



MEMORANDUM

DATE: March 16, 2016
TO: Members of the Senate K-12, School Aid & Education Appropriations Subcommittee
FROM: Gilda Z. Jacobs, President and CEO, Michigan League for Public Policy
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 School Aid and Michigan Department of Education budgets.

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

We also support a solution to the crisis in the Detroit schools, and urge you to pursue the revenues needed to turn the tide in Detroit without penalizing other public schools or further restricting the state’s General Fund—which has not kept pace with inflation and will be facing mounting pressures in the coming years, including the costs of fixing the state’s roads.

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. High levels of lead exposure can be found in rural and urban communities in Michigan, including those in many of your districts. And, there are schools that are struggling financially and academically in all regions of the state. We must do all we can to prevent future crises and ensure that children are not being held back from academic success because of economic struggles, inadequate housing, exposure to toxins, poor nutrition and struggling schools.

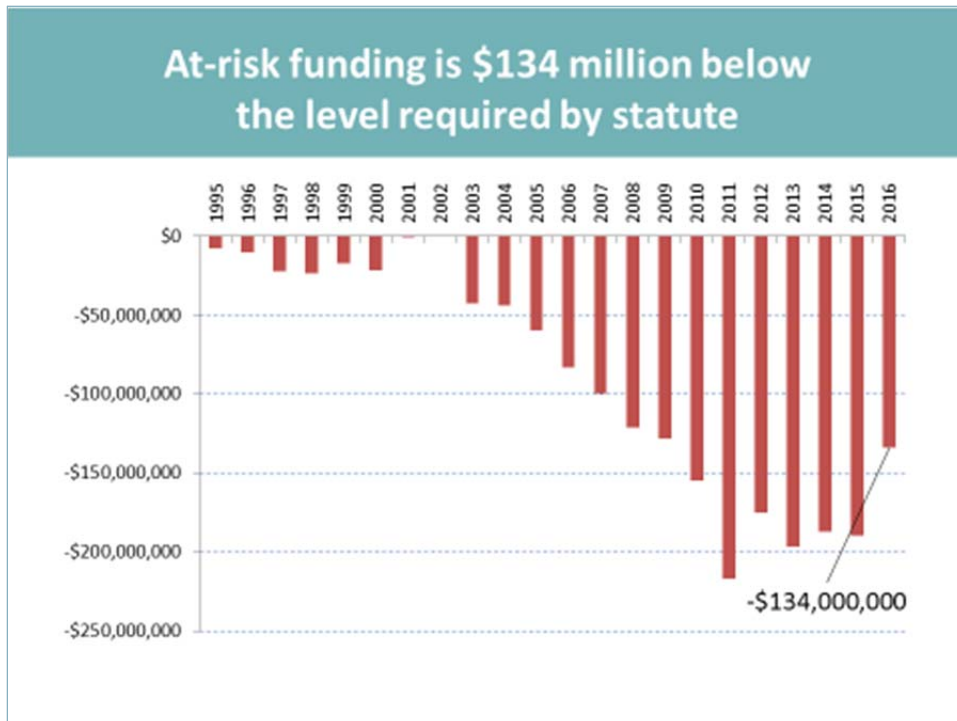
School Aid

- **Provide sufficient funding to improve reading proficiency by third grade.** Proficient reading by third grade is and should be a top priority, and the League supports the current Senate Substitute for House Bill 4822, including early and periodic assessments to determine which students are falling behind in reading, and individualized plans that allow teachers to respond immediately.

To be effective, schools must have sufficient tools and resources to work with children who are behind in reading. The governor recommended essentially continuation funding in 2017 for the third-grade reading initiative that was launched this budget year. If House Bill 4822 becomes law, additional funds will be needed to improve third-grade reading statewide, including state funds for early intervention services through Michigan’s Early On program, the expansion of the Great Start Readiness program to high-risk 3-year-olds beginning on a pilot basis, and intensive services and instruction for K-3 students who are falling behind in reading.

- **Fully fund the state’s At-Risk School Aid program.** The League supports a school funding formula that recognizes the extra costs associated with teaching children who have been raised in very low-income families and now attend schools with high numbers of children in poverty. The League was pleased to see a \$70 million increase in funding for the At-Risk program this year, as well as the focus on third-grade reading and career and college readiness. While a critical step forward, funding for the At-Risk program in 2016 is \$134 million below the level set by statute and the cumulative shortfall since 1995 is nearly \$2 billion.

The At-Risk program, which provides funds based on the number of children receiving free school meals (130% of poverty), is an excellent tool for targeting funds to districts with high numbers of children at risk of poor educational achievement.



Michigan Department of Education

- 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, 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.

- Continue to raise child care provider payments to more closely reflect market rates.** 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

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

Source: Office of Great Start, Michigan Department of Education, and Early Childhood Investment Corporation at greatstarttoquality.org