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FUNDING AND RESOURCE ALLOCATION

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MICHIGAN INTERMEDIATE SCHOOL DISTRICTS: FUNDING AND RESOURCE ALLOCATION

By

Mark D. Rollandini

A DISSERTATION

Submitted to
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ABSTRACT

MICHIGAN INTERMEDIATE SCHOOL DISTRICTS:
FUNDING AND RESOURCE ALLOCATION

By

Mark D. Rollandini

Educational Service Agencies (ESAs) across the United States have historically provided programs and services to local districts in an effort to increase educational achievement for students and the efficiency of local schools. Intermediate School Districts (ISDs), Michigan's unique brand of ESA, are no different. They are there to serve the needs of local districts with everything from media services to professional development for teachers. This paper examines the history of ESAs, the services they provide and evidence on their performance around the United States. The study's empirical research focuses on an evaluation of the fiscal resources and expenditures of Michigan's ISDs. As state and federal requirements for local schools grow, ISDs are being called upon to assist them in meeting these requirements. This dissertation examines the 2005-06 financial reports of all Michigan ISDs to discern whether or not disparities in their resources create inequalities in their capacity to assume new responsibilities. The research also seeks to determine whether fiscal disparities across ISDs correspond to the demographic characteristics or educational need of the ISDs themselves.

To H. C. and Martha

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KEY TO ABBREVIATIONS

Educational Service Agency ..... ESA
Michigan Association of Intermediate School Administrators ..... MAISA
Intermediate School District ..... ISD
No Child Left Behind Act of 2001 ..... NCLB
State Education Agency ..... SEA
Local Education Agency ..... LEA
Association of Educational Service Agencies ..... AESA
Michigan Educational Assessment Program ..... MEAP
Michigan Merit Exam ..... MME
Educational Service District ..... ESD
Southwest/West Central Educational Cooperative Service Unit ..... SW/WC ECSU
Center for Educational Performance and Information ..... CEPI
Financial Information Database ..... FID
Michigan Education Information System ..... MEIS
Workforce Investment Act of 1998 ..... WIA
Individuals with Disabilities Education Act ..... IDEA
Coefficient of Variation CV
Career and Technical Education ..... CTE
Full Time Equivalency ..... FTE
Adequate Yearly Progress ..... AYP
Regional Educational Service Agency ..... RESA

Introduction

The Educational Service Agency (ESA) has been called public education's "invisible partner." According to the Michigan Association of Intermediate School Administrators (MAISA), the mission of the state's Intermediate School Districts (ISDs)-the common name for ESAs in Michigan—is to "provide visionary leadership and quality services to strengthen teaching and learning for all citizens."

As a partner to local school districts, Michigan's ISDs provide services that seek to improve student achievement and opportunity as well as increase efficiency for their member districts. ESAs work behind the scenes to aid local districts in the provision of educational services. This relative invisibility speaks to the fact that the public generally knows little about them. In Michigan, this lack of familiarity comes, in part, from the absence of systematic study of ISD's performance or their funding and resource allocation structures.

The goal of this study is to uncover just what Michigan ISDs do for public education in the state. In order to get to the heart of this basic question, this study will analyze ISD finances, including the sources and level of their funding and the ways in which they allocate their financial resources. This dissertation starts with a review of existing literature, uncovering a history and description of ESAs nationwide. There is a brief assessment of the types of services provided by Michigan ISDs, and a review of current research on the performance of ESAs nationwide. In order to frame this study of ISD funding and spending, past

research on patterns of resource allocation by local school districts and organizations at other levels of the educational system will also be reviewed.

As a way to increase student achievement, the state department of education and the federal government are increasing accountability for public schools. Likewise, graduation requirements and content expectations are becoming more rigorous. These mandates have led many educators to wonder how they will meet these new requirements. Increasing ESAs responsibility for successful implementation of these mandates is an integral part of the plans developed by both the federal government and the Michigan Department of Education.

By examining ISD financial data, this study aims to discover whether or not ISDs have the financial capacity to save failing schools and assist local districts in implementing these new state and federal requirements. Inspecting ISD revenue and expenditure will uncover any differences in per-pupil funding and resource allocation across ISDs. Disparity in finances based on demographic and economic characteristics will be analyzed and may illuminate problems that may pose challenges for or undermine state and federal initiatives.

Although there may be policy implications that emerge from this analysis, the objective is not to support nor refute the basic tenets of the state and federal plans. That said, because there has not been any systematic analysis of ISD finances, the results could give new perspective on the efficacy of such plans.

Chapter 1: Review of the Literature

History

The ESA in the United States has a long history. As early as the 1930s, states created these agencies to provide programs and assistance to local school districts. Created through state legislation or statute, they were meant to serve the state's educational interests in various ways. (Stephens and Keane, 2005)

ESA is a commonly used term to describe these educational entities, although each state has specific names for their version of these units. Throughout this work, ESA will be used as the general designation for all of these entities. When referring to a specific state's educational service agency, the formal name will be used. In Michigan, the common designation for ESAs is intermediate school district (ISD). This is telling as ESAs in Michigan often act as the intermediary between the local school district and the state education agency.

Stephens and Keane (2005) package the history of ESAs in the United States into four distinct stages. The earliest, from 1930 until the late 1940s, is described as a time of formation, where states created education offices to supervise and assist small rural school districts. During this period, every state structured these agencies differently. Stephens and Keane cite Wagner (1950) who concluded that there were four ways that states organized the service units. Some states used the town as the basic unit, others used the county, some used both the town and county, and still others utilized township and county

boundaries to determine the membership of the ESA. No matter how they were organized, the ESA encouraged cooperation among the small districts of that period.

During this formative time, local school districts were also much different than the districts of today. Thurston and Roe (1957) stressed the need for the formation of ESAs due to the pattern and structure of local school districts. In many states, especially those in the rural west and south, there were a large number of very small districts that were often located far from the state capital. Because of this distance, the earliest intermediate units were developed as a branch of the state education agency. These branches were often organized with counties serving as boundaries; county superintendents were hired to manage these intermediate units (Clubberly, 1934).

Knezevich (1984) describes the supervisory unions that were formed in New England states. They were similar in function yet different in structure then the rest of the country. In New England, the county holds a weaker position as a political unit, so towns combined to create a federation of local school districts in a region.

The second stage suggested by Stephens and Keane (2005) begins in the late 1940s and ends in the mid-1960s. This was a time marked with controversy for the developing ESAs. Many policy makers questioned the value of the county/intermediate units as well as the supervisory unions. At the heart of the controversy was the notion that these ESAs existed as a local arm of the state

departments of education. Instead, many envisioned these agencies taking a lead role as service providers to local districts.

During this stage, rural schools with one or two teachers were declining at an accelerating rate. Because the idea behind the development of the first ESAs was to support the state interests at just these types of schools, a change to the philosophy behind the ESA was looming. Van Miller (1965) held the typical position of those who questioned the validity of the traditional ESA. He argued that as schools merged into larger administrative units, they could provide the oversight and support that necessitated the existence of the ESAs in the first place. With this pressure to change the role of the ESA—or to abolish them completely—came many new ideas for reforming their role in public education.

Many who held a stake in the success of service agencies sought to describe what the new ESAs may become. The Department of Rural Education 1950 Yearbook envisioned a new role for the office of the county superintendent. This publication predicted that the ESA of the future would provide general administrative oversight as well as a wide range of educational services to the local districts in their charge.

A second idea for the new role of ESAs came from Butterworth and Dawson (1952). Their ideas include curriculum services, transportation, vocational education programs, and adult education. They also suggest essential administrative and organizational features that would be required for such an expanded role to be successful. These administrative changes include stronger support for community interests, a separate board that would represent

the public, and a size requirement to ensure that each unit would not be too small to be effective and economical.

Others sought changes in the philosophy of how the traditional ESA functioned as well as who they served. Some ideas focused on reforming the structure and function of these service units. The Department of Rural Education 1954 Yearbook called for more decision making power in the hands of the people closest to the issues faced by the local districts. This idea of decentralizing the functions of the state department of education and allowing the intermediate units the freedom to manage as they deemed most effective not only increased local control but was also an attempt to increase equity and efficiency (Stephens and Keane, 2005).

The third stage that Stephens and Keane (2005) suggest is what they call the "Golden Age" in the development of modern ESAs. Beginning in the 1960s, there were several factors that led to reorganization of this middle level of school governance. Several court cases called for increased effort in creating equal educational opportunity as well as enhanced educational quality. Support from county or intermediate service units was seen as a way to achieve the equity and quality required by such mandates.

Given the significant decline in the number of very small school districts during the second stage in ESA development (roughly 1945-1965), by the third stage there was growing opposition to the possibility of further consolidation and elimination of rural schools. Collaboration and increased efficiency was sought by strengthening the role of the ESAs as opposed to consolidating schools

and/or districts for the same purposes. The newly enacted Elementary and Secondary Education Act of 1965 promoted collaboration between local districts. For example, bonus points were offered to districts that collaborated in the procurement of federal funds under Title III. A more robust role for the service units was seen as a way to achieve this type of collaboration. (Stephens and Keane, 2005)

The fourth stage, according to Stephens and Keane (2005), is the present stage that began in the late 1980s. This "restructuring period" is marked by increased involvement of ESAs in specific state and local school improvement initiatives. Because the agencies are again being seen as the agencies that implement state mandates and programs, there is also increased state oversight of the agencies' activities. The federal government is becoming increasingly aware of the essential role that ESAs play in public education. This is reflected in two basic ways:

- Through legislation that gives incentives to state and local educational agencies to collaborate in planning and implementing the concept of an ESA.
- By issuing reports and position papers that are designed to inform state and local leaders of the merits of regional, multi-jurisdictional approaches to challenges that face both state and local governments.

The No Child Left Behind Act of 2001 (P.L. 107-110) (NCLB) recognizes the ESAs role in education and requires states to provide professional

development through ESAs. Moreover, in locations where ESAs do not exist, the NCLB requires states to consider setting up some sort of cooperative agreement, such as a consortium of local educational agencies, to meet the requirements of the act. (Stephens and Keane, 2005)

This history brings us to the present day and lays the foundation for the next section. Here, the description of ESA structure and the services that are provided around the nation speaks to the beneficial role that ESAs can play in public education.

Description of ESAs

Across the country, ESAs vary in the services they provide as well as their structure. These organizational differences are often rooted in the laws and statutes that initially created them. They are also funded differently, again typically based on statute. Moreover, the means by which they are governed also varies. Although Stephens (1979) recognized these differences he found that there are patterns of organization that emerge. He created a typology that defines three basic ESA organizational models:

Type A: The special district pattern, a legally constituted unit of school government sitting between the state education agency and a collection of local education agencies (LEA). This pattern was built on the concept that ESAs should be established by the state, or the state and local education agencies acting in concert, to provide services to both the state and constituent local districts.

Type B: The decentralized state education agency (SEA) pattern, consisting of regional branches of the state education agency. This pattern appears to be supported by the view that ESAs should be established as arms of the state to deliver services for the state education agency.

Type C: The cooperative pattern, organized through sponsorship by two or more local education agencies of single- or multi-purpose entity designed to promote shared services. This pattern is supported by the view that ESAs should be established by consortia of local school districts to provide services exclusively to members of the consortia. (Stephens, 1979 p. 3)

Stephens (1979) further characterized this typology by describing each ESA type along four main organizational characteristics. This typology of ESAs, summarized in Table 1, is important as it aids in the description of the various structures, governance and funding mechanisms, and programs common to contemporary ESAs.

Table 1
Stephens' Typology of Educational Services Agencies Based on Prevailing Patterns of Four Key Characteristics

	Four Key Characteristics			
Type of ESA	Legal Framework	Governance	Program and Services	Fiscal Support
Type A: Special District ESA	Usually highly structured in legislation and/or SEA regulation	Tends to be lay control	Determined by member LEA and the SEA or by statute	A mix of local, regional, state and state/federal (federal funds disbursed through the state's education agency)
Type B: Regional SEA/ESA	Tends to be structured in SEA regulations only	Tends to be professional advisory only	Tends to be almost exclusively determined by SEA	Tends to be almost exclusively state and state/federal

Table 1 Continued

Type C: Cooperative ESA	Tends to be general and/or permissive legislation	Tends to be composed of representatives of member LEAs	Tends to be almost exclusively determined by member LEAs	Tends to be almost exclusively local and state/federal

Note. Source: Stephens and Keane 2005, p. 31

The legal framework characteristic of ESAs is a measure of legislative involvement in ESA affairs. Although there are slight differences in the ways that laws and statutes govern ESAs, every state imposes some level of control over them. The ways that ESAs are governed locally varies significantly, according to Stephens' typology. Type A ESAs are typically governed by an elected board, Type B by advisors and consultants hired by the ESA, and Type C by panels of professionals who represent the ESA's member districts.

With the ESA's expanding role in public education, one can imagine the range of programs and services that they offer. Under Stephens' typology, the decisions about ESA programs come from the local districts or from the state education agency. ESAs provide, in one way or another, programs that provide or support just about every aspect of education. Stephens and Keane (2005) describe programming patterns that modern ESAs follow. They begin with basic assistance to local districts in implementing state mandated school improvement strategies. Placing more effort on providing support services to low-achieving schools and school districts is becoming an objective of ESA services and resources. Recently, combining the efforts of several ESAs, without merging

them administratively is becoming a focus of ESA efforts. This practice allows them to concentrate resources so they are more able to deliver highly specialized educational services, especially to underachieving schools.

The Association of Educational Service Agencies (AESA) (2000) compiled the results of a comprehensive national survey of the programs offered by ESAs. The participants of this survey in the 1999-2000 school year represented about 500 services agencies. The AESA used the survey to define three broad categories of services offered by ESAs around the country. In order to make the list the service had to be offered by at least fifty percent of the member organizations. The first category encompasses educational programs offered to students who are enrolled in school districts. These include special education instruction and support, itinerant therapy and instruction, vocational education, gifted and talented instruction, homebound and hospital instruction and alternative school instruction.

The second category consists of curricular and instructional support to the staffs of school districts. These programs consist of general staff development, leadership training, learning resource library services, curriculum development, telecommunications, technology and student testing services.

The third category that the AESA identified from the survey results is administrative services for school districts. In this category, ESAs provide cooperative purchasing programs, computer and technology services, and financial management services.

Description of Services Provided by Michigan ISDs

Several times over the last ten years, the MAISA has compiled an inventory of services that their member intermediate districts provide. In their 2001 publication, MAISA combined the results of these inventories. It is important to mention that Michigan ISDs are a Type A: Special District ESA (Stephens and Keane, 2005). This is significant because historically, very few Type A ESAs provide services that serve to effect the state's system of governance over the operation of school districts. In Michigan, ISDs do little more than a few administrative tasks for the state; the bulk of ISD's efforts are aimed at providing services and assistance to local school districts.

Although each ISD makes programming decisions based on the needs of their members, the MAISA separates the services provided by ISDs into six major categories:

- General education
- Career and technical education
- Special education
- Administrative support
- Technology support
- Community relations.

First, they provide services to support general education. This includes support for state curricula, professional development, Michigan Educational Assessment Program (MEAP), Michigan Merit Exam (MME) and other assessments, and school improvement. Moreover, ISDs assist local districts in

providing support for alternative education, parenting education, technology, school safety, and math and science center programming.

Another category encompasses career and technical education. Many Michigan ISDs provide vocational education through center-based programs or support for locals districts that provide it themselves. ISDs assist in career and transition support through internship and apprenticeship placement services, workforce training, and career training and planning services.

ISDs have always been a major player in the provision of special education services although the nature and extent of the programs vary across Michigan ISDs. ISDs provide center-based programs for low-incidence students and support for higher incidence programs that are housed at local district sites. The staffs of ISDs provide consultative services, staff development and supervision, itinerant staff placement, and transition services for students. ISDs also aid local teachers with technical assistance and general clerical support. According to the MAISA, ISDs across Michigan provide services that fulfill the needs specific to their membership. The MAISA offers a comprehensive list of services that are generally provided by ISDs, but variations in the services actually provided across Michigan ISDs is not documented. (MAISA, 2001).

The MAISA claims that many Michigan ISDs assist local districts with administrative and support services. Examples of these services include pupil accounting and student records management services. ISDs assist the business offices of local districts with payroll and other business services as well as other consultation services. The consultation services consist of data collection and

processing, investment and cash management services, communications, and legislative support. ISDs provide media relations services, transportation services, truancy programs, conference facilitation, substitute teacher services, purchasing cooperatives, and often act as a liaison between the state department of education and the local districts.

ISDs offer assistance to local districts with technology services which include both direct and indirect services. Network connectivity, internet access, media services and assistance with web site development are often provided through cooperation with the ISD. ISDs offer consultation services, cooperative software and hardware purchasing services, as well as cooperative bandwidth, connectivity networks, and telephone services.

The last category of services provided by ISDs is made up of community outreach services and services that provide coordination with other agencies. Coalitions between ISDs and local districts often create community and economic development partnerships. ISDs coordinate the activities of human service and non-profit agencies with local districts to provide service to youths and families through a unified regional approach.

ISDs in Michigan, according to the MAISA, provide a wide range of services that boost the quality of education. Their claim is that by being close to the districts, they can be flexible and provide the service most needed by the students that they serve. The MAISAs claim that ISDs provide a wide range of services should not be confused with a statement that all ISDs are providing all of these services.

Performance of ESAs

Over the years there has been much research into ESA service provision, but most of the research originates from ESA themselves, usually in response to questions raised about the role of ESAs in education. Consequently, much of the literature reads as though the author is attempting to justify the existence of these agencies. Since the ESAs themselves are the source for much of this information, not independent researchers, it may be biased—the ESAs after all are interested parties in the assessment of what they do and how well they do it. The literature that deals with ESA performance focuses heavily on what these agencies do well. Thus far, the performance of ESAs has not received much attention from disinterested researchers.

Given that caveat, there is ample information attesting to the positive impact that ESAs have on public education. Some research shows that moving the provision of services from the local district to the ESA can bring about substantial savings. According to M. Craig Stanley, in a study of Massachusetts ESAs that compared the costs of regional service provision to the costs of individual school district provision, savings for local districts equaled anywhere from 22 percent for printing services to 78 percent for itinerant staff shared between districts. (Stanley 2003)

Many states offer on-line, virtual classes. Pennsylvania has organized their ESAs into a cooperative to provide on-line distance learning. Janet Dubble and Kristen Swengel (2002) reported on the growth of virtual learning programs offered by the Lancaster-Lebanon Intermediate unit in cooperation with ESAs

across Pennsylvania. They reported on the collaboration, components of effective online courses, and the goals of the program. Their analysis focused on the program's impact on student achievement, the strategic relationships that develop among districts, and on cost effectiveness. They reported that the program offers classes, especially in rural areas, to students who would otherwise go without, and that collaboration among districts is enhanced due to requirements of administrating online courses. Moreover, the program saves thousands of dollars for local districts because the Intermediate Units can negotiate with vendors to get volume discount pricing for all the districts in the state. This large volume allows for the lowest possible purchase price for the local school districts.

NCLB increases the requirements for paraprofessionals, and many local districts do not have the capacity to develop programs to prepare their staffs for the required tests. Again, the ESAs are qualified to provide this training and preparation for the employees of their member districts. NCLB has created many new challenges for the local school district. Many of these challenges could potentially be met through ESAs. Because they have the technical know-how and the capacity to develop programs and training, ESAs can give the support that is needed for districts to face the challenges of accountability under NCLB. (Wilcox and Sexton, 2004; McNally and Abdella, 2004)

A 1995 report on the system of Educational Service Districts (ESDs) in the State of Washington was conducted under the direction of the state's legislative budget committee. This study audited seven programs in all nine of the state's

regional ESAs. There were two parts to the analysis, the first based on the results of a survey that was completed by local districts. The second dimension of the budget committee's study measured the cost-effectiveness of the state's ESAs. This was an attempt to not only determine if services were provided at a good price, but also to ascertain whether the ESDs could achieve economies of scale that would maximize savings. The report stated that ESDs are essential to providing efficient and accessible services to the students of the state. Moreover, many small districts would go without the service altogether or settle for lower quality service provision lacking ESD support. Due to the ESDs capacity, they are able to provide specialized services at a fraction of the cost that a local district would pay on their own. (Arfstrom, 2004)

A study in Minnesota returned comparable results. One specific ESA, the Southwest/West Central Educational Cooperative Service Unit (SW/WC ECSU), which serves almost 100 school districts, used purchasing records to track cost savings estimates for the 1994-1995 school year. The records of all purchases made in all ten categories of provided services were analyzed for every local district in their cooperative. The categories were media services, cooperative purchasing, equipment maintenance, science kits for classrooms, health and safety services, special education, a student records management service, group insurance, technology services, and professional development. The most notable savings came in areas such as film services, with a 70 percent savings; health and safety programs, 49 percent; and equipment repair services, 45 percent savings. The SW/WC ECSU also evaluated the effects of cooperative

purchasing on efficiency. Through the purchasing cooperative, districts saved an average of 52 percent for office and classroom equipment, 42 percent for computer hardware and supplies, 26 percent on custodial supplies, and 24 percent on paper. (Arfstrom, 2004)

Special education programs and services were also analyzed in the Minnesota study. The most striking savings came where districts shared specialized personnel. For example, in districts where they shared psychologists, the average savings was 65 percent; sharing specialized teachers, such as speech and occupational therapists, saved districts an average of 42 percent; and sharing program coordinators saved roughly 51 percent. (Arfstrom, 2004)

A study of the actual cost savings for various service provided through an ESA was also performed in Oregon. In his study of cost efficiency, David Campbell (2001) determined the unit of measurement describing the cost of services as provided by the ESA and compared this against vendors that offer comparable services. He took into account all factors when designing his research and was thus able to compare unit cost per service provided by the ESA to private sector providers. The Clackamas ESD provides typical ESA services for its member districts and Campbell reported substantial cost savings for the local districts that are affiliated with the ESA. For example, when a district used the Clackamas ESDs media center; they average an 80 percent savings over other vendor alternatives. (Campbell, 2001)

The savings that are reported in these studies come due to economies of scale. Because these ESAs purchase goods and services in quantity, they can

get them at a lower cost. In the cases where many districts share a specialist, the savings come because the cost of the specialist is spread over many more students then if each district hired their own specialist. Although this information comes from sources inside ESAs and may be somewhat biased, it represents the research that is currently available on ESA performance. ESAs provide programs and services that are valuable to local districts, often at a reduced cost.

ESA Funding and Resource Allocation

Overall, there is no definite pattern to the sources of funding for ESAs. Type A: Special District and Type C: Cooperative networks both draw on a combination of state, federal, local/regional, and other sources for funding. Type B: Regionalized agencies are almost exclusively funded by state and federal sources. Type B ESAs' federal funds tend to come via the state education agency. (Stephens and Keane, 2005)

State sources of funding for ESAs are often designated by statute for administration, educational programs, and capital improvements. Many programs are funded by categorical grants. Administrative support is often provided because the functions and requirements are the result of the guidelines and requirements of the individual grant. (Stephens and Keane, 2005)

Common local or regional sources of funding, depending on the statutory requirements of the state, come from local taxes for administration, educational programs, or specific services that the ESA provides to local districts. Type A: Special District agencies are legally authorized to levy taxes for programs and capital improvements. In some states, ESAs charge membership dues, and

some contract their services to local districts for a fee. (Stephens and Keane, 2005)

Federal funding comes through categorical grants or contracts tied to specific programs or services. Where "other" sources are noted in the literature, this tends to signify several different methods by which ESAs fund programs. For example, ESAs contract services to member districts, and many are entrepreneurial. These districts may sell products, act as broker for members, or enter into partnerships with other agencies to make a profit for the ESA. (Stephens and Keane, 2005)

ESAs that receive state funding for operational purposes often do not receive state funds for capital improvements or acquisitions. Consequently, these agencies often raise capital funds through special assessments on the participating schools for the program. Often this is for vocational education or special education facilities. These assessments or membership fees are used to offset the administrative costs for the ESA. (Stephens and Keane, 2005)

Michigan ISDs, from what we know, are funded through a combination of local, state and federal sources. Typical of Type A, Special District, agencies, they are statutorily authorized by the Michigan Revised School Code 380.625a to seek public approval to levy taxes for career-technical education, general operations, special education needs, and other specific uses. They are also able to charge fees for services that they provide to local districts. (MAISA, 2001) Again, information on the revenue picture of ISDs, other than the statutory rules and information provided by the agencies themselves, is largely unknown.

Legally, each ISD must provide a budget to the local districts that they serve for approval each year. The finances of Michigan ISDs have not been systematically studied. The funding and resource allocation of *local* school districts, however, have been analyzed by a number of researchers.

Past analyses of funding and resource allocation by local school districts may help to frame the study of ISD revenue and expenditure. First, they provide a benchmark set of findings to compare against the data obtained for ISDs. Second, they identify a methodology for undertaking this sort of analysis.

Nationally, funding for public elementary and secondary schools has seen a steady increase over the last fifteen years. According to the U.S Department of Education, National Center of Education Statistics (2006), total funding across the country increased 47 percent between 1989-90 and 2002-03. Revenue for public schools originates at the federal, state, and local levels, and the total amount from each has increased, though not at the same rate, during this same period. Federal and state revenues grew at a faster rate than local sources, in fact the proportion from local sources declined from 47 percent in 1989-90 to 43 percent in 2002-03.

Regionally there are different patterns of elementary and secondary school funding. Over the same 1989-2003 period, public schools in the Midwest saw the largest decrease in the local share of revenues. Major decreases in the local property tax rates account for the majority of this decrease. The Northeast also experienced decreases in the local share of public school revenues. Both

the Midwest and Northeast experienced increases in the proportion of total revenue from federal and state sources.

The proportion of total revenue from local sources changed negligibly in both the South and the West. Nevertheless, the proportion of local funding that came from property tax revenues in both these regions grew from 1989-90 to 2002-03. In both the South and West, the proportion of revenue from state sources declined. Moreover, the proportion of the total revenue that was received from the states decreased while that from federal sources increased.

Although the national funding levels indicated above show slow growth over the period represented, funding education is still a polarizing problem across the country. According to Odden and Picus (2004), variances in the amount of wealth per-pupil have historically led to differences in spending across school districts. These fiscal disparities produce situations where districts with a high property tax base spend more per-pupil with lower tax rates, while districts with a low property tax base spend less per-pupil despite taxing themselves at higher rates.

In Michigan, the 1994 passage of Proposal A drastically lowered local property taxes as it shifted much of the school revenue responsibility to the state. As an added benefit, Proposal A reduced inequalities in per-pupil funding across local districts in the state. Prior to this landmark policy, spending per-pupil in the wealthiest districts was over $10,000, while the districts with lower property values often spent less then $4,000 per-pupil. Raising new money in the districts with low property value placed a heavy tax burden on the residents as many

more mills were required to raise the same amount of money as compared to districts with high property values. These differences in spending across districts became a problem of equality as well as quality, so with Proposal A, less education revenue came from local sources (usually local property taxes), and more would originate from the state through foundation allowances that would level the revenue across districts.

Although the per-pupil difference between the highest spending and lowest spending districts has been decreased since Proposal A's passage, other phenomena have policy makers concerned with the funding structure under Proposal A. The central cities across Michigan face declining enrollments that lead to lower funding levels and major programmatic changes. Likewise, the districts with the highest percentage of African American students have seen slower growth in their foundation allowance compared to districts with lower minority population. (Arsen and Plank, 2003)

Odden and Picus (2004) reviewed the existing research of educational resource allocation at the national, state, and local levels. At the national level, they found that the typical spending pattern is that about 60% of current operating expenditures is devoted to instruction, about 10% for instructional support, 10% for administration, 10% for operations, and 10% for transportation, food and other services. This pattern is roughly stable over time and across states. (Monk, Roellke, and Brent, 1996; Odden and Picus, 2004)

At the school district level, a similar pattern emerges, with some notable although slight, differences. More affluent districts tend to devote a slightly

higher share of the spending on staff. Odden and Picus (2004) summarize the district spending pattern by stating that while districts overall devote about 60% of current expenditures to instruction, this share tends to decline in higher spending districts. They also find that instructional support makes up a greater percentage of higher-spending districts' expenditure. Because of this, regular education instruction may fall to around 50% over time, as more and more support staff is added.

Guthrie, Kirst, and Odden (1990) summarized California data on school-level expenditures and found that the pattern is similar to the national, state and district data. Their findings placed about 63% of spending going to instructional expenditures, 31% for operations, instructional support and site administration and the other 6% going toward district administration, and the state department of education. Fox (1989) analyzed national data on classroom expenditures with similar results. His findings reflect that nationally about 55% is spent on instruction.

These findings suggest that local school district revenue and expenditure follow some predictable patterns. Is this so for ESAs, or more specifically, Michigan ISDs? The following pages describe the method by which this question can be answered.

Chapter 2: Research Methods and Design

Research Questions

In this study the objective is to analyze the finances of Michigan's ISDs to ascertain patterns in the ways that they allocate their resources. The research is designed to answer two questions:

1) How do ISDs vary in the level and source of their revenues?
    a) How does the degree of inequality in revenues across ISDs compare to the inequality in local district revenues?
    b) From what sources do ISDs obtain their funds?
    c) How does the level and source of ISD revenues vary with respect to ISD characteristics such as enrollment size, socio-economic status, or educational need?
2) What patterns emerge in the way that ISDs spend their money?
    a) How do ISDs allocate their expenditures across alternative functions?
    b) How does resource allocation vary by ISD characteristic?

These questions are interesting and timely. The questions are interesting because there has been no systematic study of Michigan ISD funding and resource allocation. We know that this research is timely because the Michigan Department of Education and the office of the state superintendent of public instruction are looking for ways to better integrate the ISDs into the state system of education. A good place to start this evaluation is to analyze how ISDs are funded and then how they spend their resources. This section details the

proposed study's research methods and design. Descriptions of the data, the measures and procedures will be explained.

Data Sources and Descriptions

The source of the data for this research is the Michigan Department of Education and the Center for Educational Performance and Information's (CEPI) Financial Information Database (FID). CEPI gathers and reports data about the performance of Michigan's public schools, including the Michigan Education Information System (MEIS). The MEIS is the data warehouse system used by school districts to submit data to the state. Financial data submitted to CEPI by school districts and ISDs via the FID include information from districts' annual financial reports, balance sheets, revenues, district expenditures and school expenditures. This financial information will be the primary data used in this study to examine the revenues and expenditures of Michigan ISDs. This study will use data from one year to perform a cross-sectional analysis. The data is from the 2005-2006 school year.

ISD financial accounts

For each ISD the analysis will focus on four funds. The general fund, the special education fund, the cooperative education fund and the vocational education fund. The state establishes uniform guidelines for the classification of financial transactions in each of these funds, and they are the primary funds relevant to ISD operations. The general fund supports general operations of the ISD. A typical ISD for example, will allocate funds to early education, general

education, technology, fiscal services, central office administration and the ISD board of education in their general fund accounting.

The special education fund supports all of special education. This may include a special education center, court mandated programs, ancillary services (including low incidence specialists), and special education administration. Local school districts include special education in their general education fund. ISDs, however, have a separate fund for special education expenditures.

The cooperative education fund often supports occupational training or upgrade retraining. Often this is to train displaced workers. This fund also supports programs that assist adults in developing knowledge and skills needed to meet educational objectives. These programs, including the Michigan Works program are often federally funded through the Workforce Investment Act of 1998 (PL105-220) (WIA) or with funds that come through state employment services.

The vocational education fund supports vocational and technical education in an ISD. Frequently this includes a vocational/technical education center, adult education, and support services for these programs.

ISD revenue data

In a broad sense, revenue for each of these funds comes from three sources. ISDs may secure revenues for each of these funds from local, state, and/or federal sources. Local sources of revenue include taxes levied by the ISD, contributions from local school districts for specific programs,

reimbursement from local districts for itinerant staff, donations, and revenue from programs offered by the ISD on a fee for service basis.

State sources of revenue are often tied to specific state education programs and are therefore accounted for under specific funds. In each of the funds, state revenue comes in the form of grants. Some are categorical grants that are required to be used for specific programs or for specific populations. Other grants are unrestricted and may be used by the ISD for any legal purpose. State sources of revenue are received under specific state aid sections. These state aid sections and the purposes for which they are used are seen in the Appendix A.

Federal revenue for Michigan ISDs also takes the form of grants. Each fund receives revenues from federal categorical grants that are tied to specific federally supported programs. Similar to state grants, some federal grants are unrestricted. See Appendix B for a comprehensive listing of federal revenue accounted for in the FID data.

An ISD's special education receives federal revenue under the Individuals with Disabilities Education Act (IDEA). IDEA revenue can be used for various programs such as Enhancing Opportunities for Students with Disabilities, transition, and preschool initiatives. Other federal programs such as Medicaid and Title I provide special education revenue for ISDs. Medicaid revenue is often flow-through from ISDs to the local districts.

Cooperative education is frequently funded solely with federal funds. WIA often provides the bulk of revenue for this fund. Another federal source of

revenue for the cooperative education fund is through federal employment services.

ISD expenditure data

The financial data submitted by ISDs to the state also include uniform and audited statements of their expenditures from each of these accounts. The expenditures are reported by functional areas. There are five broad functions and a myriad of sub-functions as well. This analysis of ISD expenditure will examine expenditures under seven functions: instruction, supporting services, community services, outgoing transfers, facilities acquisition, prior period adjustments, and other support services. Supporting services are further separated into six support services common to ISDs. These include administrative support, business support, operations and maintenance, central support and other supporting services.

Instructional expenses refer to the activities that directly deal with teaching students. Sub-categories in this area include pre-school programs, special education, career and technical education, adult and continuing education, and occupational training. These categories are often specific to a fund. For example, the special education instructional expenses are typically reported in the special education fund; career and technical education instructional expenses are reported in the vocational education fund.

Support service expenses facilitate and support instruction. These services typically provide some type of administrative, technical, and logistical support to instructional programs. At the ISD level, these programs often include

student support services such as truancy, guidance and or counseling, and that of specialists such as audiologists, social workers, and teacher consultants for students with special needs such as autism, visual impairment, and hearing impairment.

There are also supporting services for instructional staff, general administration, and operations. Instructional staff services include professional development, media services, technology services, and assessment services. General administration support services include activities which are concerned with managing and operating the ISD such as business support services, board of education support, and executive administration expenses. Operations support services refer to maintenance, transportation, and custodial services. Often these support services are specific to and accounted for under certain funds.

Community service expenditures support programs that are not directly related to providing education for pupils. These include services that are provided by the ISD to the community as a whole such as Internet connectivity for the residents, civil defense planning, and welfare activities. These programs are often specific to and accounted for under certain categorical or earmarked funds.

Payments to other governmental agencies are often tied to specific funds based on the source of the expenditure. For example, flow-through Medicare payments to local school districts as well as legal expenses for special education issues are typically reported under the special education fund. Expenses

reported for the function of other financing uses are expenditures for facilities acquisition, debt service payments and fund modifications.

The FID data are comprehensive and extensive and although they are the most thorough source of financial data available for analysis there are some inherent limitations. The most obvious limitation arises due to the fact that-- although there is consistency in *how* the data are reported-- each ISD has some discretion in *what* to include under each classification simply because the official accounting guidelines leave a small measure of ambiguity regarding the appropriate categorization of some financial transactions. Although I am unaware of any specific instances where this has happened, it should be noted that there may be some slight inconsistencies in financial reporting across ISDs. The information for the 57 Michigan ISDs has been disaggregated, re-aggregated and organized in ways that will allow for analysis in respect of the research questions. Focusing on the revenue questions first, and then the expenditures; the following two chapters illuminate the financial world of Michigan ISDs.

Chapter 3: ISD Revenue

As mentioned above, fiscal disparities across local school districts were narrowed with the passage of Proposal A. A primary objective of this study is to determine whether fiscal disparities exist across ISDs. As the state of Michigan gives ISDs more responsibilities, it is important to discern whether or not ISDs have the fiscal capacity to successfully take on these new tasks. The most basic question, and one that needs to be illuminated at the outset, is one of equality. Is there a difference in the spread of revenue per-pupil at the ISD level as compared to local school districts? Are ISDs better situated than local districts, based on their revenue, to attack educational achievement issues? Moreover, as state and federal initiatives are handed to ISDs to be implemented, do ISDs play on equal fields when addressing these mandates, in terms of per-pupil revenue?

Table 2 shows the dispersion of per-pupil general fund revenue among Michigan's local school districts and among the state's ISDs. The coefficient of variation (CV) offers a standardized metric for evaluating the degree of inequality or dispersion of variables (the standard deviation divided by the mean). It is sometimes interpreted as indicating the percent of variation around the mean. (The higher the CV, the greater the dispersion or inequity in the variable) Although there is no standard for a desirable CV, 10% (or CV=0.10) is often cited as a target or acceptable level of intrastate revenue inequality across local districts. (Odden and Picus, 2004)

Table 2
Inequality in Per-pupil Revenue: Michigan ISDs and Local Districts Using Coefficient of Variation

	Standard Deviation	Mean	Coefficient of Variation
Intermediate School Districts			
General Fund Revenue per-pupil	128.07	$284.80	0.45
Local Districts			
General Fund Revenue per-pupil	2962.93	$8,855.35	0.33

Note. Total Revenue = Gen Fund + Sp Ed Fund + Voc Ed Fund + Coop Ed Fund

Using data from Michigan Department of Education's 2005-06 Bulletin 1014, the mean per-pupil revenue for the state's local school districts was $8,855.35 with a CV = 0.33. This indicates that two-thirds of the districts have per-pupil general fund revenue between $5,892.42 and $11,818.28 (plus and minus 33% of $8,855.35). On the other hand, ISDs in Michigan, that same school year, had mean per-pupil general fund revenue of $284.80 with a CV = 0.45—a level of dispersion significantly above that which characterized local districts. This shows that two-thirds of the ISDs have per-pupil general fund revenue between $156.73 and $412.87. Although the absolute level of ISD funding falls well below that of local districts, the variation in ISD revenue is much greater. This larger variation suggests disparities in the capacity of ISDs to assume expanded responsibilities in the absence of additional funding support.

Statewide ISD Revenue Data

The inequality in revenue across ISDs that is indicated by the coefficient of variation does not seem to hinder the steady flow of responsibility that is being shifted from the Michigan Department of Education to ISDs. It is possible that within ISDs, as their requirements change, their funding profiles would change to meet the new challenges. In order to see the big picture, and more accurately define the revenue that is available to ISDs to do business, the sources and levels from each source of revenue must be examined. Appendix C gives an overview of the sources of revenue into each fund. The general fund and three other funds that are specific to ISDs have been organized for such an analysis. To begin, Table 3 gives a broad picture of the revenue reported by ISDs for comparison, fund-to-fund.

Table 3
Total Revenue for Michigan ISDs by Major Funds

Fund	Total	$ Per-pupil	% of Total
General	$330,566,541.18	$203.92	14.01
Special Education	$1,740,611,306.85	$1,073.74	73.77
Vocational Education	$245,688,071.56	$151.56	10.41
Cooperative Education	$42,524,251.17	$26.23	1.80
Total	$2,359,390,170.76	$1,455.46	100

Statewide, the special education fund is the major source of ISD revenue. Even though much of the special education fund revenue is transferred directly to local districts, once that money is removed the revenue reported in the special education fund is still more than two times the general fund revenue.

Table 4 shows the sources of the revenue into the general fund. Local sources of revenue into the general fund are due to the ability of ISDs to levy taxes on the property in their jurisdiction. Moreover, local districts may levy taxes and pass the proceeds on to the ISD. Fees for services, including tuition and transportation services, amount to almost $10 million of the local sources of general fund revenue.

Table 4
Sources of General Fund Revenue

Statewide, For all ISDs	Total	Per-pupil	% of Total
Local	$112,539,953.77	$69.42	34.04
State	$99,748,151.73	$61.53	30.18
Federal	$52,077,321.71	$32.13	15.75
Non-Governmental Entity	$1,603,623.57	$0.99	0.49
Incoming Transfers & Other	$64,597,490.40	$39.85	19.54
Total	$330,566,541.18	$203.92	100

Both state and federal sources mainly take the form of categorical grants that must be used for specific purposes. Some of the state and federal money is not categorical in nature, but unrestricted, and can be used for any legal purpose. For comparison, Michigan local school districts' main source of state funding--the foundation allowance--is allocated in unrestricted form. The foundation allowance can be used for any legal purpose by local districts.

Non-governmental entity revenue comes from specific non-educational entities. Casino money, fines for drunk driving in some areas, and library fines that are collected and distributed to ISDs are included in this revenue source. Incoming transfers are usually transfers from other funds within the ISD from

other governmental units, or from other public schools. Other financing sources include revenue generated through the issuance of bonds, sale of assets, lease income, and debt refinancing.

Table 5 illustrates the sources of special education fund revenue. The local money, like in the general fund, comes mostly from property taxes and fees for services. Tuition, often for center based special education programs, makes up a large portion of the fees collected from local districts by the ISDs. Furthermore, this revenue is used to fund itinerant specialists who provide services to students throughout the ISD. The revenue from state and federal sources comes in the form of categorical and unrestricted grants. The categorical money must be used for specific purposes and the unrestricted revenue can be used for any legal purpose by the ISD.

Table 5
Sources of Special Education Fund Revenue

Statewide, For all ISDs	Total	Per-pupil	% of Total
Local	$976,889,533.37	$602.62	56.12
State	$279,965,318.65	$172.70	16.08
Federal	$402,934,289.35	$248.56	23.15
Non-Governmental Entity	$277,926.11	$0.17	0.02
Incoming Transfers & Other	$80,544,239.37	$49.69	4.63
Total	$1,740,611,306.85	$1,073.74	100

Non-governmental entity sources and incoming transfers and other sources include revenue as stated above in the description of general fund revenue.

The vocational education fund revenue sources are described in Table 6. As described in the general fund and special education fund above, the local sources come mostly from property taxes and fees for services. Tuition in this fund is often paid for career and technical education (CTE) that is provided or funded by the ISD. This tuition is paid to ISDs who run career and technical education centers for their members. The revenue from state sources is received in the form of categorical and unrestricted grants as in the general fund and special education fund. Federal sources of revenue reported in the vocational education fund are made up of grants that are solely categorical in nature.

Table 6
Sources of Vocational Education Fund Revenue

Statewide, For All ISDs	Total	Per-pupil	% of Total
Local	$190,313,087.43	$117.40	77.46
State	$23,910,240.09	$14.75	9.73
Federal	$21,775,558.52	$13.43	8.87
Non-Governmental Entity	$10,030.00	$0.01	0.00
Incoming Transfers & Other	$9,679,155.52	$5.97	3.94
Total	$245,688,071.56	$151.56	100

Non-governmental entity sources and incoming transfers and other sources include revenue as stated above in the description of general fund revenue.

The cooperative education fund revenue sources are described in Table 7. All the sources of revenue into the cooperative education fund mirror the funding profiles of the sources in the other major funds described above except local

sources. Local sources of revenue reported in the cooperative education fund do not come from taxes. Instead, local funds in this fund come from fees for services and tuition. Federal sources of revenue in the cooperative education fund are the major source of total cooperative education fund revenue and come as categorical and unrestricted grants. Revenue from the WIA for job training and retraining makes up the largest portion of this federal money.

Table 7
Sources of Cooperative Education Fund Revenue

Statewide, For all ISDs	Total	Per-pupil	% of Total
Local	$2,032,896.70	$1.25	4.78
State	$1,529,441.35	$0.94	3.60
Federal	$26,982,691.69	$16.65	63.45
Non-Governmental Entity	$154,734.04	$0.10	0.36
Incoming Transfers & Other	$11,824,487.39	$7.29	27.81
Total	$42,524,251.17	$26.23	100

As mentioned above, state revenue is allocated to the ISDs in the form of grants. Some of these grants are categorical and received for specific purposes. Other revenue from the state may be used for any legal purpose desired by the ISD without restriction. Of the two types of grants, categorical or unrestricted, the restricted grants are, by far, the larger source of state revenue in all of the funds. Besides categorical versus unrestricted, the biggest difference in the state money is the way that it is directed into the hands of the ISD. Some of these grants come through a sub-grantee, such as a non-educational entity, and others come by way of member local districts and public school academies.

Similarly, federal revenue to the four funds is entirely made up of grants. Of these grants, only the special education fund receives any negligible unrestricted revenue and this revenue flows through the state. The majority of federal grant revenue is categorical in nature. Similar to revenue from state sources, the biggest difference is in the way that the money is channeled from the federal government to the ISDs. Some comes through sub-grantees, such as local districts or non-educational governmental units. In addition, some comes through the state that receives the money and distributes it to ISDs based on preexisting formulas.

Within each of the four major funds that ISDs use to account for their revenue, there are really no surprises. Basically, most of the local revenue in each fund comes from local taxes. Both state and federal revenue take the form of grants, of which most are restricted and categorical in nature. That said, there may be more interest in the differences between the four funds. For example, statewide special education fund revenue is more than five times the revenue reported in the general fund. This is important, but because the ISD often acts as a conduit of state and federal funds, much of which is for special education programs and services, the amount does not come as any surprise. To be clear, about $823 million of special education fund revenue was expensed as transfers to other public schools in the state, mostly to local districts.

The vocational education fund revenue, although nominally closer to the revenue reported in the general fund, is reported by only 36 ISDs. More than a third of the ISDs report no money through the vocational education fund, but the

statewide total is more than two-thirds the statewide general fund revenue total. Vocational education, or career technical education, may not be offered in every ISD, but these programs generate a robust revenue stream for the participating ISDs. Cooperative education, which draws largely on federal revenue in the form of categorical grants, is reported by only nineteen ISDs statewide. Although the amount of money is negligible compared to the other three funds, it is interesting to note that the ISDs that report cooperative education revenue are mostly rural/exurban or located in the Upper Peninsula of the state.

The revenue available to ISDs varies across the state without taking into account demographic differences. These demographic characteristics need to be examined to get a better picture of ISD funding. This leads to the next logical question in this analysis of ISD funding: Does the level and source of ISD revenues differ with respect to ISD characteristics such as enrollment size, region, or educational need?

Patterns in ISD Revenues by ISD Characteristic

There is considerable variation in the demographic characteristics of Michigan ISDs. From the far reaches of the Upper Peninsula to the central cities of metropolitan Detroit and Grand Rapids, these characteristics may have some effect on the patterns of revenue for ISDs. For example, ISD enrollment size varies from 3,000 to over 300,000.

Table 8 shows the breakdown of the per-pupil revenue based on the enrollment size of the ISDs. Although one would expect small per-pupil variation based on the enrollment size of the ISD, the largest ISDs - more than 30,000 full

time equivalencies (FTE) - report the lowest revenue per-pupil in three of the four major funds. FTE is the means by which the state accounts for pupil enrollment. In the general fund these 11 largest ISDs report average per-pupil revenue that is only three-fourths of the average statewide per-pupil general fund revenue. The general fund encompasses the revenue that is used for general education support. The largest ISDs have fewer resources available to provide general instructional support to the staff and students in their local districts. All of the other enrollment groups depicted in Table 8 have per-pupil revenue that is at or above the general fund statewide average of $203.92.

Table 8
Average Per-pupil Revenue by ISD Enrollment Size

	Average Per-pupil Revenue				
ISD Enrollment Size	Total	Gen Fund	Spec. Ed Fund	Voc Ed Fund	Coop Ed Fund
FTE>30,000 11 ISDs 1,075,953 FTE	$1,338.73	$154.28	$1,063.25	$105.51	$15.77
15,000<FTE<30,000 10 ISDs 232,841 FTE	$1,843.42	$332.71	$1,215.06	$260.64	$35.01
10,000<FTE<15,000 11 ISDs 140,985 FTE	$1,567.15	$229.40	$1,054.44	$219.73	$63.58
7,000<FTE<10,000 12 ISDs 104,682 FTE	$1,512.07	$317.89	$909.03	$234.43	$50.72
3,000<FTE<7,000 13 ISDs 66,603 FTE	$1,657.96	$322.48	$1,048.93	$239.55	$47.00

The variance seen in per-pupil revenue is due to programming choices made by each ISD. These local decisions often qualify ISDs to seek and secure revenue that other ISDs not running such programs are not able to receive. For example, differences in the way that career and technical education programs are structured are seen here as differences in the revenue received under the vocational education fund. Similarly, local decisions to run cooperative education programs lead to the variance in revenue to the cooperative education fund.

The second largest enrollment group (15,000-30,000 FTE) reports per-pupil revenue in the special education fund that is about 13% greater than the statewide average of $1073.74. On the other hand, the 12 ISDs with the second smallest enrollments, between 7,000 and 10,000 FTE, have noticeably lower per-pupil revenue in the special education fund. Their special education per-pupil revenue is only about 80% of the reported statewide average.

The 10 ISDs with enrollments between 15,000 and 30,000 report the highest average per-pupil revenue in three of the four funds as well as the highest total per-pupil revenue. Their size may allow them to run programs that enable them to seek revenue that smaller ISDs cannot. Likewise, the largest ISDs may take advantage of the same revenue sources, but, due to their size, the amounts diminish on a per-pupil basis.

These differences, especially per-pupil revenue in the largest ISDs as compared to the other groups may have some important consequences as the state moves forward with educational initiatives. The resources necessary to increase achievement as required by the state and federal governments will be

greater in these large ISDs. In order to reach these large student populations, ISD capacity will have to be increased or state and federal initiatives will never have a chance succeed.

The ISDs with the largest enrollments are mostly located in metropolitan areas in the southern region of the Lower Peninsula. Table 9 shows the breakdown of per-pupil revenue based on the region within the state. Comparing regions, the Northern Lower Peninsula and the rural/exurban Southern Lower Peninsula have total per-pupil revenue that is greater than the other regions. Within the regions, the Metropolitan Southern Lower Peninsula reports the lowest four-fund total revenue per-pupil of all the regions.

Table 9
Major Fund Average Revenue by Region of the State

	Average Revenue Per-pupil				
Region	Total	Gen Fund	Sp. Ed. Fund	Voc. Ed. Fund	Coop. Ed. Fund
Upper Peninsula 44,180 FTE	$1,398.30	$407.89	$790.56	$115.66	$84.19
Northern Lower Peninsula 204,942 FTE	$1,661.52	$247.95	$1,093.42	$238.63	$81.52
So. Lower Peninsula Rural/Exurban 324,211 FTE	$1,675.36	$303.78	$1,112.93	$237.07	$21.59
So. Lower Peninsula Metropolitan 1,047,731 FTE	$1,349.41	$155.81	$1,069.71	$109.58	$14.41

Metropolitan ISDs with the largest number of students and rural ISDs in the Upper Peninsula report the lowest total per-pupil revenue which points out some fiscal disparities based on enrollment size and location. As schools move farther down the road of achieving, adequate yearly progress (AYP) based on requirements from the state and federal government; these low revenue numbers may begin to have an impact.

Conversely, the ISDs with the largest percentage of students attending schools that have not made AYP for several consecutive years are not necessarily the largest ISDs in the state. Table 10 shows the ISDs with more than 10% of their students attending failing schools with corresponding per-pupil revenue in the four funds.

Table 10
Major Fund Revenue in ISDs With More Than 10% of the ISD's Students Attending Schools in Phase 3 or Higher of School Improvement

ISD	% Students In Phase 3 or Higher Schools	Revenue Per-pupil				
		Total	General Fund	Sp. Ed. Fund	Voc Ed. Fund	Coop. Ed. Fund
Wayne	18.12	$930.99	$75.78	$834.70	$0.00	$20.51
Monroe	16.14	$1,928.57	$481.74	$1,446.83	$0.00	$0.00
Washtenaw	14.64	$1,588.70	$107.12	$1,481.58	$0.00	$0.00
St. Clair	13.22	$1,506.54	$332.92	$925.89	$247.74	$0.00
Ingham	12.65	$1,905.82	$211.99	$1,472.78	$221.04	$0.00
Kalamazoo	11.87	$1,698.37	$705.59	$992.78	$0.00	$0.00
Cheb-Otsego-Presque Isle	11.57	$1,172.97	$275.99	$896.98	$0.00	$0.00
Calhoun	10.96	$1,872.53	$253.14	$1,260.01	$285.04	$74.34
Bay-Arenac	10.33	$1,781.26	$261.36	$1,022.66	$497.25	$0.00
Average, All ISDs	8.77	$1,455.46	$203.86	$1,073.74	$151.56	$26.23

Note. Phase 3 equals four consecutive years not making Adequate Yearly Progress based on NCLB requirements

The ISDs included are from all regions of the state and are of various enrollment sizes. For an ISD with low total enrollment, one large school not making AYP for the four years could put the ISD into the category of over 10%. This is the case in Cheb-Otsego-Presque Isle ISD. It is important to note that

Wayne Regional Educational Service Agency (RESA), with 70 schools not making AYP for four or more years (affecting 60,000 students) has the lowest per-pupil general fund revenue in the state. Moreover, Wayne's total per-pupil revenue for the four funds is also the lowest of all Michigan ISDs.

It is reasonable to conclude that schools fail due to a combination of factors. One important factor is low standardized test scores, especially when there are sub-groups of students, such as low socio economic status, specific ethnicity, disability, or English proficiency in the school. These groups must make AYP as a group regardless of how well the school as a whole does on the tests. In ISDs with large enrollments where the local schools are also large and diverse, the likelihood of running into this subgroup dilemma is greater.

Because NCLB requires ISDs to aid failing schools and most of this aid will come in the form of assistance to local teachers through basic instruction and instructional support, general fund revenue will be required to provide this support. To be sure, special education fund revenue will be used to aid subgroups of disabled students, but as can be seen in Table 10, less than half of the ISDs with the most students affected by failing schools have special education fund revenue above the statewide average.

The most striking fact seen in Table 10 is that, of the nine ISDs, only two have total per-pupil revenue that is below the state average. ISDs are expected to provide programs and services that help local districts increase student achievement. The ISDs with the most students attending failing schools have greater than average resources to offer such assistance, with the notable and

dramatic exception of Wayne County, home of Detroit and other districts serving large concentrations of students from low-income families. This mismatch between low per-pupil funding and high educational need is a problem that must be addressed through state educational and funding policy. Statewide, though, the data indicates an unequal variation of revenue across ISDs; the ISDs with student achievement problems are not the lowest revenue ISDs. The issue may not be of unequal resources, but rather an inefficient or inappropriate use of the resources at the ISDs disposal.

The sources of ISD receive revenue range from the property tax to state and federal grants for programs. The ability of ISDs to apply for and win grants from the state and federal governments is often tied to specific programs that ISDs choose to run based on student characteristics or local preferences. In some instances, programs are funded due to pressure from special interests. Likewise, some programs are funded simply due to a history of funding such programs. Either way, these grants, either from the state or from federal sources, could be a source of inequality for ISDs. Table 11 shows total number of state grants and federal grants received and the percent of total revenue received via state and federal grants overall. The ISDs are grouped by quintiles of per-pupil total revenue.

Table 11
State and Federal Grants by Total ISD Per-pupil Revenue Quintiles

Quintile	Average Number State Grants	Average Number Federal Grants	% of Revenue from State & Fed Grants	Average Total Per-pupil Revenue
1 (12 ISDs) 495,695 FTE	8.00	8.92	46.85	$994.25
2 (11 ISDs) 445,729 FTE	8.73	9.82	48.24	$1,347.47
3 (11 ISDs) 230,025 FTE	9.00	11.09	45.42	$1.584.54
4 (11 ISDs) 191,228 FTE	10.09	10.27	46.46	$1,830.99
5 (12 ISDs) 258,387 FTE	10.92	11.42	38.44	$2,133.30

Note. Quintiles are defined by the total per-pupil revenue in the four funds (General, Special Education, Vocational Ed., and Cooperative Ed.). Quintile 1 includes the lowest and Quintile 5 the highest per-pupil revenue ISDs.

The results of this analysis show that the ISDs receive roughly the same number of state and federal grants with a slightly higher number coming from the federal government. The highest revenue ISDs in Quintile 5 receive more grants than the other groups, but a smaller percentage of total revenue from state and federal grants. This may be accounted for due to the level of expertise and focus by the higher revenue ISDs in securing grants. At the same time, they must also be more willing to seek local sources of funding in order to keep their total per-pupil revenue at such high levels.

In large metropolitan ISDs, seeking local tax revenue to supplement state and federal grants can be politically hard to do. When ISDs such as Kent and Wayne, with wide socioeconomic variation between suburban and central city

districts, levy an ISD millage, the high property wealth communities pay disproportionately more tax, but the funds are distributed county-wide on a per pupil basis. Higher property wealth suburban communities may be reluctant to support ISD millages as it amounts to tax sharing. Suburban districts may be unwilling to support tax levies that fund ISD programs because it is seen as subsidizing the central cities.

The Highest and Lowest Revenue ISDs

The amount of revenue reported from each source for the top and bottom five ISDs is shown in Table 12. This table shows that the counties in which the state's two largest cities are located, Wayne and Kent, are also the two lowest general fund revenue ISDs. Per-pupil General fund revenue in Kalamazoo is nearly ten times the level in Wayne. Kalamazoo RESA, the ISD that reported the highest per-pupil general fund revenue, receives a large share of the revenue from local sources. Kalamazoo reported more than $10 million in revenue from local taxes with a total enrollment of just fewer than 33,000 students. Oakland reported the second highest nominal revenue from local taxes, just over $11 million, and an ISD enrollment of 195,000 students. The discrepancy in local revenue reveals the differences that exist between ISDs and their revenue from local tax sources.

Table 12
Source of General Fund Revenue Per-pupil for Top 5 and Bottom 5 General Fund Revenue Per-pupil ISDs

	Per-pupil General Fund Revenue				
Source/ Top Five	Kala-mazoo	Clare-Gladwin	Branch	Marquette-Alger	Copper Country
Local	$414.77	$114.48	$44.09	$110.91	$93.94
State	$69.79	$108.06	$128.62	$103.41	$195.32
Federal	$109.58	$206.91	$316.11	$219.77	$89.64
Non-Gov. Entity	$0.00	$0.00	$0.00	$0.00	$0.00
Incoming Transfers & Other	$111.44	$144.32	$43.17	$79.58	$118.92
Total	$705.58	$573.77	$531.99	$513.67	$497.82
Source/ Bottom Five	Wayne	Kent	Wash-tenaw	Sanilac	Oakland
Local	$17.45	$30.30	$36.79	$55.64	$117.91
State	$35.99	$31.50	$48.92	$62.96	$28.77
Federal	$12.10	$6.04	$16.08	$5.55	$5.45
Non-Gov. Entity	$0.00	$2.16	$0.00	$0.00	$0.00
Incoming Transfers & Other	$10.23	$26.92	$5.33	$24.23	$0.00
Total	$75.77	$96.92	$107.12	$148.38	$152.13

Kalamazoo RESA, the ISD with the largest per-pupil revenue into the general fund, is also one of the nine ISDs with the largest percentage of students attending failing schools. Having the largest per-pupil general fund revenue and a high rate of failing schools is an apparent contradiction. This may signal that local priorities are hindering Kalamazoo from providing the assistance to local schools that is required by state and federal mandates.

Branch ISD's general fund revenue from federal sources is another amount that requires examination. With just over 6,000 students, Branch's revenue from federal categorical grants is equal to ISDs that have almost five times the enrollment. In fact, only a few ISDs report the nominal amounts of categorical revenue from federal sources that relate to the amount reported by Branch ISD.

The five ISDs with the lowest general fund revenue per-pupil, with the exception of Sanilac, are ISDs with the largest enrollments in the state. Wayne RESA, with the largest enrollment, is at the bottom of per-pupil general fund revenue and total per-pupil revenue. The other districts that make up the bottom five report low revenue per-pupil from all the sources, and this is cause for concern as they attempt to implement state and federal initiatives. This disparity points to an inequality that will have a negative effect if the ISDs are to take on more responsibility for increasing student achievement and service provision.

In an effort to put a name to the ISDs that receive the highest and lowest levels of revenue statewide, Tables 13 and 14 are included on the following pages. Table 13 shows the ten ISDs with the highest revenue per-pupil in each of the four major funds: general, special education, vocational education, and cooperative education as well as the four-fund per-pupil totals. Table 14 gives the same information for the ten ISDs with the lowest per-pupil revenue statewide. It is interesting to note that the ISD with the largest FTE, Wayne - with 138,000 students more than the next largest enrollment - is at the bottom of the

scale in general fund revenue per-pupil and in total revenue per-pupil. See Appendix D for the per-pupil revenue for each fund for all 57 Michigan ISDs.

Table 13

Ten Highest Revenue Per Pupil ISDs by Fund and Total

Rank	Total	General Fund
1	Branch	Kalamazoo
2	Huron	Clare-Gladwin
3	Lenawee	Branch
4	Traverse Bay Area	Marquette-Alger
5	Jackson	Copper Country
6	Charlevoix-Emmet	Monroe
7	Kent	Lewis Cass
8	Tuscola	Charlevoix-Emmet
9	Van Buren	Berrien
10	Mason-Lake	Newaygo County

Rank	Special Education Fund	Vocational Education Fund	Cooperative Education Fund
1	Kent	Branch	Lewis Cass
2	Huron	Lenawee	Gratiot-Isabella
3	Branch	Wexford-Missaukee	Traverse Bay Area
4	Ionia	Newaygo County	Dickinson-Iron
5	Washtenaw	Huron	Allegan Area
6	Ingham IS	Van Buren	Muskegon Area
7	Jackson	Bay-Arenac	Copper Country
8	Monroe	Sanilac	Huron
9	Tuscola	Tuscola	Saginaw
10	Mason-Lake	Jackson	Eastern UP

Table 14

Ten Lowest Revenue Per Pupil ISDs by Fund and Total

Rank	Total	General Fund
48	Genesee	Midland County
49	Iosco	C.O.O.R.
50	Eastern UP	Tuscola
51	Sanilac	Gratiot-Isabella
52	C.O.O.R.	Montcalm Area
53	Oceana	Oakland Schools
54	Barry	Sanilac
55	Midland County	Washtenaw
56	Lapeer	Kent
57	Wayne	Wayne

Rank	Special Education Fund	Vocational Education Fund	Cooperative Education Fund
48	C.O.O.R.	A total of 21 ISDs report $0.00 in Revenue to the Vocational Education Fund	A total of 38 ISDs report $0.00 in Revenue to the Cooperative Education Fund
49	Barry		
50	Genesee		
51	Delta-Schoolcraft		
52	Dickinson-Iron		
53	Iosco		
54	Eastern UP		
55	Copper Country		
56	Sanilac		
57	Lapeer		

Summary

Across Michigan ISDs there exists disparity in revenue per-pupil. These differences may hinder the successful implementation of state and federal programs as ISDs are called on to assist in their implementation and planning. Due to disparities in revenue across ISDs, especially in light of demographic differences and local school achievement data, ISDs have unequal financial resources to assist their member districts with programs and services.

The state's largest ISDs, Kent, Macomb, Oakland and Wayne face funding challenges due to a combination of factors. Their large total enrollments, socio-economic diversity, student achievement issues and relatively low per-pupil funding levels combine to make it difficult to levy local taxes so as to provide programs and services at the levels required to assist local schools as needed. Wayne RESA, where twenty percent of the state's students are enrolled, ranks at the bottom of general fund revenue and total revenue per-pupil.

On the other hand, some of the ISDs with the most students affected by schools not making adequate yearly progress are not necessarily the ISDs with the lowest levels of per-pupil funding. These ISDs are faced with other issues, such as programming changes, in order to offer the assistance to local schools as required by state and federal mandates

As time goes on and the full effect of state and federal programs begins to touch more and more schools, ISDs need to be on more equal financial footing to provide the required assistance to these schools. Furthermore, ISDs may need

to reevaluate priorities in order to fund the programs and services that will allow them to provide this support to local districts.

Chapter 4: ISD Expenditure

The analysis of ISD revenue reveals inequality across ISDs statewide. Inequity in resource allocation may also be a source of concern as responsibility for programs and services shifts from the state to the ISD level. ISDs have considerable discretion regarding programs that they choose to support financially. As mentioned above, ISDs are seen as partners with local districts. As such, they provide services and support in the areas of greatest need as defined by their member districts.

Generally, though, expenditures reported in the general fund and the three funds specific to ISDs mirror the revenue streams into the same four funds. Table 15 shows the total expenditure for each of the four funds, as well as per-pupil expenditure and the percent of total expenditure for all Michigan ISDs.

Table 15
Total Expenditure for Michigan ISDs by Major Fund

Fund	Total	$ Per-pupil	% of Total
General	$327,870,814.02	$202.26	14.10
Special Education	$1,702,641,685.24	$1,050.32	73.22
Vocational Education	$252,164,222.13	$155.55	10.84
Cooperative Education	$42,774,796.94	$26.39	1.84
Total	$2,325,451,518.33	$1,434.52	100

The special education fund spends about six times the amount of the general fund, although much of this approximately $823 million flows through the ISDs directly to local districts. In light of this flow through deduction, the special

education fund is reduced, yet still allocates more than twice the amount of general fund expenditure.

Statewide ISD Expenditures by Major Functions

Table 16 shows the general fund expenditures by function for ISDs statewide. In the general fund, the largest expense is for instructional support. Instructional support includes services for pupils as well as services for teachers in local districts to supplement the teaching process. Often these services provide assistance to local district teachers in curriculum development, media services, and professional development.

Within the general fund, expenses for central support services, such as pupil accounting, support staff assistance and training, and data warehousing are

Table 16
General Fund Expenditure by Function

For all ISDs	Total	Per-pupil	% of Total
Instruction	$21,110,085.56	$13.02	6.44
Instructional Support	$102,500,995.18	$63.23	31.26
General Admin Support	$22,502,766.71	$13.88	6.86
Support Services-Business	$23,748,961.98	$14.65	7.25
Operations & Maintenance	$17,874,448.31	$11.03	5.45
Support Services-Central	$52,839,942.14	$32.60	16.12
Support Services-Other	$3,120,608.41	$1.93	0.95
Community Services	$13,316,834.36	$8.21	4.06
Outgoing Transfers	$48,784,403.67	$30.09	14.88
Facilities Acquisition	$1,142,866.04	$0.71	0.35
Prior Period Adjustments	$132,806.59	$0.08	0.04
Other Support Services	$20,796,095.07	$12.83	6.34
Total	$327,870,814.02	$202.26	100

the second largest expense for ISDs. The other ten functions make up about half of the expenditures for ISDs statewide.

Special education fund expenditure is represented in Table 17. As discussed previously, the special education fund is the largest source of revenue for ISDs. This is due to the fact that a large portion of the special education revenue is matched by large expenditures in the form of transfers to local districts. Much of the state and federal grant funds received by local districts flow through the ISDs before finally reaching the local districts. This flow-through amounts to almost 50% of ISD special education fund expenditure. At first glance it may seem that this portion of expenditure could be written off as money that is not available to provide services and programs, but much of this money is passed on to local districts that provide programs and services to students. Often local districts within an ISD cooperate to increase efficiency when providing specialized services to certain, low-incident special education populations. The ISD acts as the administrator of these cooperative educational arrangements.

Table 17

Special Education Fund Expenditure by Function

For all ISDs	Total	Per-pupil	% of Total
Instruction	$240,391,747.81	$148.29	14.12
Instructional Support	$338,360,624.36	$208.73	19.87
General Admin Support	$18,846,000.10	$11.63	1.11
Support Services-Business	$13,184,811.11	$8.13	0.77
Operations & Maintenance	$121,842,262.36	$75.16	7.16
Support Services-Central	$18,380,556.97	$11.34	1.08
Support Services-Other	$915,425.31	$0.56	0.05
Community Services	$4,692,955.49	$2.89	0.28
Outgoing Transfers	$912,702,098.73	$563.03	53.60
Facilities Acquisitions	$2,532,132.77	$1.56	0.15
Prior Period Adjustments	$387,597.14	$0.24	0.02
Other Support Services	$30,405,473.09	$18.76	1.79
Total	$1,702,641,685.24	$1,050.32	100

Similar to the general fund, the next largest ISD expenditures in the special education fund is for educational support and basic instruction. ISDs provide these services to local districts to improve instruction at the local level and to run programs for the most severely disabled students. Local districts rely on the ISDs to train instructors as requirements change in special education law. Moreover, ISDs provide in-service opportunities to improve local district's special education programs.

Table 18 shows the breakdown of ISD vocational education fund expenditures statewide. Basic instruction, which in this fund represents more than 30% of ISD expenditure statewide, goes to support Career and Technical Education (CTE). The transfers in this fund, making up about 12% of ISD

expenditure, are the result of CTE programs being housed at local schools but funded through the ISD. Many ISDs follow this model in an effort to reduce their responsibility for running programs in buildings that they would have to manage on their own.

Table 18
Vocational Education Fund Expenditure by Function

For all ISDs	Total	Per-pupil	% of Total
Instruction	$91,671,861.82	$56.55	36.35
Instructional Support	$31,880,119.70	$19.67	12.65
General Admin Support	$16,040,122.67	$9.89	6.36
Support Service-Business	$3,349,137.23	$2.07	1.33
Operations & Maintenance	$23,862,220.69	$14.72	9.46
Support Services-Central	$12,915,044.55	$7.97	5.12
Support Services-Other	$546,948.33	$0.34	0.22
Community Services	$7,443,447.53	$4.59	2.95
Outgoing Transfers	$31,106,736.76	$19.19	12.34
Facilities Acquisition	$2,802,974.19	$1.73	1.11
Prior Period Adjustments	$105,692.45	$0.07	0.04
Other Support Services	$30,439,916.21	$18.78	12.07
Total	$252,164,222.13	$155.55	100

Statewide, the cooperative education fund is used to report expenditures in only 19 of the 57 ISDs. The statewide cooperative education fund expenditures are shown in Table 19. The largest expense in this fund goes for community services. These include recreation programs, civic activities, library services and some community welfare services. Central support services are another larger expense reported in the cooperative education fund. These are services to

communities such as public relations, and technology services such as internet and cable television services.

Table 19
Cooperative Education Fund Expenditure by Function

For all ISDs	Total	Per-pupil	% of Total
Instruction	$4,505,745.14	$2.78	10.53
Instructional Support	$3,725,526.62	$2.30	8.71
General Admin Support	$286,417.68	$0.18	0.67
Support Services-Business	$149,307.51	$0.09	0.35
Operations & Maintenance	$2,881,506.01	$1.78	6.74
Support Services-Central	$10,394,458.93	$6.41	24.30
Support Services-Other	$144,592.29	$0.09	0.34
Community Services	$14,067,147.27	$8.68	32.88
Outgoing Transfers	$4,785,285.50	$2.95	11.19
Facilities Acquisition	$280,001.32	$0.17	0.66
Prior Period Adjustments	$2,032.59	$0.00	0.00
Other Support Services	$1,552,776.08	$0.96	3.63
Total	$42,774,796.94	$26.39	100

Although only 19 ISDs report expenditure through the cooperative education fund, the services are typically provided in every ISD, although accounted for under another fund. The difference is in the reporting as well as how the funding for services is acquired. A large portion, and in many cases all of the funding, comes from federal sources in support of the Workforce Investment Act (WIA). According to the United States Department of Labor, the WIA provides job training and retraining for displaced workers. These programs are represented by the instruction, instructional support, and some of the

community service expenditure in the cooperative education fund. (US Department of Labor, 2001)

Patterns in ISD Expenditure by ISD Characteristic

ISD characteristics may have an effect on how they choose to allocate resources just as they have a notable connection with the financial resources that are available to ISDs. Total expenditure has only a slight effect on the per-pupil expenditure patterns of ISDs. Table 20 shows total per-pupil expenditure as well as the share of total expenditure from the general fund and the three ISD specific funds. This ISD information is separated by quintiles of the per-pupil total expenditure.

Table 20
Major Fund Share of Total Expenditures by Total Per-pupil Expenditure Quintiles

		Share of Total Expenditures (%)			
Quintile	Average Per-pupil Total	Gen Fund	SpEd Fund	VocEd Fund	CoopEd Fund
1 (12 ISDs) 495,695 FTE	$968.49	12.24	80.57	5.60	1.60
2 (11 ISDs) 467,786 FTE	$1,350.49	14.09	74.45	10.75	0.71
3 (11 ISDs) 220,145 FTE	$1,563.63	15.93	70.36	10.97	2.74
4 (11 ISDs) 181,523 FTE	$1,809.51	18.02	67.41	10.59	3.98
5 (12 ISDs) 255,916 FTE	$2,113.74	12.21	70.60	15.68	1.51

Note. Quintiles are defined by four-fund total per-pupil expenditures. The four funds that make up this total are the general fund, special education fund, vocational education fund, and cooperative education fund. Quintile 1 includes the lowest and Quintile 5 the highest per-pupil expenditure ISDs.

This table shows that the lowest spending ISDs (Quintile 1) spend a significantly higher percentage of their available resources on special education programs and services than the ISDs in the other quintiles. Similarly, these same ISDs spend a notably smaller percentage than ISDs in the other quintiles on CTE. The share of total expenditures allocated for general fund programs is positively related to the increased total expenditure per-pupil except in the highest spending ISDs (Quintile 5). Quintile 5 spends the lowest percentage of total expenditure on general fund programs and services, although they spend a larger percentage than the ISDs in the other quintiles on CTE through the vocational education fund.

The percent of students receiving free/reduced lunches (FRL) is a standard indicator of student socioeconomic status. Table 21 indicates an inequality across ISDs in expenditure levels associated with family poverty. Aside from the cooperative education fund, as the percentage of students in an ISD receiving FRL increases, the per-pupil expenditure in each of the funds decreases. The lowest spending ISDs have the largest percent of economically disadvantaged students.

Table 21
Major Fund Average Per-pupil Expenditures by Percent of Students Receiving Free/ Reduced Lunch

Percent Free/Reduced Lunch Students	Average Expenditure Per-pupil				
	Total	Gen Fund	Sp. Ed. Fund	Voc. Ed. Fund	Coop. Ed. Fund
0-30% (13 ISDs) 584,967 FTE	$1,430.57	$196.29	$1,066.62	$167.41	$0.25
30-40% (16 ISDs) 345,178 FTE	$1,941.76	$268.88	$1,379.51	$236.70	$56.67
40-45% (13 ISDs) 205,797 FTE	$1,344.51	$259.99	$878.82	$192.71	$12.99
> 45% (15 ISDs) 485,122 FTE	$1,116.55	$137.55	$869.19	$67.76	$42.04

Taking into consideration the nine ISDs with the largest percentage of students attending failing schools (Table 10 above) in conjunction with the FRL data, shows that schools fail for reasons other than family poverty. Three of the nine ISDs fall into the 0-30% FRL category, three in the 30-40% FRL group, two in the 40-45% FRL category, and only one - Wayne RESA - in the greater-than 45% FRL group. This is important as many people believe that the failing schools are the schools with the largest percent FRL students. This is not the case. Of the nine ISDs with more than ten percent of their students attending failing schools, six have less then 40 percent of their students receiving FRL. The federal NCLB law provides financial support to assist failing schools that are also Title I eligible schools, or schools with a large percent of FRL students. The fact that less than half of the failing schools in Michigan are Title I eligible schools places an even larger burden on ISDs. Although the state and federal

government has programs in place to assist Title I eligible schools, no such support exists, currently, for non-Title I schools. The ISDs are the entity that will be required to provide the programs and services that will help non-Title I schools improve their progress.

Compared to the statewide per-pupil expenditure averages, the lowest FRL percent group is in line with the state average total per-pupil expenditure of $1,434.52. The group of ISDs with 30-40% FRL is above the state average in all four funds. The group with 40-45% FRL is below the state average in special education and cooperative education funds but less than $100 below the statewide average for per-pupil total expenditure. The group with the highest percent FRL students is below the state average in all funds except the cooperative education fund.

The conclusion drawn from Table 21 is not that the lowest percent of FRL equates to the most per-pupil spending. In fact, the ISDs with 30-40% FRL have the highest per-pupil spending in every fund. Apparently, the ideal situation would be to have enough economically disadvantaged students to warrant expense on programs that bring in state and federal grants designed to aid this population, such as Title I funds, but not so many that the money spent diminishes on a per-pupil basis. Compared to the state averages the spending pattern shown in Table 21 indicates an inequality that may hinder state and federal efforts to educate economically disadvantaged students.

Total enrollment as an ISD characteristic shows no pattern in relation to ISD expenditure. As can be seen in Table 22, there is no consistent growth or

shrinking of per-pupil expenditure as ISD enrollment increases. Although the largest ISDs do have the lowest expenditure across the board, at the other four enrollment levels, there is no pattern. The 11 ISDs with the largest enrollment report average per-pupil expenditure below the state average in all four funds. The two groups with the lowest enrollments - less than 10,000 students - are above the state average in the general and vocational education funds but below the state average in the special education and cooperative education funds. The ISDs at the next level, between 15,000 and 30,000, are above the state average in all four funds.

Table 22
Major Fund Average Per-pupil Expenditure by ISD Enrollment Size

	Average Expenditure Per-pupil				
ISD Enrollment Size	Total	Gen Fund	Spec. Ed Fund	Voc Ed Fund	Coop Ed Fund
FTE>30,000 11 ISDs 1,075,953 FTE	$1,323.15	$151.26	$1,040.99	$115.11	$15.79
15,000< FTE<30,000 10 ISDs 232,841 FTE	$1,809.80	$334.79	$1,192.35	$247.77	$34.90
10,000< FTE<15,000 11 ISDs 140,985 FTE	$1,533.53	$232.32	$1,018.03	$217.15	$66.03
7,000< FTE<10,000 12 ISDs 104,682 FTE	$1,493.49	$320.11	$889.71	$232.99	$50.67
3,000< FTE<7,000 13 ISDs 66,603 FTE	$1,619.43	$313.93	$1,025.31	$234.52	$45.68

Considering the nine ISDs with more than ten percent of the students attending failing schools - shown in Table 10 - four are from the group with over 30,000 students and four are from the group with 15,000-30,000 students. This is important because the group with 15,000-30,000 students spends more per-pupil than any of the other enrollment groups, yet four of the 10 ISDs included have a large number of students attending failing schools when compared with ISDs statewide. These ISDs may not be utilizing their resources in a way that assists local schools not making AYP. As more responsibility is shifted from the state department of education to the ISD level, these ISDs will need to change their spending priorities to align with state mandates. Likewise, NCLB requires these ISDs to assist failing schools. Therefore, the ISDs with high expenditure and low achievement, no matter what their enrollment, will need to reevaluate their spending to satisfy the requirements of the law.

Summary

ISDs generally allocate most of their financial resources to instruction and instructional support programs for their member districts. Providing these services is the aim of Michigan ISDs. Demographic and economic characteristics have a profound effect on ISD expenditure. ISDs with the largest percentage of economically disadvantaged students spend less money per-pupil than ISDs with lower FRL numbers. Large, metropolitan ISDs also have the lowest per-pupil expenditure as compared to ISDs with smaller enrollments.

The overall wealth of an ISD, defined by their total expenditure, indicates that the lowest spending ISDs allocate a larger percentage of resources through

the special education fund. The higher spending ISDs spend a higher percentage on programs and services through the general education fund. The exception is with the highest total expenditure ISDs where a smaller percentage is allocated through the general education fund, and a larger percentage is spent on CTE.

These factors point to a need at the state level to reevaluate the funding structures for the state's ISDs. Combined with the ever increasing list of responsibilities that are being shifted to the ISD level, inequality in expenditures across ISDs may lead to unequal implementation of state and federal mandates, specifically those aimed at increasing student achievement and local district efficiency. Because ISDs have a large degree of freedom when making decisions about allocation of resources, the ISDs will also have to take another look at the programs they are supporting if they want to comply with state and federal mandates.

Chapter 5: Summary and Implications

The analysis of ISD revenue and expenditure has shown that fiscal disparity exists across Michigan ISDs. There may be some conclusions that can be drawn from the analysis of this data that could affect future funding and resource allocation for ISDs.

Examination of ISD revenue proved that across Michigan ISDs, there are varying levels of capacity. The coefficient of variation in Table 1 demonstrated that the spread of general fund revenue for ISDs is much greater than that of local districts. From this data alone, we see that compared to local districts, ISDs have a greater degree of variation in the resources available in the general fund. Federal initiatives, most notably NCLB, aim to increase student achievement through accountability and increased teacher and support staff quality. State programs that aim to increase achievement and rigor, such as increased graduation requirements, school improvement constraints, and K-12 content expectations, have also had an impact on local districts. Both state and federal governments are expecting ISDs to take on more responsibility to assist local districts. As demonstrated by the coefficient of variation, there is an inequality across ISDs in their fiscal ability to lend such assistance.

Many of these state and federal programs are in their infancy and the full effect has not been seen. As time goes on and these programs mature, more and more schools may find themselves in distress. The expectation of the federal government is that ISDs will move in to aid the schools that are not meeting the requirements. At the state level, programs previously administered

by the state department of education are now being transferred to the ISD level for implementation. Examination of the revenue data for ISDs does not support the notion that ISDs have equal resources to provide the needed programs, services, and support. Some ISDs have more financial capacity than others, and due to the disparity across ISDs, many will be seeking more financial support from the local taxpayers or petitioning the state for a new funding structure to help them meet the needs of their member districts.

Some believe that the biggest problem in school finance is caused by varying levels of property wealth. Others argue that the issue is an inability to tie school finance to adequate levels of education. Still others seek ways to increase achievement with current levels of funding. (Odden and Picus, 2004)

No matter where one stands in this debate it is clear that Michigan ISDs face some tough decisions. Local sources of revenue for all ISDs are greater than state and federal sources combined and local taxes provide the largest share of local ISD revenue. This phenomenon has drastic implications in the state's largest ISDs. Their varied demographic and socioeconomic characteristics combine to create challenges that may not be solved without funding policy changes at the state level. Presently, local tax differences hinder the equalization of ISD funding. Revenue from state and federal grants must be supplemented with local sources if the variance in per-pupil revenue is to be narrowed. The traditional problem of fiscal disparities, caused by different levels of property wealth across ISDs may be the foundation for the revenue inequality seen throughout this analysis. Moreover, differing levels of wealth within an ISD

may obstruct the passage of ISD millages. Residents in high property wealth communities may be less likely to support tax increases as they recognize that their money goes to subsidize lower wealth areas of the same ISD. Further investigation into the tax structures that generate revenue for ISDs may be in order.

The question of educational adequacy is one that needs an answer. Wayne RESA, the ISD with the largest enrollment, faces a daunting task with their combination of high poverty, low achievement, and low funding. A large-scale effort is needed to assist the failing schools in Wayne RESA. The types of programs that are needed to increase achievement in Wayne RESA's local districts require funding policy changes at the state level. Without such changes, locals will be left on their own when addressing many of the state and federal requirements aimed at increasing educational adequacy.

The ISDs with the most students attending failing schools are not necessarily the ISDs with the lowest per-pupil revenue. On the contrary, seven of the nine ISDs with more than ten percent of their students attending failing schools have more revenue per pupil than the state average. On the other hand, the ISDs with the most students receiving free or reduced lunch due to low socio-economic status spend the least per-pupil in almost every fund for programs and services. The biggest problem for most of Michigan's ISDs may be one of seeking programmatic changes utilizing current educational resources. In many cases, the programming problems that ISDs face are not necessarily borne of inadequate resources. Instead, the issue is one of changing priorities in order to

build capacity in the areas of need as defined by the state and federal government.

The way that organizations choose to spend their money often reveals their preferences and priorities. Statewide, ISDs allocate most of their financial resources to instruction and instructional support programs for their member districts. Even in the cooperative education fund, the programs that receive the most funding are those that provide services directly to the communities that the ISDs serve. This premise supports the claim that ISDs exist to provide services to the schools and communities they serve.

When per-pupil expenditures are considered in light of demographic and economic characteristics, the pattern that emerges mirrors the situation that is uncovered in the analysis of revenue. The ISDs with large enrollments, which are mostly located in metropolitan areas, fall short in the amount of per-pupil expenditure as compared to ISDs with smaller total enrollments. Similarly, ISDs with the smallest enrollments also spend less, per-pupil, then their larger counterparts.

The per-pupil expenditure for ISDs with the largest percentage of economically disadvantaged students is an area of concern. These ISDs have the lowest per-pupil expenditure in three of the four funds analyzed. In the future, as ISDs allocate resources to meet state and federal mandates, policy makers must also consider equalizing the expenditures on programs aimed at meeting these mandates. The freedom that ISDs have in making local programming decisions is also part of the problem. If ISDs continue to fund

programs as they have in the past, the problems and priorities of the present will not necessarily be addressed.

The fiscal disparities that have historically hindered the quest for equal educational opportunity across local districts are apparently a problem for Michigan ISDs as well. According to the National Research Council (1999), there has been substantial emphasis on reducing fiscal disparities over the last 40 years. Although this ideology is rooted in a quest for equality, unless these efforts include a focus on developing capacity, the gains in equal educational opportunity that are sought may not be fulfilled. Seeking ways to diminish fiscal differences across ISDs will equip ISDs to meet the challenges brought about by federal and state mandates. The Michigan Department of Education has been attempting to diminish the differences in content expectations, graduation requirements, and ultimately student achievement across all the state's schools. Likewise, policy makers may need to focus on shrinking differences in financial capacity across ISDs so that these agencies may continue to be education's "invisible partner" for districts and students in the future.

APPENDIX A

State Aid Section and Description for Revenue Received Through Michigan State School Aid					
State Aid Section	**DESCRIPTION**	**Fund**	**Major Class Code**	**State Code**	**Revenue Suffix Code**
11f	Non-Durant Settlement	General	312	309	0000
11g	Non-Durant Debt Service	Debt	312	309	0000
11j	School Bond Redemption	Debt	312	308	0000
22a	Proposal A Obligation	General	311	101	0010
22b	Discretionary Payment	General	311	101	0010
22c	Equity Payment	General	311	101	0010
22d	Isolated District	General	311	101	0010
24	Court Placed Children	General/ Special Ed	312	103	0000
24a	Juvenile Detention Facilities	General/ Special Ed	312	103	0000
24c	Challenge Program	General/ Special Ed	312	103	0000
26a	Renaissance Zone	General/ Voc Ed/Spec Ed	321	105	0000
29	Declining Enrollment	General	311	101	0010
31a	At Risk Children	General	312	306	0020
31a(6)	Teen Health Centers	General	312	371	0000
31a(7)	Vision/Hearing Screening	General	312	372	0000
31a(8)	Mercy Education Project	General	312	373	0000
31c	Children of Incarcerated Parents	General	312	374	0000
31d	School Lunch Programs	School Lunch	312	310	0110
31f	School Breakfast	School Lunch	312	311	0110
32c	Early Childhood	General	312	321	0100

State Aid Section and Description for Revenue Received Through Michigan State School Aid					
State Aid Section	**DESCRIPTION**	**Fund**	**Major Class Code**	**State Code**	**Revenue Suffix Code**
32b	Great Start/ECID Grants	General	312	343	0100
32d(1)	School Readiness	General	312	340	0100
32j	Great Start ISD 0-5	General	312	343	0100
32m	Book-a-Month Program	General	312	337	0000
34	Early Intervening Program	General	312	338	0100
41	Bilingual Education	General	312	307	0040
51a(2)	Special Ed Foundations ISD	Special Ed	312	202	0120
51a(3)	Special Ed Hold Harmless ISD	Special Ed	312	202	0120
51a(6)	Special Ed Rule Changes	General/ Special Ed	312	202	0120
51a(8)	Special Ed Center Program ISD	Special Ed	312	202	0120
51a(12)	Special Ed-Foundations ISD	Special Ed	312	202	0120
51c	Spec Ed Headlee	General/ Special Ed	312	202	0120
53a(5)	Special Ed-53a	General	312	203	0120
54	Spec Ed- Sch for Deaf/Blind ISD	Special Ed	312	204	0120
56	ISD Special Ed Millage	Special Ed	312	202	0120
57	Adv. & Accelerated Learning	General	312	333	0080
57a	Intl. Baccalaureate Program Grants	General	312	333	0080
61a(1)	Voc Ed Added Cost	General/Voc Ed	312	344	0160
61a(2)	Voc Ed Admin	General/Voc Ed	312	344	0160
61a(3)	Voc Ed ISD Hold Harmless	General/Voc Ed	312	344	0160
62	ISD Voc Ed Millage	Voc Ed	312	345	0160
64	Health/Sci. Middle College Pro.	General/Voc Ed	312	350	0160

State Aid Section and Description for Revenue Received Through Michigan State School Aid					
State Aid Section	**DESCRIPTION**	**Fund**	**Major Class Code**	**State Code**	**Revenue Suffix Code**
65	Pre-College Engineering	General	312	351	0000
74(2)	Bus Driver Safety	General	312	397	0000
74(4)	School Bus Inspections	General	312	398	0000
81(1)	ISD General Formula	General/Voc Ed/Spec Ed	311	106	0010
99	Math/Science	General	312	328	0070
99c	Eng. MI's Future - District Funding	General	312	328	0070
99d	Automatic External Defribrillators	General	312	361	0000
99h	First Robotics	General	312	349	0000
104(1)	Assessments - State	General	312	348	0000
107	Adult Ed Participants	General	312	331	0030

Source: http://www.michigan.gov/documents/saacct03_45776_7.pdf

APPENDIX B

Federal Revenue, State Accounting Code, Catalog of Federal Domestic Assistance Number and Account Name/Description

State Code	CFDA Number	Account Name/Description
601	84.010a	Title I, Part A: Improving Basic Programs Operated by LEAS
602	84.010a	Title I, Part A: Improving Basic Programs Operated by LEAS – Carryover
603	84.011	Title I, Part C: Education of Migrant Children
604	84.011	Title I, Part C: Education of Migrant Children – Carryover
605	84.348	Title I, Accountability Grant
610	84.011	Technology Challenge
613	84.011	Migrant Summer Program
616	84.013	Title I - Part I Prevention and Intervention Programs for children and youth who are neglected, delinquent or at risk of dropout
617	84.010b	Title I Comprehensive School Reform
621	84.298	Title V, Part A: Innovative Programs
622	84.298	Title V, Part A: Innovative Programs – Carryover
631		Education for Economic Recovery Act (EESA) P.L. 98-377 Title II
632		(EESA) – Carryover
633	84.340	Class Size Reduction-
635	84.196	Homeless Grants
636		See State Code 779
655	17.207	Employment Services
656	84.002a	Trade Adjustment Assistance
657	84.002a	Welfare to Work
658	84.002a	WIA-Adult
659	84.002a	WIA Dislocated Worker
660	17.259	WIA – Youth Activities (Formula)
661	84.002a	WIA – Incumbent Worker Incentive
662	84.002a	"Reed" Act
667	84.199	School to Work- (Not in Current CFDA)
668	17.255	WIA Grants (Not in Current CFDA)
669	84.002a	WIA Family Literacy Grant-
671	84.002a	WIA -Adult Basic Education – Instruction
672	84.002a	WIA -Adult Basic Education - Instruction – Carryover
673	84.002a	WIA -Adult Basic Education – State Leadership
674	84.002a	WIA Adult Basic Education - State Leadership - Carryover
675	84.002a	WIA Adult Basic Education – Institutional Research

State Code	CFDA Number	Account Name/Description
676	84.002a	WIA Adult Basic Education - Institutional Research - Carryover
681		EDGE - Federal Share
682	84.041	Impact Aid (Direct)
683	93.576	Refugee Children School Impact Program
684	84.365a	Title III, Part A: English Language Acquisition
689		National Diffusion Network
690	93.575	School Age Children
691	93.575	School Age Children – Carryover
692		Outcome Indicators
693		Outcome Indicators - Carryover
694	84.186b	Safe and Drug Free Governor's Discretion
695	93.586	Teen Pregnancy Prevention
696	93.778	Drug Free Grants (Medical Assistance Program)
697	93.778	Drug Free Grants – Carryover (Medical Assistance Program)
698	84.184	Title IV, Part A: Safe and Drug Free Schools – Community Service Grants
699	84.186a	Title IV, Part A: Safe and Drug Free Schools State and Communities
700	84.184c	Community Services for Expelled or Suspended Students
701		Title IVA Social Security Act
702		Title II Juvenile Delinquency Prevention Act
703		Title IV Civil Rights
705		Neighborhood Youth Corp. (Score)
707		Title II OEO - Follow Through
709		Model Cities
711		Office of Criminal Justice
713		Title IVA P.L. 922-318 Indian Elementary, Secondary
715		Title III - OAA Older American Act – Food
717		Title VII - OAA Older American Act – Food
719		Title I - P.L. 81-874 Operations
720		Title I - P.L. 81-874 Disaster Assistance
721		Title I - P.L. 81-815 Construction
723	93.600	Title I - O.E.O. – Head start
725		Title IX - Equal Rights Amendment
729		Title VII - Bilingual Education (Direct)
731	84.360	Drop Out Prevention Programs
735		U.S.O.E. Indo-Chinese
741		E.S.A.A. Title VII
743		Teacher Corp.
744		R.O.T.C. (Direct)
746		Ethnic Heritage Studies

State Code	CFDA Number	Account Name/Description
749	84.351	Arts in Education
750		National Institute for Education – Research and Development
751		Professional Development - Career Planning
755	84.181a	IDEA Part C Infant and Toddler – State Discretionary Project
757	84.181a	IDEA Part C Infant and Toddler - Formula Grant
758	84.181a	IDEA Part C Infant and Toddler - Formula Grant – Carryover
759		Energy Assistance
761	84.366b	Mathematics and Science Partnership
762	84.281	Title II Part A
763	84.281	Title II Part A – Carryover
764	84.367a	Title II, Part A: Teacher, Principal Training and Recruitment
765	84.332a	Title I, Part F: Comprehensive School Reform
766	84.367b	Title II, Part A Improving Teacher Quality
767	84.357a	Reading First
768	84.358b	Title VI, Part B: Rural and Low Income Schools
769	84.336b	Teacher Quality Enhancement (Direct)
770	84.060	Title VII Indian Education (Direct)
771		ACT - Mediation and Conciliation Service
772		Project SAVE (Students Against Violence in Education)
773		Nutrition Education Training -
774		Professional Development - Tech Assistance for Accreditation
775	93.938	H Competitive Mini Grant to Revise HS HIV/STD Prevention
776	84.287c	Title IV, Part B, After School Learning Center
777	93.558	Temp. Asst. For Needy Families TANF
778	93.575	Childcare and Development Block Grant
779	84.282A	Charter School Grant
780	84.213	Title I, Part B, Even Start Family Literacy
781	10.550	USDA Commodities
782	10.550	USDA Commodities – Bonus
783	93.556	Safe Families Strong Children
801	84.027a	IDEA Special Education – Formula Grants to ISDs
802	84.027a	IDEA Special Education – Formula Grants to ISDs Carryover
805	84.173a	IDEA Pre School Incentive Formula Grants to ISDs
806	84.173a	IDEA Pre School Incentive – Formula Grants to ISDs Carryover
807	84.027a	IDEA Part B EOSD

State Code	CFDA Number	Account Name/Description
808	84.027a	IDEA Part B Training, Materials, and Technology
810	84.027a	IDEA Part B State Discretionary Projects
812	84.027a	IDEA Part B Transition Services
813	84.324	IDEA-Model Demonstration for Children with Disabilities; Research and Innovation to Improve Services to Children
815	84.181	Infants and Toddlers with Disabilities
816	84.027a	IDEA Capacity Building Grant
817	94.004	Learn and Serve School Based Services (Fellows)
818	93.778	Medical Assistance Programs
819	84.215L	Smaller Learning Community Grants
820	94.007	Americorps (Planning and Program Development Grants)
821	84.358a	Small Rural School Achievement – (Direct from Federal Govt)
822	93.577	CHILD Grant (Communities Helping to Increase Learning Development)
823	84.215k	Fund for Improvement of Education
824	84.215e	Fund for Improvement of Education Elementary School Counselors
825	84.215v	Partnership in Character Education
850	10.553	Natl School Breakfast
851	10.555	Natl School Lunch and Snack Program
852	10.556	Natl School Lunch Special Milk
853	10.558	Child Care Food Program
854	10.565	Commodity Supplemental Food Program
855	10.568	Temporary Emergency Food Assistance Program (TEFAP)
856	10.565	CNP Fresh Fruit and Vegetable Pilot
857	10.561	State Match Grants for Food Stamp Program
858	10.559	Summer Lunch Program
859	10.551	Michigan Nutrition Network through MSU Extension
869	10.664	Forest Stewardship Outreach & Education
870	10.665	Schools and Roads Grants to States
870	10.665	Schools and Roads Grants to States
871	47.076	National Science Foundation
872	45.025	National Endowment for the Arts
873	83.544	FEMA
874	84.215x	Teaching American History
875	84.215f	Carol M. White Physical Education Grant
876	97.004	State Homeland Security Grant – State Domestic Preparedness
877	84.323	Personnel Development Collaborative
878	84.000	RIF- Reading is Fundamental
879	45.310	State Library Program

State Code	CFDA Number	Account Name/Description
880	17.245	Trade Adj. Assistance
881	93.571	Community Services Block Grant
882	84.310	Parent Information and Resources (PIRC)
883	16.710	Police Corp
884	17.267	Entrepreneurial Grant
885	81.119	State Energy Program
900		Local Tracking of Revenues That Need Clarification

Source:
http://12.46.245.173/pls/portal30/CATALOG.FIND_ASSISTANCE_PROGRAM_DYN.show

APPENDIX C

Sources of revenue into each fund

	General Fund	Special Education Fund	Vocational Education Fund	Cooperative Education Fund
Local Sources				
Taxes	X	X	X	
Fees	X	X	X	X
State Sources				
Categorical	X	X	X	X
Unrestricted	X	X	X	X
Federal Sources				
Categorical	X	X	X	X
Unrestricted	X	X		X

APPENDIX D

Per-pupil Revenue for Each of the Four Funds for All Michigan ISDs

ISD	Rev/Pupil Gen Fund	Spec. Ed Fund	Voc Ed Fund	Coop Ed Fund
Allegan	$273.78	$826.99	$319.24	$205.06
Alpena-Montmorency-Alcona	$282.31	$952.08	$0.00	$0.00
Barry	$220.81	$780.29	$0.00	$0.00
Bay-Arenac	$261.36	$1,022.66	$497.25	$0.00
Berrien	$416.01	$1,148.49	$0.00	$0.80
Branch	$531.99	$1,553.78	$925.91	$0.00
C.O.O.R.	$161.00	$790.02	$133.93	$11.57
Calhoun	$253.14	$1,260.01	$285.04	$74.34
Charlevoix-Emmet	$454.34	$1,271.77	$358.19	$0.00
Cheb-Otsego-Presque Isle	$275.99	$896.98	$0.00	$0.00
Clare-Gladwin	$573.77	$856.26	$0.00	$0.00
Clinton County	$231.74	$1,154.86	$300.12	$0.00
Copper Country	$497.83	$669.21	$0.00	$137.83
Delta-Schoolcraft	$351.94	$750.56	$316.73	$73.95
Dickinson-Iron	$339.82	$712.04	$311.81	$258.63
E. Upper Peninsula	$357.18	$684.27	$0.00	$84.61
Eaton	$264.16	$1,269.73	$345.27	$0.00
Genesee	$203.06	$778.15	$186.17	$0.00
Gogebic-Ontonagon	$323.66	$977.39	$290.08	$0.00
Gratiot-Isabella	$154.84	$1,206.72	$0.00	$402.62
Hillsdale	$265.25	$1,278.46	$193.02	$0.00
Huron	$271.33	$1,668.85	$544.20	$119.40
Ingham	$211.99	$1,472.78	$221.04	$0.00
Ionia	$281.63	$1,523.59	$161.29	$0.00
Iosco	$271.64	$690.61	$192.30	$0.00
Jackson	$324.71	$1,453.52	$420.00	$0.00

Per-pupil Revenue for Each of the Four Funds for All Michigan ISDs

ISD	Rev/Pupil Gen Fund	Spec. Ed Fund	Voc Ed Fund	Coop Ed Fund
Kalamazoo	$705.59	$992.78	$0.00	$0.00
Kent	$95.92	$1,747.75	$233.21	$5.22
Lapeer	$190.47	$441.48	$355.58	$3.78
Lenawee	$390.90	$1,381.46	$612.77	$0.00
Lewis Cass	$454.91	$918.64	$0.00	$539.73
Livingston	$241.59	$1,058.57	$0.00	$0.00
Macomb	$184.53	$1,054.74	$0.00	$0.00
Manistee	$323.50	$972.57	$74.88	$0.00
Marquette-Alger	$513.67	$927.43	$0.00	$0.00
Mason-Lake	$224.82	$1,412.68	$382.63	$0.00
Mecosta-Osceola	$179.86	$1,255.36	$382.81	$8.09
Menominee	$356.80	$942.05	$0.00	$0.00
Midland County	$173.31	$824.35	$0.00	$0.00
Monroe	$481.74	$1,446.83	$0.00	$0.00
Montcalm	$154.32	$1,005.90	$234.30	$0.00
Muskegon	$241.56	$1,009.85	$231.46	$191.78
Newaygo	$408.53	$929.01	$573.01	$0.00
Oakland	$152.12	$1,063.92	$227.80	$0.00
Oceana	$185.91	$847.83	$0.00	$0.00
Ottawa Area	$173.35	$1,111.12	$301.63	$0.00
Saginaw	$227.17	$1,056.75	$0.00	$117.17
Sanilac	$148.37	$481.17	$490.36	$0.00
Shiawassee Regional	$269.47	$1,200.96	$0.00	$0.00
St. Clair County	$332.92	$925.89	$247.74	$0.00
St. Joseph County	$179.08	$825.18	$238.73	$0.00
Traverse Bay Area	$287.75	$1,334.75	$325.68	$285.91
Tuscola	$158.01	$1,426.04	$462.18	$31.03
Van Buren	$360.70	$1,146.12	$515.42	$0.00
Washtenaw	$107.12	$1,481.58	$0.00	$0.00

Per-pupil Revenue for Each of the Four Funds for All Michigan ISDs

	Rev/Pupil			
ISD	Gen Fund	Spec. Ed Fund	Voc Ed Fund	Coop Ed Fund
Wayne	$75.78	$834.70	$0.00	$20.51
Wexford-Missaukee	$197.51	$1,096.69	$591.14	$0.00

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