Principles of Education

Welcome! While you wait...

Please introduce yourself to folks at your table:

- Name
- District
- Your current position

Today's Facilitators:

Karl Paulson
Superintendent
Lakeview Public Schools
kpaulson@scslakeview-k12.com

Kathy Konon, CPA
Assistant Superintendent of Finance,
Facilities & Operations
Berkley School District
Katherine.Konon@berkleyschools.org





Who's in the Room?

Representatives from:

- Local School Districts
- ▶ Urban, Suburban & Rural Districts
- Lower & Upper Peninsula
- ►ISDs & RESAs
- ► Charter Schools

What function do you represent?

<u>Administrators and Support Staff from:</u>

- ► Business/Finance
- ► Human Resources
- Curriculum and Instruction
- Pupil Accounting
- Administrative Assistants
- Instructional Technology
- ▶ Transportation
- ► Student Services
- ▶ Facilities and Operation



Today's Learning Targets

- Provide a historical and governance perspective of education in the United States
- To share a framework for understanding public education and its funding and governance in Michigan
- To identify key trends in our state and nationally with a focus on a few current issues



The Idea of Public Schools

- Who is responsible for public education and/or schools?
- What are its origins?
- ► Does politics play a role?

Poll Question #1: Who creates public schools?

- 1) "We the people..." US Constitution? In other words, the Federal Government.
- 2) Individual States
- 3) Local people who created school boards and boundaries



US Constitution – "We the people..." Bill of Rights

- Amendment X. The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.
- ► This Amendment is the basis for each of the states creating their own systems of public education.
- Most State Constitutions, more recently updated (mid 1900's), elaborate on the idea of a public education for all.



In Michigan – Constitution of 1963 Article VIII - Education

- http://www.legislature.mi.gov/(S(o52yuhye2bk1 gy4pzf2grx0p))/mileg.aspx?page=GetObject&o bjectname=mcl-Constitution
- Mentions the idea of school districts
- Establishes State Board of Education
- Additional legislative action, as well as Supreme Court decisions, have formed who we are today

The Formation of Public Education

- With public K-12 education free to every child in the United States, it is hard for modern Americans to imagine a world where public schools did not exist.
- ▶ 150 years ago in many places throughout the country, not even elementary education was provided publicly; in fact, even by the turn of the 20th century, some young people still did not have access to free public high schools.
- Today, every American can get a free education and obtain a high school diploma, thanks to the efforts of our civic-minded predecessors.

More Recently – Legislative Action

- Right to Work
- Teacher Evaluation
- Tenure/Prohibited Topics of Bargaining
- Health Care "Cap" or 80/20 rule
- School Discipline
- Special Education
- MERIT Curriculum/Testing

Control of the \$\$\$ provides the state government much more control of schools compared to before Proposal A (1993-94).

Research / Question

- https://www.michigan.gov/dtmb/services/maps/static/ education/school-districts-by-county-34x45
- The link above provides all Michigan school districts' boundaries by county
- Find your school district county map

Breakout Session

- Examine the boundaries of the various districts in your county.
- Why do you think these boundaries developed the way they did?
- What factors probably contributed to the boundary development?
- Do boundaries matter now?
- Discuss this in your breakout group (12 minutes) pick a spokesperson from your group to share.

FEEDBACK: Research of Boundaries

- QUESTION 1: What did you come up with about school district boundaries?
- Answers lots of things... and more
 - Legislative action mostly
 - Economic centers of activity (Saginaw, Flint, Detroit, Lansing, Grand Rapids, etc.)
 - Major cities sought legislative authority
 - One room schoolhouse in a rural county

We are on BREAK – be back in 10!



Education in Michigan

 On January 26, 1837,
 Michigan became the 26th State of the Union.



Toward the end of the Millennium (in the 1890's), the state government established a state school system on the German model, with public schools, high schools, normal schools or colleges for training teachers of lower grades, and colleges for classical academic studies and professors. It dedicated more funds to public education than did any other state in the nation. Within a few years, it established four-year curriculums at its normal colleges, and was the first state to establish a full college program for them.

http://en.wikipedia.org/wiki/History_of_Michigan

Public School in Michigan

- In 1787, Congress enacted the Northwest Ordinance to provide a structure for settling the territories of Michigan, Ohio, Indiana, Illinois and Wisconsin.
- This is the law that divided Michigan into six-mile-square townships and reserved one lot in each township for a public school.
- More recent legislative action allowed for the development of "districts".
- Many districts formed around the economics of an area.

Michigan an Early Leader in Public Education

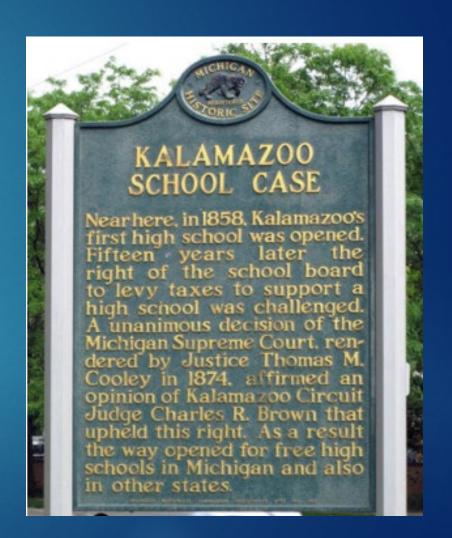
Michigan became a leader in democratizing secondary and higher education, and in creating a public K-16 system. The University of Michigan was founded in 1817 in Detroit as part of the new territory's burgeoning school system, and Michigan also had the first landgrant college, which is now Michigan State.





Michigan's First High School

► As for public high schools, **Kalamazoo** made the history books by opening a high school funded by property taxes in 1858, only to be challenged by landowners who filed a lawsuit. In 1874, the Michigan Supreme Court ruled in favor of the city and the Kalamazoo school case "became the rule of law throughout the nation, paving the way for the widespread acceptance of taxsupported high schools."



State of Michigan – Constitution

- Education is a State function (We the people...)
- ▶ Legislation delegated the education function to local authority → "School Districts" (mostly but follow the \$\$)
- Statutes (laws) to define certain aspects on a statewide basis (tenure, bargaining, special education, M-STEP/SAT, etc.)
- Leaves other up to local until about 1985
- Provides for financing schools through statutory OR statewide proposal from voters (like Proposal A)



Education Governance & Politics

- Saying: "All politics is local"
- Board of Education Members
 - Non-partisan (really?)
 - 2, 4, or 6 year terms (LPS 6 yr)
- State Senators/Representatives/Governor
 - Establish legislation further defining role of local Board,
 Superintendent, Rules/Regulations
 - Define some expectations State-wide
- ▶ Recent Trend → Local control to more State control (financial, testing, accountability of programs, evaluation (teacher/admin))





How well do we perform? Really?



- School "test scores"/history of ranking stories (about a 20-25 yr cycle)
- 1985 (A Nation At Risk) National Debate Starts
- Many government interactions with public are poor (customer service in an office, "Bueller...", Secretary of State, roads, etc.)
- Parents/community demand transparency
- Now demanding accountability
- "Bloat" of many government programs





Another National Perspective

- China → Different perspective: "They" are coming to us to see "how we do it"
 - US Economic Output from 1900 to Current → Best world
 - US Creative Output from 1900 to Current → Best world
 - How is this achieved if schools are/have been failing?
- How can we have some of the best research universities in the world if education in the US is so bad?
- Maybe what is being measured is not an accurate reflection of what education is really supposed to be...

Reflect on What Schools Do - TAG

- Safely Educate ALL Students
- Safely Transport Students
- Safely Feed Students
- Safely Employ Staff
- Maintain Buildings/Equipment/Vehicles
- Provide Technology/Supplies & Materials
- Research/Review Curriculum
- Research/Review Best Teaching and Business Practices
- Train Staff

\$ SCHOOL FINANCE 101 \$

- Property Tax dollars go to Lansing (collected by local municipalities)
- Sales Tax dollars go to Lansing
- Lottery Sales dollars go to Lansing
- ► WHAT'S IN LANSING?
- Funding returns in Student Foundation Allowance (SFA)
- Funding returns in State Categorical or Federal Grants
 - Special Education, Title I & II, At-Risk
- No way to raise <u>local</u> Operating Funds
- State Aid (1993/Proposal A)
- Local money is by enrollment (\$9,150→\$29,000)

What do you hear about the State, City and School Budgets in Michigan?

- Historically flat/low growth in revenue (money coming in through taxes - income, property, sales, gas, real estate transfer, "sin" taxes, lottery, etc.)
- Current status State cash surplus starting to deplete...How long will it last?????



- Increases in expenses
 - K-12 Schools
 - Universities/Community Colleges
 - City/County Government (shared revenue)
 - State Government
 - State Police
 - State Prisons
 - Health/Human Services
 - State Courts





Foundation Allowance History

LAKEVIEW PUBLIC SCHOOLS HISTORICAL STATE FOUNDATION ALLOWANCE



Recent Economic Activity

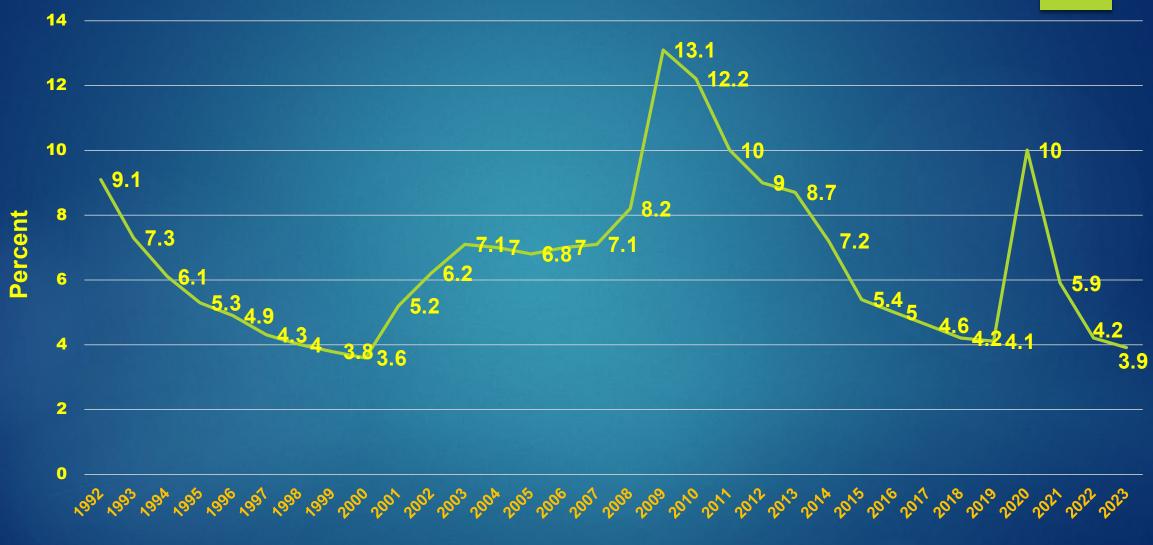
- Unemployment going down, wages going up, but not as fast as the rate of inflation
- Inflation slowing, but still at record high levels
- All of these contribute to improved tax collections
 - Income and sales taxes
 - Real estate taxes
 - Lottery sales
 - "Sin" taxes (liquor, beer, wine, cigs, etc.)

Poll Question #2:

- What do you think the National Unemployment Rate is today?
- What do you think the State of Michigan Unemployment Rate is today?



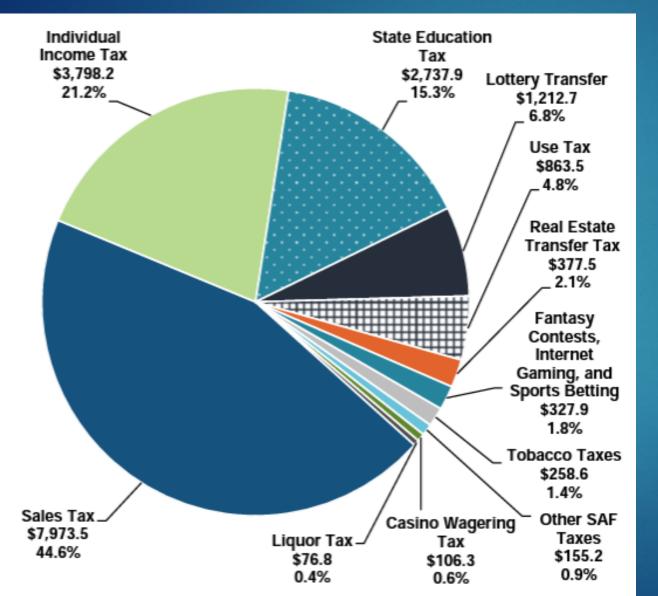
Michigan Unemployment Rate: 1992-2023



More recently – State revenue strong; Fed funds are gone!

- Strength of economic activity nationally starting in fall 2020 moving forward through now
 - Unemployment drop
 - High interest rates Fed fund rate over 5%
 - Federal "grants" to States winding down
 - Consumer spending strong
 - "Heated up" economic activity still in spite of rates
- What happens to State tax collections with strong economy? Think for a minute...

SAF Budget FY2023-24



STATE OF MICHIGAN SCHOOL AID FUND TAX AND LOTTERY REVENUE BY SOURCE ESTIMATED FY 2023-24

TOTAL RESOURCES: \$17,888.1 MILLION

(Chart dollars in millions)

REVENUE SOURCE AND DISTRIBUTION

House Fiscal Agency

How do school districts get money (revenue)?

- Schools primary funding source is the State
 - State Aid (about 85% of funding)
 - Enrollment x Foundation Allowance
 - Only 11 State Aid payments October August
- Non-homestead property tax revenue (local municipality)
- State Categoricals (At-Risk, CTE, School Nutrition, etc.)
- Federal Grants (Title I, IDEA, CTE, ESSER, ARP, etc.)
- County Enhancement Millage or other local funding
- Miscellaneous revenue

Where does the money go to educate kids?

It takes a village of staff!

- Teachers
- Support Staff
- ▶ Food Service, Transportation, Custodial, etc.
- Principals
- Administration
- Security
- After-school and Tutoring Programs (athletics, clubs)

About 85% of a district's budget is personnel costs



Where does the money go to educate kids?

Remaining Expenditures (things other than staff working with students or in buildings)

- Professional/Technical Services
- Transportation
- Purchased Services
- Technology/Supplies/Materials
- Capital Outlay
- Transfers to other funds (ex. Food Service)

District Transparency shows where the \$ goes?

Michigan Department of Education (MDE) requires transparency reporting on a district's website of specific items, including:

- Adopted Budgets
- Financial Statements
- Collective Bargaining Agreements
- Operating and Personnel Costs pie graphs
- Other compensation and district cost items

MDE can withhold State Aid payments for non-compliance



How does your district information compare?

Berkley School District Website https://www.berkleyschools.org/

- Salaries and Benefits (personnel costs) (85.97%)
- Professional/Technical Services (4.79%)
- Transportation (1.03%)
- Purchased Services (2.18%)
- Supplies/Materials (2.81%)
- Capital Outlay (1.20%)
- Fund Modification (.12%)
- Other (1.9%)

What is your district's total spending?



How does your district information compare?

Lakeview Pubic Schools Website https://www.lakeviewpublicschools.org/

- Salaries and Benefits (personnel costs) (81.63%)
- Professional/Technical Services (1.57%)
- Transportation (1.03%)
- Purchased Services (7.56%)
- Supplies/Materials (2.76%)
- Capital Outlay (.57%)
- Fund Modification (3.34%)
- Other (1.54%)

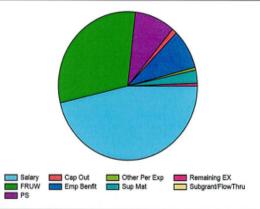
What is your district's total spending?



Budget Transparency Report: Personnel Expenditures

School District: Berkley School District (63050)

Fiscal Year: 2022-2023 Fund: General Fund (11)



Personnel Expenditures		
Salary (1xxx)	\$35,757,564	46.32 %
Employee Insurance Benefits (21xx)	\$6,608,047	8.56 %
FICA/Retirement/Unemployment/WC (28xx)	\$23,517,529	30.46 %
Other Personnel Expenditures (22x - 24xx, 29xx)	\$488,958	0.63 %
Total Personnel Expenditures	\$66,372,098	85.97 %
Remaining Expenditures		
Professional and Technical Purchased Services (31xx)	\$3,696,398	4.79 %
Client/Pupil Transportation Purchased Services (33xx)	\$793,440	1.03 %
Other Purchased Services (32xx, 34xx - 4xxx)	\$1,682,467	2.18 %
Supplies and Materials (5xxx)	\$2,170,631	2.81 %
Capital Outlay (6xxx)	\$923,988	1.20 %
Other Expenditures (7xxx)	\$391,618	0.51 %
Payments to Other Public School Districts(82xx)	\$1,083,337	1.40 %
Fund Modifications (81xx)	\$90,000	0.12 %
Subgrantee/Flow-Through Distributions(83xx,85xx)	\$0	0.00 %
Other Transactions (89xx)	\$0	0.00 %
Total General Fund Expenditures	\$77,203,977	100.00 %

For charting purposes, Purchased Services is defined as object codes 3xxx-4xxx and 82xx.
** For charting purposes, Remaining Expenditures is defined as object codes 7xxx, 81xx and 89xx.

Report based on district's 2023 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. As one example; many districts outsource some or all educational functions to other entities. As a result, the district may not incur direct employee salary and benefits for certain functions. The costs instead will appear in the purchased service category. White a district that hires its entitle staff as district employees will include all the associated costs under a combination of salary and benefit counts.

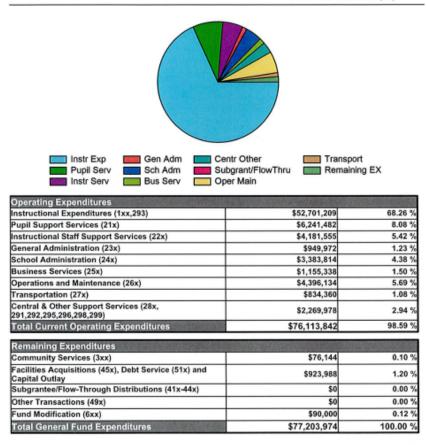
The personnel expenditure costs reported to the charts above are based on object codes as submitted to the Financial Information Database (FID). Districts are required by law (MCL 380, 1281) to follow a common chart of accounts published as the Michigan Public School Accounting Manual when reporting financial data. Definitions for each of the object codes listed in the charts above may be found in the Manual available at: http://www.michigan.gov/documents/appendix_33974_7.pdf.

Report Date: 10/24/2023 Pages: 1 of 1

Budget Transparency Report: Operating Expenditures

School District: Berkley School District (63050) Fiscal Year: 2022-2023

Fund: General Fund (11)



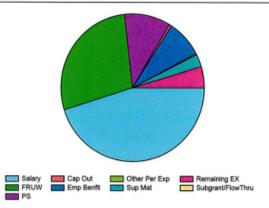
Report Date: 10/24/2023 2:37:23 PM Pages: 1 of 2



Budget Transparency Report: Personnel Expenditures

School District:Lakeview Public Schools (Macomb) (50130)

Fiscal Year: 2022-2023 Fund: General Fund (11)



Personnel Expenditures		
Salary (1xxx)	\$27,062,946	45.12 %
Employee Insurance Benefits (21xx)	\$4,888,708	8.15 %
FICA/Retirement/Unemployment/WC (28xx)	\$16,840,197	28.08 %
Other Personnel Expenditures (22x - 24xx, 29xx)	\$171,134	0.29 %
Total Personnel Expenditures	\$48,962,985	81.63 %
Remaining Expenditures	SEE SEAL OF SERVICE	
Professional and Technical Purchased Services (31xx)	\$942,624	1.57 %
Client/Pupil Transportation Purchased Services (33xx)	\$614,968	1.03 %
Other Purchased Services (32xx, 34xx - 4xxx)	\$4,536,675	7.56 %
Supplies and Materials (5xxx)	\$1,653,888	2.76 %
Capital Outlay (6xxx)	\$343,164	0.57 %
Other Expenditures (7xxx)	\$786,695	1.31 %
Payments to Other Public School Districts(82xx)	\$138,261	0.23 %
Fund Modifications (81xx)	\$2,000,000	3.33 %
Subgrantee/Flow-Through Distributions(83xx,85xx)	\$0	0.00 %
Other Transactions (89xx)	\$0	0.00 %
Total General Fund Expenditures	\$59,979,260	100.00 %

^{*} For charting purposes, Purchased Services is defined as object codes 3xxx-4xxx and 82xx.

Report based on district's 2023 Financial Information Database (FID) submission.

Caution should be used when using these financial data. Sound conclusions can only be drawn when the data elements are used in proper context. As one example; many districts outsource some or all educational functions to other entities. As a result, the district may not incur direct employee salary and benefits for certain functions. The costs instead will appear in the purchased service category. While a district that hires its entitle staff as district employees will include all the associated costs under a combination of salary and benefit occurs.

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^{**} For charting purposes, Remaining Expenditures is defined as object codes 7xxx, 81xx and 89xx.

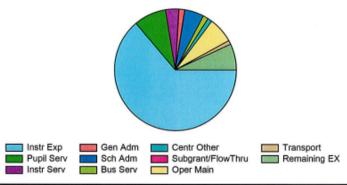
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Budget Transparency Report: Operating Expenditures

School District: Lakeview Public Schools (Macomb) (50130)

Fiscal Year: 2022-2023

Fund: General Fund (11)



Operating Expenditures		
Instructional Expenditures (1xx,293)	\$38,254,441	63.78 %
Pupil Support Services (21x)	\$5,181,951	8.64 %
Instructional Staff Support Services (22x)	\$2,117,835	3.53 %
General Administration (23x)	\$945,210	1.58 %
School Administration (24x)	\$3,061,872	5.10 %
Business Services (25x)	\$847,027	1.41 %
Operations and Maintenance (26x)	\$4,084,228	6.81 %
Transportation (27x)	\$617,537	1.03 %
Central & Other Support Services (28x, 291,292,295,296,298,299)	\$715,292	1.19 %
Total Current Operating Expenditures	\$55,825,393	93.07 %

Remaining Expenditures	CESTION OF THE PARTY OF	
Community Services (3xx)	\$1,348,125	2.25 %
Facilities Acquisitions (45x), Debt Service (51x) and Capital Outlay	\$805,742	1.34 %
Subgrantee/Flow-Through Distributions (41x-44x)	\$0	0.00 %
Other Transactions (49x)	\$0	0.00 %
Fund Modification (6xx)	\$2,000,000	3.33 %
Total General Fund Expenditures	\$59,979,260	100.00 %

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1 of 2

Breakout Session and Discussion Group Data/Chart Activity

Examine the budget transparency reports for the following school districts and work with your table to answer the questions provided:

- Lakeview Public Schools (Macomb County)
 - https://www.lakeviewpublicschools.org/
- Berkley School District (Oakland County)
 - https://www.berkleyschools.org/
- Grand Rapids Public Schools (Kent County)
 - https://grps.org/

Poll Question #3:

Which item is not required on Transparency reporting?

- 1) Budgets
- 2) Only compensation over \$100,000 and Superintendent
- 3) Benefit Plans
- 4) Board of Education Members
- 5) All of above



We are on BREAK – Take 10!



Regional, State, & Federal Factors

- MISD shared services for efficiency and economic buying power
- State some data distribution, some economic support (MI-Deal Bid)
- Federal some financial support (special education, transportation, at-risk student funds)
- COVID relief Federal and Sate \$\$\$...ESSER funds,
 Childcare Relief funds, Safety and Security grants, etc.

Here's Where We Are Now

- Schools are educating more kids with academic and behavior gaps than ever before (COVID after-effect)
- Schools are having more trouble finding staff to fill positions than ever before (my 34 years, at least)

- Schools have seen the largest increase in funding (State and Federal supports) in more than 40 years
- Schools have to become more flexible and creative to serve families and students than ever before

Is your district's fiscal cliff coming?

- Federal grant funds are ending
- Are State grants continuing?
- ► Tax collections in 2024, 2025?
- Interest rates slowing economy
- Spending grant funds for regular staffing positions (General Fund)

- Washtenaw County School District announces \$25M in budget cuts
- Chalkbeat story Michigan
 School Closures as COVID Relief
 Dries Up
- Wayne County School District announces \$17.7M in cuts

Don't forget Social Media!

- Facebook, Twitter, Instagram,Snapchat, etc.
- Students, parents, community can post pictures and comment real time even if it's not true or they don't have accurate information
- District resources to manage and monitor website, FB page, etc.
- Days of old school paper communication out – real time Social Media in

Look how far education has come in over 100 years!

Are ALL public school services "free"?

Issues with "FREE"

What challenges have schools faced with this concept?

What are some areas where it could be questioned if certain items and/or opportunities should be free?



Poll Question #4:

Choose those items from the list that students in your district might be paying for to use or participate?



- High school parking pass
- To participate in athletics (MS or HS)
- To attend athletics
- To participate in clubs (fee)
- To play a musical instrument (any level)
- Yearbook
- Field Trip
- To participate in Marching Band



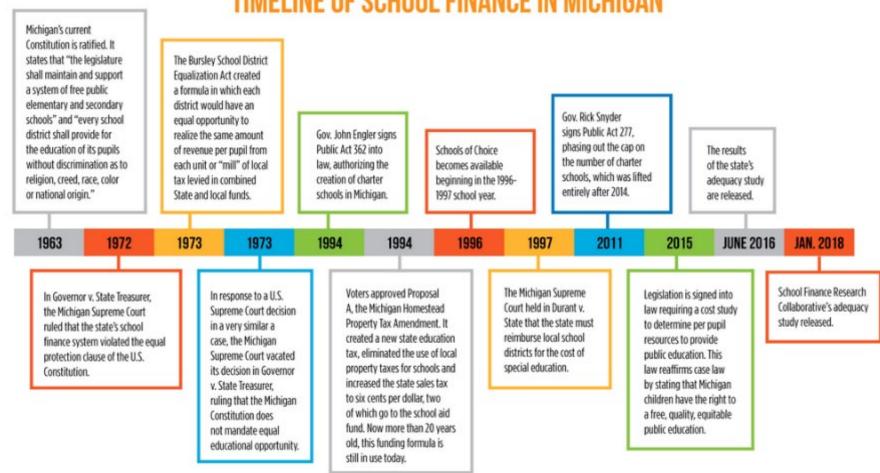
The School Finance Research Collaborative is a diverse group of business leaders and education experts, from Metro Detroit to the U.P., who agree it's time to change the way Michigan's schools are funded.

The Collaborative is bringing together top industry experts to reexamine our approach to school funding so we can fully prepare ALL students for jobs and success.

Website: www.fundmischools.org



TIMELINE OF SCHOOL FINANCE IN MICHIGAN



Question? Hand Raise

It would make sense to adjust per pupil funding according to factors such as special education, poverty, size of district/transportation, etc.:

- A. Agree
- B. Disagree
- C. Unsure

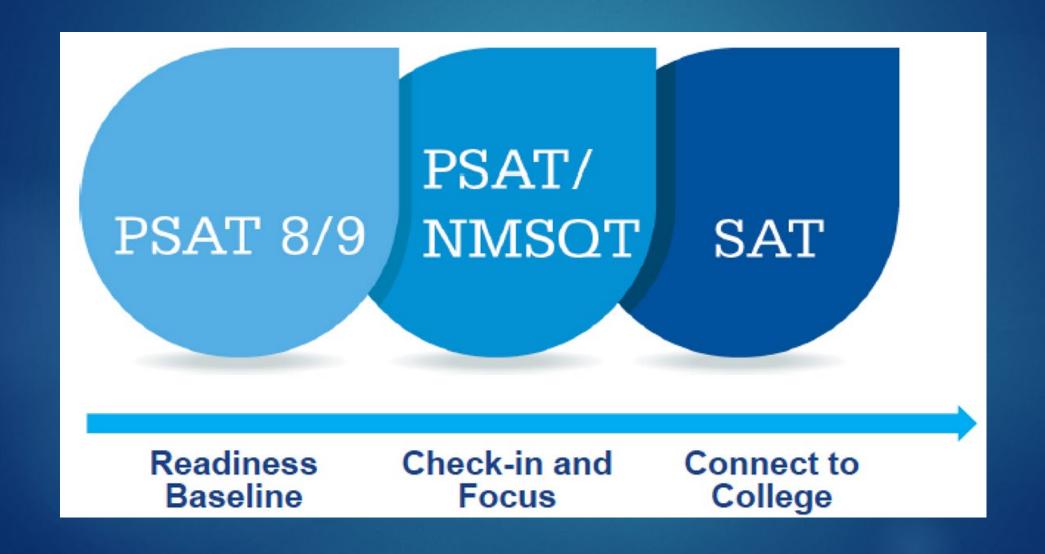
Question?

Raise your hand if your district/ISD/Charter School runs a full virtual educational option.



College & Career Readiness

SAT Suite of Assessments



Question?

Every junior attending a public school in MI gets to take a free college entrance exam:

- A. True
- B. False

Question?

Every public high school student taking an advanced placement class in Michigan gets to take the exam from College Board for free:

- A. True
- B. False

Education = Income

MICHIGAN RANKS



37th



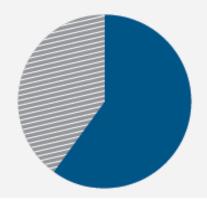
33rd

for postsecondary educational attainment

for household income

Ed Attainment Goal

OUR GOAL



60% of Michiganders

achieving postsecondary credentials **by 2030** (compared with current 43.7% who go beyond high school).

Our plan will increase the earning potential of Michiganders and their quality of life by closing the talent gap Michigan residents and companies face.

Stop & Think...

- "We are preparing kids today for jobs that don't yet exist." Your thoughts on the challenge this presents...
- What may need to be done to better raise awareness of College and Career Readiness?
- Should schools be geared toward college, career or both?





Staffing Shortages

STAFF SHORTAGE

- ► COVID Impact
- Increased Retirements (early and scheduled)
- ► Frustrations with Changes (or not) in Instructional Delivery
- Additional Responsibilities
- Stress
- Public Pressure
- Political Micromanaging
- Other

Poll Question #5:

It is becoming less desirable to work in education:

- A. Agree
- B. Disagree
- C. Unsure

Our district struggles with teacher shortages (positions unfilled/sub shortages):

- A. Yes
- B. No



Predictions:

What will education look like in **five** years in Michigan?

What will education look like in **thirty** years in Michigan?



Did we achieve our Learning Targets for today?

- Provide a historical and governance perspective of education in the United States
- ► To share a framework for understanding public education and its funding and governance in Michigan
- To identify key trends in our State and Nationally with a focus on a few current issues

Questions?

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Superintendent
Lakeview Public Schools
kpaulson@scslakeview-k12.com

Kathy Konon, CPA
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katherine.konon@berkleyschools.org

Thank You!