



“Upper Peninsula Education Challenge”

**A White Paper Submitted to:
Tom Watkins, State Superintendent
of Public Instruction
November 15, 2002**

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Executive Summary
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The usual suggested remedies to deal with the negative impacts of declining enrollment – transfer to another school district, consolidate districts or expand E-learning – are complicated by the factors of remoteness and sparsity of population in the Upper Peninsula (U.P.). This paper analyzes these remedies, advocates several very viable solutions for the short-term and recommends a process for the long term. If these problems are not addressed, the Upper Peninsula’s ability to continue to provide quality education to the children of the region is in serious jeopardy. Political leadership will have to confront the requirement for the state to provide quality education to the children regardless of where they live. These problems may also exist in other areas of the state. U.P. Superintendents, with the input of other groups interested in the sustainability of U.P. public education, developed this white paper for the State Superintendent, the U.P. legislative delegation and the Governor-elect’s transition team to fully inform and consider the following issues for this coming year.

SOLUTIONS FOR THE SHORT TERM

Maintain the Declining Enrollment Funding:

Maintaining the state appropriation for a three-year averaging of a district’s blended pupil count is critical for remotely situated school districts in the Upper Peninsula with declining enrollment.

Include U.P. Schools in the State Aid Appropriation Bill for Declining Enrollment Funding:

The U.P. schools were excluded in the State Aid Appropriation Bill passed by the State Legislature for the 2003 and 2004 fiscal years qualifying school districts for declining enrollment funding.

Provide Incentive Funding to Consolidate Services:

Providing incentive funding to consolidate services might also provide some financial relief to school districts.

Expand Sinking Fund Millage Language:

The passage of the pending legislation allowing the expansion of sinking fund revenues to be utilized to offset busing and technology costs is essential to the financial stability of U.P. schools.

Provide a Sparsity Categorical:

Provide a categorical item in the budget for a sparsity factor that would allow schools to maintain quality programming despite the limited number of students participating.

Address the Delivery of E-Learning:

The delivery of some school programming can be provided by technology. This will only occur in school districts if the infrastructure and equipment are available to all students in the state.

Support a Pilot Program to Permit School Districts to have a Four-day School Week:

The tradition in Michigan is for a five-day school week with 180 days and 1098 hours of instruction. Some savings could be realized by reducing the school week to four days and extending the school day so students meet state requirements for number of hours of instruction while waiving the 180 day requirement.

RECOMMENDATION FOR THE LONG-TERM:

For the long-term we are calling on the State Department of Education to:

- 1. Convene a State Task Force** to explore how Michigan will deliver quality education to remote, sparsely populated rural areas of the state.
- 2. Ensure that this State Task Force would have definitive representation** from the U.P.
- 3. Focus on how this state is going to sustain rural schools** and continue to provide quality programs to those students who live in a remote area with sparse population.
- 4. Assure Michigan children, regardless of location or population density, access** to the best and most equitable education possible.

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I. INTRODUCTION

During the Upper Peninsula Education Legislative Summit held at Northern Michigan University this fall, State Superintendent of Public Instruction, Tom Watkins, suggested that a paper be prepared for submission to the Governor-elect explaining the UNIQUE challenges confronting Upper Peninsula School Districts. Mr. Watkins also suggested that the paper identify possible ways to meet these challenges through current legislation or implementation through Executive discretion or legislative action.

The challenge has been accepted by the U.P. Superintendents with the involvement of other groups interested in the sustainability of the U.P. public education system. Through some financial support from the Michigan Department of Education this white paper was developed.(1)

The intent was to have this paper ready for submission to the State Superintendent, the U.P. Legislative delegation and the Governor-elect’s transition team by mid-November so they would be fully informed and prepared to consider these issues when planning for the transition this coming year.

II. INTENT OF THE WHITE PAPER

This paper is a product of that undertaking. *The intent is to explain the unique role that a school district has in a small community, the importance that the quality of the education program does play in the sparsely populated regions of the Upper Peninsula, the limited options available to the residents of some of the remote districts to provide quality education for their children and to recommend several solutions that can help sustain the education program in this region of the state.* It is not intended to be a complete analysis of the state of K-12 public education in the Upper Peninsula.

In our preliminary investigation for this U.P. study we became aware that some similar and distinctive needs do exist in other parts of this state. However, we did not address those concerns at this time. We believe that some of the points we raise could and do apply to all students in the state. The stated purpose of this paper along with limited time and finances did not permit a statewide review. This white paper is a short, factorial examination of the most pressing and immediate problems facing the Upper Peninsula K-12 public schools along with several short term solutions and a recommendation for the long term.

III. HISTORICAL BACKGROUND & DATA

Michigan has had a long tradition of supporting free public education for the children of the state. Beginning with The Northwest Ordinance of 1787 and continuing to the present State Constitution, the residents of the territory and the eventual state government supported legislation for the creation and maintenance of locally controlled school districts easily accessible to the children of the state. These school districts have provided a highly educated and skilled workforce, contributed to the economic prosperity of the state and provided a focal point and a sense of identity for the communities. ***The viability of an area continues to be closely tied to the availability of a quality public school system.*** Economic development for a region is very difficult to sustain if a locally organized school district does not exist in a region to serve educational needs of children and residents of that region. Over the nearly 200 years of history of the state, public education has experienced many changes, implemented different funding formulas, provided for the resolution of governance disputes, supported curriculum changes and weathered many crises.

Upper Peninsula school districts have provided a quality education program to the children of the region with limited resources. The state evaluation of school districts in Michigan by Standard & Poor's gives high marks to U.P. school districts for performance by students, efficiency and management. ***The report states, "schools in Michigan's Upper Peninsula on average achieved the highest MEAP passing rates in 2001, as well as the greatest improvement in scores during the five year period."***(2)

The excellent programs which are represented in this evaluation, however, are threatened, by a crisis of declining enrollment. While this is a statewide issue, the problem is particularly acute for U.P. schools. Districts have experienced this in the past, but the per pupil funding formula of Proposal A has no provisions to deal with this impact. Declining enrollment leads to declining revenues. Revenues, however, do not decline in proportion to the ability of the districts to reduce programming in a smooth transitional fashion. School enrollments decline randomly across the grade levels and not in neat clusters that permit reduction of staff or busing routes. For example, if a district's enrollment declines by 13 students, one student per grade level, the financial loss to the district would be \$87,100 (base funding of \$6,700 per pupil multiplied by 13 students). This amount of money would easily equal a beginning teacher's salary plus fringe benefits with some funds left over. A school district, however, could not eliminate one classroom and one teacher. They would still have the responsibility to provide an educational program for all of the students in all of the grades. Such situations result in having the same staffing needs with less money along with still providing busing for the student living furthest from the school.

Enrollment declined in 300 of the 554 school districts in Michigan during the 2001-2002 school year.(3) Of the 62 public school districts in the U.P., 44 (or 70%) experienced declining enrollment for the 2001-2002 school year.(4) The declining enrollments negatively impact finances and therefore the availability of funds for student programs. The sudden loss of revenue limits the district's ability to plan, implement new

programming and deliver services. Dr. Ken Drenth, in a report to MASA Region 1 regarding declining enrollment and its impact on U.P. schools stated,

*“... the effect of declining enrollment revenue is obvious with only a brief look at the numbers. **The original study, conducted in 1999, predicated that approximately two-thirds (2/3rd) of the Upper Peninsula school districts would be bankrupt within three (3) years without state financial assistance. This report confirms that that prediction was not far off target. The declining enrollment revenue “saved” several districts from financial devastation. A district’s ability to maintain a quality educational program is impossible given the financial situation they find themselves in. Three (3) districts are actually receiving less foundation dollars in 2001-2002 than they were in 1994, the first year of proposal A. The year 2000 report indicated that there were three (3) districts that were broke (3% or less equity). There are now 11 districts that are broke, either deficit spending or have three percent (3%) or less equity. Many of those 11 districts also received an equity payment which enhanced their foundation rate.**” (5)*

Declining enrollment is a great challenge to U.P. schools because of the sparse population density and remote location of some districts – traits that already make delivery of service to students a challenge. The options to deal with such consequences resulting from the loss of revenues (due to the loss of per pupil funding) are fewer and more difficult to achieve in the U.P. The sparsity of the population and remoteness of some of the school districts significantly impacts the effectiveness and the delivery of services to the students. ***Based on the 2000 population figures, 13 of the 15 counties in the Upper Peninsula rank in the bottom half of the 83 counties in Michigan for the number of people per square mile; of the 15 least densely populated counties for the state, 8 are from the Upper Peninsula.***(6) The long term trend for school age population has also shown a decline and projections indicate that this trend could continue for at least another decade. (7)

The usual suggestion of transferring to another district or consolidating school districts is not as viable an option north of the Mackinac Bridge. ***The average U.P. school district is 276 square miles as compared with the average lower peninsula district being 84 square miles. The U.P. district is geographically more than 3 times larger than the average lower peninsula district.*** (8) Many students already spend a considerable amount of time riding to and from school each day. Because of the size and remoteness of the districts, U.P. schools must allocate a higher percentage of their per pupil funding for transporting students to and from school - plus absorbing a greater cost for travel to extra-curricular events than most other regions of the state. ***The daily trips to and from school using U.P. districts with more than 30 pupils, shows that the average transportation costs per pupil in 2000-01 was \$450 per pupil. In the rest of the state, average transportation costs were \$340 per pupil. This is a difference of \$110 - resulting in transportation costs per pupil being 32% higher in the U.P. than the rest of the state.***

Using technology to offset declining school revenues in the U.P. is a difficult if not impossible option for some of the school districts, particularly those in remote locations. The lack of infrastructure and the corresponding lack of funding to invest in the technology necessary to deliver the programming make this unattainable. The cost of installing the infrastructure and obtaining the equipment is very expensive. ***Because of the limited number of subscribers in remote areas, the individual user cost is very high and the cost to the school district is excessive if not prohibitive.*** U.P. schools have accessed Universal Service Funds (USF) to offset the cost of internet and phone service. Universal Service Funds can be used by school districts to help offset the cost of internet and phone service when available. Because of the high threshold standards for free and reduced lunch for this program, most districts do not qualify for USF hardware or infrastructure funding. E-Learning requires more than email exchange or web-browsing.

“Some interactive programming is not especially effective unless coupled with some sort of face-to-face contact or high-quality video conferencing. There is not currently sufficient bandwidth available inter- and intra-ISD area to make high quality video conferencing a viable option. Many districts are not on fiber rings within an ISD area but are instead limited to slower connectivity methods that made video transmission unworkable. Even in the schools that are on fiber rings or equivalent, the video conference capability is limited to a single building in the district. IP-based conferencing, which would allow more flexibility in terms of location of conferencing equipment within a building, requires high-speed connectivity, updated infrastructure, and specialized equipment to ensure the quality of transmission (equipment that will prioritize traffic and not let the video be squeezed out by data, or vice-versa).”(10)

The Upper Peninsula is also confronted with the unique situation that a significant amount of the land within the boundaries of some of the school districts is either owned by the state or federal government or included under the Commercial Forest Act. These types of designated properties are either off of the tax rolls or contribute an amount in lieu of taxes that is usually less than the amount that would have been realized from the millage levy. ***The percentage of property that is off the regular tax rolls is significant, thus negatively impacting the potential tax revenue that a school district would realize for a school bond proposal or a “sinking fund” millage.*** Of the 16,517 square miles of land in Michigan’s Upper Peninsula, 9,965.53 square miles (or 60.33%) of the Upper Peninsula is owned by the state or federal government or under the provisions of the Commercial Forest Act.* (11) One school district, the Superior Central School District in Alger County, has 43.1% of its property either owned by the federal or state government or under the provisions of the Commercial Forest Act. Sixty-nine percent of Alger County is off the regular tax rolls because of these federal or state provisions. (12)

The above points indicate that very few options are available to U.P. school districts having to deal with declining enrollments. The points also indicate that some situations are unique to the U.P. with its sparsely populated areas and remoteness. The following recommended solutions, not listed in rank order, could provide some relief and permit the school districts to continue to operate in the short run. It should be noted that

for some districts, declining enrollment funding can only be viewed as a temporary solution. Reductions in funding and staff will not permit some of the districts to meet the educational needs of the students for the long term.

IV. SOLUTIONS FOR THE SHORT TERM

- **Maintain the Declining Enrollment Funding:**

Maintaining the state appropriation for a three-year averaging of a district's blended pupil count is critical for remotely situated school districts in the Upper Peninsula with declining enrollment. As cited earlier, Dr. Ken Drenth's study identified that some school districts in the Upper Peninsula would have been bankrupt if they had not received the declining enrollment revenue. As mentioned earlier, the options to deal with declining enrollment and reduced revenues make it more difficult for U. P. schools to remain solvent.

* {The federal government owns 3,328 square miles or 20.1%; the state owns 3,214 square miles or 19.5%; and 3,422.87 square miles or 20.7% of the U.P. is under the provision of the Commercial Forest Act; 97% of the Commercial Forest property in the State of Michigan is in the Upper Peninsula.}

- **Include Upper Peninsula Schools in the State Aid Appropriation Bill for Declining Enrollment Funding:**

The Upper Peninsula schools were excluded in the State Aid Appropriation Bill that was originally passed by the State Legislature for the 2003 and 2004 fiscal years qualifying school districts for declining enrollment funding. The U.P. districts were subsequently included in a supplemental appropriation bill. The supplement bill, however, only included U.P. schools for the 2003 fiscal year. It is recommended that U.P. schools be included with other Michigan school districts for the declining enrollment funding in the K-12 State Aid Appropriation funding. It is also suggested that the language covering who qualifies for the declining enrollment revenue be expanded to include additional Upper Peninsula school districts.

- **Provide Incentive Funding to Consolidate Services:**

Providing incentive funding to consolidate services might also provide some financial relief to school districts. Researching the legal restrictions, preparing the contracts and researching financial feasibility of consolidating services will cost money that many of the small districts do not have available at this time. Incentive dollars to individual school districts or intermediate school districts for the specific purpose of looking at consolidation of services could help move this concept forward with positive results.

- **Expand Sinking Fund Millage Language:**

The passage of pending legislation allowing the expansion of sinking fund revenues to be utilized to offset busing and technology costs is essential to the financial stability of U.P. schools.

- **Provide a Sparsity Categorical**

Provide a categorical item in the budget for a sparsity factor that would allow schools to maintain quality programming despite the limited number of students participating.

- **Address the Delivery of E-Learning:**

The delivery of some school programming can be provided by technology. This will only occur in school districts if the infrastructure and equipment are available to all students in the state. As cited earlier in this paper, the infrastructure for delivery of E-Learning is not available to all school districts in the Upper Peninsula. The cost of installation and the cost to use the system are prohibitive for many school districts. They will need financial assistance and leadership from the state to move this forward.

- **Support a Pilot Program to Permit School Districts to have a Four-day School Week:**

The tradition in Michigan is for a five-day school week with a state mandate of 180 days and 1098 hours of instruction. Some savings could be realized by reducing the school week to four days and extending the school day so students meet state requirements for the number of hours of instruction while waiving the 180 day requirement. The Republic-Michigamme School District in Marquette County wants to pilot a four-day week to save operating funds. They need state legislative support to correct a situation to qualify the teachers for state retirement benefits. Twenty-five percent of the school districts in Colorado have implemented a four-day school week with longer school days. Other states like Hawaii, New Mexico, Arizona, Arkansas, Idaho, Oregon and Vermont also permit local school districts to alter the traditional five-day week. We recommend that the state support the efforts of the school district to pilot a four-day week and help facilitate the passage of legislation that would permit the counting of hours and/or days to accrue full retirement benefits.

The problem of declining enrollment and its negative impact on school revenues will continue into the foreseeable future. This paper advocates several very viable solutions for the short-term to deal with problems confronting Upper Peninsula school districts. As stated earlier, some of the problems also exist in other areas of the state. The requirement for the state to provide quality education to all children, regardless of where they live, is going to be a challenge the political leadership will have to confront.

V. RECOMMENDATION FOR THE LONG-TERM:

For the long-term we are calling on the State Department of Education with the leadership of the State Superintendent to:

1. **Convene a State Task Force** with the specific charge of exploring how Michigan will deliver quality education to remote, sparsely populated rural areas of the state.

2. **Ensure that this State Task Force would have a definitive representation** from the Upper Peninsula.

3. Address how Michigan is going to sustain rural schools and continue to provide a quality program to those students who live in a remote area with a sparse population.

4. Assure children, regardless of location or population density, access to the best and most equitable education possible. The challenge is how to ensure they receive the highest caliber of education in the face of drastically changing demographics.

We are aware of the challenge inherent in this recommendation. It will require a commitment to question many traditional ways of viewing educational policy and practices in the state and challenge some “sacred” concepts. We must ensure that students, regardless of geography, receive the best education in the face of drastically changing demographics.

Sources
“Upper Peninsula Education Challenge”
WHITE PAPER

- (1) **Groups that participated in preparing this report:** Michigan Association of School Administrators (MASA), Region 1; Michigan Works; Upper Peninsula Economic Development Alliance; Northern Michigan University (NMU); Michigan Education Association (MEA)
- (2) **School Evaluation:** Executive Summary, *Standard & Poor’s School Evaluation Services/Statewide insight: Michigan, November 30, 2001*
- (3) **School Districts experiencing declining enrollment in Michigan:** Michigan Department of Education Bulletin 1011
- (4) **U.P. School Districts experiencing declining enrollment:** *Governor’s Committee to Study Declining Enrollment in Small School Districts, Findings and Recommendations*, March 2002
- (5) **U.P. declining enrollment study:** *Declining Enrollment Report, MASA Region 1*, Dr. Ken Drenth, Spring 2002
- (6) **Population density for the U.P.:** U.S. Census Data 2000
- (7) **K-12 school enrollment projects for U.P. schools:** Data compiled by Northern Michigan University on K-12 enrollments in U.P. school districts. (K-12 enrollment could decline 11% for the next decade)
- (8) **Geographic Area of school districts in Michigan:** Michigan Education Association, Form B
- (9) **Transportation cost for Michigan School Districts:** Michigan Education Association, Form B
- (10) **U.P. school district technology needs:** Steve Schmunk, Technology Coordinator, Marquette-Alger RESA
- (11) **Land ownership in the Upper Peninsula:** Michigan Department of Natural Resources
- (12) **Land ownership for Alger County:** Compiled by Tony McLain, former superintendent of the Superior Central School District

NOTE: All Sources Are Available Upon Request