determine their pupil membership for foundation allowance purposes. Third, to counteract the impact that Proposal A has had on small districts, a factor should be incorporated into the foundation allowance formula that takes into account the size of the district. Multiplying the pupil membership of a district by a predetermined factor, would provide the necessary supplemental aid to small districts.

The findings of this study are substantiated by an April, 2002 published report regarding Proposal A from Tom Watkins, the Superintendent of Public Instruction in Michigan. It is interesting to note that while this study gathered perspectives from district superintendents and Watkins’ report collected information from other stakeholders, similar conclusions and recommendations were reached. For example, both studies presented alternatives for providing districts with the opportunity to raise additional local revenues.

Furthermore, the two studies also proposed alternative funding methods for districts with declining enrollments (Watkins, 2002).

Following the implementation of any modifications to Proposal A, a timely follow-up study is recommended to assess the impact that these changes have had on the districts. Periodic evaluations of Proposal A which incorporate any necessary adjustments, will maintain an optimal school funding plan for all students in Michigan.