



MEMORANDUM

TO: Members of House Education Appropriations Subcommittee  
FROM: Gilda Z. Jacobs, President and CEO  
DATE: March 16, 2016  
SUBJECT: Fiscal Year 2017 Budget

On behalf of the Board of Directors of the Michigan League for Public Policy—a nonpartisan research and advocacy organization dedicated to economic opportunity for all children and families—I am pleased to share our priorities for the 2017 MDE budget.

First, the League understands the immediacy of the need in Flint and the resources that will be required to address the consequences both now and in future years. We supported the supplemental budget bills already passed, as well as the governor’s most recent supplemental proposal.

It is clear that a crisis response to the state’s infrastructure needs and core services—including education—does not serve the state’s children and is more costly in the long run. We must do all we can to prevent future crises and ensure that children are not being held back from academic success because of poverty, inadequate housing, exposure to toxins, poor nutrition and struggling schools.

For the Department of Education budget we recommend the following:

- **Increase access to child care assistance for low-income families by incrementally increasing eligibility thresholds.** Child care is a necessity for parents who are seeking work to support their families, and the high cost of care can be an insurmountable barrier for those who work for low wages. Despite the persistence of low-wage jobs, and the reality that two of every three young children in Michigan live in families where all parents work, the number of families receiving child care assistance has fallen by 75% in the last decade.

At 121% of poverty, about \$24,000 annually for a family of three, Michigan has one of the lowest eligibility thresholds for child care assistance in the country. Restricting access to child care for low-wage workers is counter-productive because it hampers the state’s progress toward employment and economic self-sufficiency, and makes it more difficult for employers to find and retain workers because they cannot afford child care at the wages offered. We recommend an increase in the eligibility threshold to 150% of poverty as a starting point.

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- Low child care provider reimbursements make higher quality care unaffordable for many families, leaving parents with very tough choices and exposing their children to care that often fails to provide the building blocks for learning. Rates were increased for higher quality programs last year, but most providers were not eligible. Almost 7 of every 10 licensed child care providers in the state have zero or one star in the state’s five star quality rating system, making them ineligible for recent rate increases. Further, less than one-third of the highest quality child care programs in the state (4 and 5 stars) serve children receiving a state subsidy.

**Nearly 7 of Every 10 Licensed Child Care Providers Cannot Receive Higher Child Care Payments Due to Low or Unassessed Quality**

<b>Stars on State’s Child Care Quality Rating System (Highest Quality = 5 Stars)</b>	<b>Number</b>	<b>% of Total</b>	<b>% at Star Level Serving CDC Children</b>
<b>Empty or 0 Stars</b>	6,175	67.6%	NA
<b>1 Star</b>	89	1.0%	45%
<b>2 Stars</b>	295	3.2%	53%
<b>3 Stars</b>	1,203	13.2%	62%
<b>4 Stars</b>	1,212	13.3%	27%
<b>5 Stars</b>	163	1.8%	30%
<b>Total Child Care Programs</b>	<b>9,137</b>	<b>100.0%</b>	

Source: Office of Great Start, Michigan Department of Education, and Early Childhood Investment Corporation at [greatstarttoquality.org](http://greatstarttoquality.org)

Thank you for your attention to the critical economic and educational role of child care, particularly for low-wage families. We would be pleased to work with you or provide additional information.