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Are poor urban districts really underfunded?

If you want to help schools, throw out the funding myth and demand accountability

By Molly Macek and James M. Hohman | April 2024

School funding is complicated, and people can believe a lot of things that have been addressed and changed decades ago. The idea that the state underfunds poor urban districts is often taken as self-evident even when the evidence says otherwise.

Schools in Michigan received an average of \$14,475 per student in funding from federal, state and local governments in the 2022-23 school year, according to the latest data available. All large urban districts received more per student than the statewide average.

Benton Harbor Area Schools received \$31,155 per student. Flint Community Schools took in \$29,640 per student. The Detroit Public Schools Community District landed \$28,919 per student. Saginaw Public Schools got \$21,186 per student.

The biggest difference between these districts and others is that they receive larger federal grants, which are geared toward poorer and urban districts. Flint

and Benton Harbor receive more federal revenue per student than the typical district gets, on a per-pupil basis, from all sources.

It used to be that districts got most of their money from local property taxes. Schools in wealthy areas

received more money than districts in poor places. It has been 30 years, though, since voters approved a funding reform that made school revenues more equitable across the state, essentially cutting the

connection between high property values and district funding. Now, the state gives more money to districts that receive less from local property taxes, such as those in low-income urban centers.

The bulk of school funding now comes from a state formula, with minimal variation among the districts. The state sets a minimum per-pupil funding level — known as the foundation allowance — and ensures all districts receive at least that amount. The foundation allowance is funded in part by local property taxes,

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but the state also fills in where needed with its tax revenue.

Districts can still use local property taxes to build and maintain school buildings. State programs and federal grants often target certain types of schools, such as those in poor areas or rural ones, leaving the districts there with more money than districts in wealthier areas.

To be sure, research generally demonstrates that it is more challenging to educate students from disadvantaged backgrounds. Michigan law requires the state to make sure school districts get an 11.5% increase in their per-pupil foundation allowance for each low-income student they enroll. Still, many believe that urban districts with a high concentration of low-income families get less money than other schools.

Even though urban districts in poor communities get more money than typical districts, their performance is wanting. For just one example, students enrolled in Saginaw Public Schools performed significantly worse in English language arts and math on the M-STEP tests in 2023 than they did 2019. Yet Saginaw remains one of the highest-funded districts in the state.

One category of urban public schools does receive much less than the state average: charter schools. Unlike conventional public school districts, charter schools can't raise extra money for buildings and facilities by levying local property taxes. They also tend not to receive as much in extra state and federal grants. But disadvantaged students tend to do better there than at comparable district schools, even with fewer dollars available to fund their education.

Ten of the top middle schools in the state are charter schools operated by National Heritage Academies. And the top three elementary schools in Detroit are charter schools. Oakland International Academy scored an "A" for its academic performance when compared to peer schools in 2023, according to the Michigan Department of Education's School Grades system. Yet it only received \$15,515 per pupil that same year – much less than its neighboring schools in the Detroit Public Schools Community District, which received nearly \$30,000 for each of its students.

The lack of results for funding ought to scream to the public — and to lawmakers — that public schools' troubles stem from something other than their funding levels. Policymakers should focus on making schools more accountable for their results given their resources, rather than just assuming that districts always and only need more resources.

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