

# FISCAL BRIEF

## AT-RISK PUPIL FUNDING

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### FAST FACTS

- The At-Risk program provides funding to districts for academic and additional supports to pupils at risk of not succeeding in school.
- The FY 2018-19 budget includes \$499.0 million for At-Risk pupils.
- The statutory formula used to calculate a district's At-Risk funds is equal to 11.5% times the statewide weighted average foundation allowance times the number of the district's pupils defined as economically disadvantaged.
- The current appropriation does not fully fund the formula, so payments are prorated by \$139.8 million on an equal percentage basis.

### INTRODUCTION

Under Section 31a of the School Aid Act, eligible districts (including public school academies (PSAs), or charter schools) may receive funding to support their “At-Risk” pupils. The funding is intended to address early literacy and numeracy and ensure students are:

- Proficient in English language arts (ELA) by the end of grade 3;
- Proficient in mathematics by the end of grade 8;
- Attending school regularly;
- Career and college ready by high school graduation.

At-Risk funding may be used for a variety of programs and services (see Eligible Expenses below), which may be held outside of regular school hours.

To be eligible, a district must:

- Comply with K-3 reading requirements under Sec. 1280f of the Revised School Code (MCL 380.1280f);
- Use resources to address early literacy and numeracy;
- Implement a Multi-Tiered System of Supports (MTSS) for all grades operated from K-12.

Section 31a also provides for primary health care services and hearing and vision screenings. For Fiscal Year (FY) 2018-19, the Section 31a appropriation is maintained at \$510.2 million. From this total, \$6.1 million is allocated toward health centers and \$5.2 million is allocated toward hearing and vision screenings, leaving \$499.0 million for At-Risk program funding.

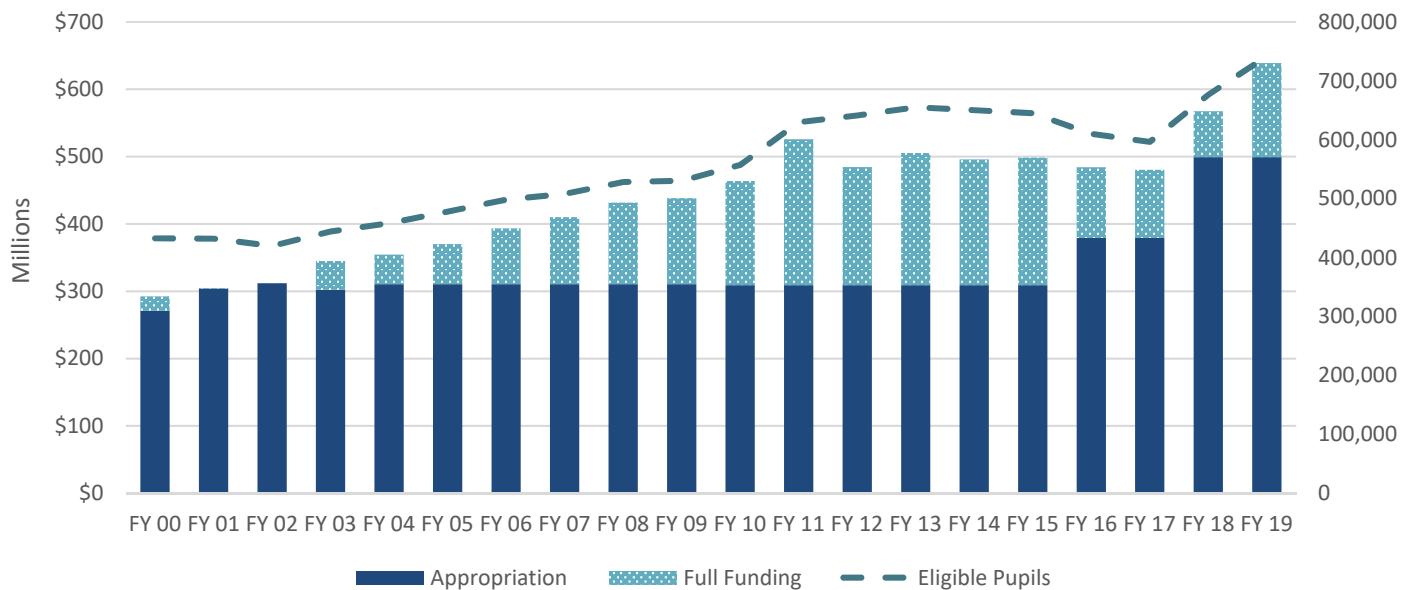
### HISTORY

Under Proposal A of 1994 and related legislation, significant portions of state and local funding for general school operations were consolidated into the foundation allowance,<sup>1</sup> a general per pupil allocation. However, the legislature maintained separate funding for certain “categorical” programs for students who need additional supports; the At-Risk program was one and was initially funded at \$230.0 million. After surpassing the \$300.0 million mark in FY 2000-01, At-Risk appropriations were fairly flat for 15 years before increasing by 61% between FYs 2015-16 and 2017-18, from

<sup>1</sup> See House Fiscal Agency Fiscal Brief: *Basics of the Foundation Allowance* at [http://www.house.mi.gov/hfa/PDF/Alpha/Fiscal\\_Brief\\_Basics\\_of\\_the\\_Foundation\\_Allowance\\_FY19\\_Update\\_Nov2018.pdf](http://www.house.mi.gov/hfa/PDF/Alpha/Fiscal_Brief_Basics_of_the_Foundation_Allowance_FY19_Update_Nov2018.pdf)

\$309.0 million to \$499.0 million. The funding increases coincided with refocusing the program on improving ELA and math proficiency, reducing chronic absenteeism, and improving career and college readiness. The funding also supported a significant expansion of the pupils for whom a district receives funding from just those who qualify for free school meals to those who are **economically disadvantaged**, described in more detail below. Half of all pupils statewide are now eligible for at-risk funding. Figure 1 below shows the history of At-Risk funding and the number of eligible pupils on which funding is based.

**Figure 1: At-Risk Appropriations and Funding-Eligible Pupils**



## FUNDING MECHANISM

Eligible districts receive funding based on the number of students determined in the prior school year to be **economically disadvantaged**—defined as meeting at least one of the following criteria:

- Eligible for free or reduced-price school meals;
- Lives in a household receiving Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) assistance;
- Homeless;
- Migrant;
- In foster care.

Sec. 31a allocates to districts an amount equal to 11.5% of the statewide weighted average foundation allowance multiplied by the number of economically disadvantaged pupils. For example, currently the statewide weighted average foundation allowance is \$8,000, so the allocation per eligible pupil is equal to \$920.

However, the amount appropriated by the Legislature for At-Risk programming in Sec. 31a does not cover the total allocations for which districts are eligible, so payments are prorated by an equal percentage per district. Currently, districts receive 78.1% of the intended allocation, or approximately \$719 per eligible pupil. For FY 2018-19, to fully fund the statutory formula would cost another \$139.8 million.

Funding for an individual district therefore depends not only on the number of students claimed as economically disadvantaged in that district, but also on the number of students claimed across the state, as the latter affects the proration percentage. The number of funding-eligible students increased significantly for FY 2018-19 when Medicaid-eligible students became automatically eligible for free/reduced school meals (otherwise known as Direct Certification)

during the prior school year. The change likely shifted some funding to districts with higher concentrations of Medicaid-eligible students, but district-specific data on direction certification populations is not available.

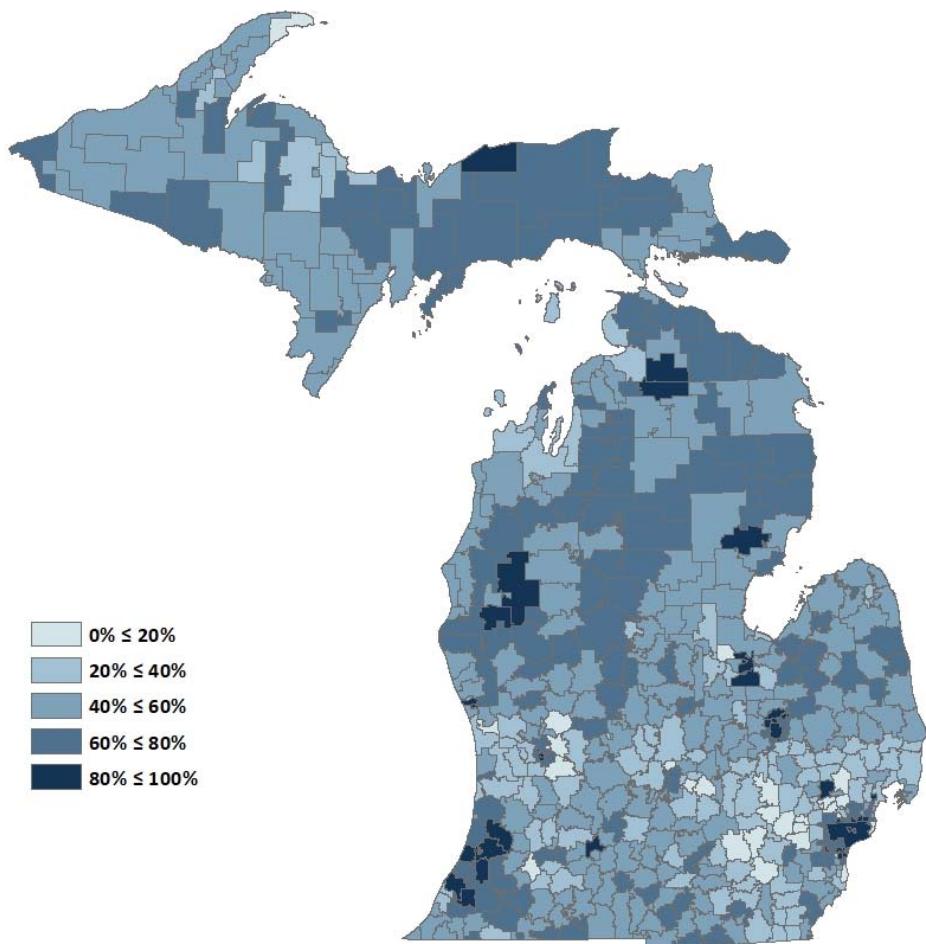
Additionally, an increase in eligible pupils increases the cost of full funding and consequently, the gap between it and the appropriation. The full funding shortfall also grows over time if foundation allowances increase but the At-Risk appropriation stays the same, because district allocations are calculated as a percent of the statewide weighted average foundation allowance.

For hold harmless or out-of-formula districts where combined state and local revenue exceeds the Basic foundation allowance<sup>2</sup> (\$8,409 in FY 2018-19), the allocation is equal to 30% of what the district otherwise would receive using the formula above, and the same proration percentage applies if the appropriation does not fully fund the formula allocations.

## ECONOMICALLY DISADVANTAGED PUPIL CONCENTRATION

Figure 2 shows the ratio of pupils determined to be economically disadvantaged in each traditional, locally governed school district in Michigan. The map does not include PSAs because they do not have a geographic boundary. Statewide among all districts, an average of 50.3% pupils are economically disadvantaged, with a median of 58.9%. The concentration among individual districts ranges all the way from 0% to 100%. Locally governed school districts have an average of 47.7% and a median of 54.2% economically disadvantaged pupils. PSAs have an average of 74.6% and a median of 81.9%.

**Figure 2: FY 2018-19 Economically Disadvantaged Pupil Concentration**



<sup>2</sup> See House Fiscal Agency Fiscal Brief: *Basics of the Foundation Allowance* at [http://www.house.mi.gov/hfa/PDF/Alpha/Fiscal\\_Brief\\_Basics\\_of\\_the\\_Foundation\\_Allowance\\_FY19\\_Update\\_Nov2018.pdf](http://www.house.mi.gov/hfa/PDF/Alpha/Fiscal_Brief_Basics_of_the_Foundation_Allowance_FY19_Update_Nov2018.pdf)

## **AT-RISK PUPILS**

While the amount of funding is determined by the number of economically disadvantaged pupils, districts are given a wider definition of “**At-Risk pupils**” who are eligible for support. At-Risk pupils include any K-12 student who meets any of the following criteria:

- Economically disadvantaged (see full definition above);
- English language learner;
- Chronically absent;
- Victim of child abuse or neglect;
- Pregnant teenager or teenage parent;
- In a family with history of school failure, incarceration, or substance abuse;
- Immigrant who has immigrated within the past three years;
- Continuing in school after not completing high school within four years;
- Not proficient in the English language arts, mathematics, science, or social studies content areas of the state summative assessment;
- At risk of not meeting core academic curricular objectives in English language arts or mathematics as demonstrated on local assessments.

## **ELIGIBLE EXPENSES**

With the pupils above in mind, districts may spend At-Risk funding on the following allowable expenses:

- Instructional programs;
- Direct noninstructional services, including medical, mental health, or counseling services;
- School health clinics;
- Instructional or behavioral coaches;
- Anti-bullying or crisis intervention programs;
- Up to 5% of At-Risk funding on implementation of a coaching model supporting MTSS or provision of professional development related to implementation of MTSS and/or Sec. 1280f of the Revised School Code.

In some cases, certain districts are permitted to use At-Risk funds for additional purposes not listed above. For districts where at least 50% of pupils are economically disadvantaged, up to 20% of funds received may go toward school security. For schools in which more than 40% of students are At-Risk, a district or PSA may use At-Risk funds to implement schoolwide reforms guided by a comprehensive needs assessment and district improvement plan, including parent and community supports.

Districts that operate a school breakfast program under Sec. 1272a of the Revised School Code (MCL 380.1272a) must use up to \$10 per economically disadvantaged pupil to support that program.

At-Risk funds may not be used for administrative costs.

## **FUTURE REQUIREMENTS**

Beginning in FY 2019-20, districts will have to demonstrate that at least 50% of their applicable At-Risk pupils are either proficient in or have achieved at least one year’s growth in both ELA (3<sup>rd</sup> grade) and mathematics (8<sup>th</sup> grade) and demonstrate improvement over the three preceding years in the percentage of At-Risk pupils who are career- and college-ready, as determined by proficiency in ELA, mathematics, and science in 11<sup>th</sup> grade. If a district does not meet these benchmarks, it must spend a portion of total At-Risk funds on tutoring and other methods of improving proficiency or growth and improving scores on the college entrance examination portion of the Michigan Merit Examination (MME).