



# SCHOOL AID BUDGET IN THE BALANCE

Pat Sorenson, Senior Policy Analyst | June 2019

Both the Michigan Senate and the House of Representatives have approved budgets to fund Michigan schools and educational programs during the 2019-20 school year, but final decisions are still pending as lawmakers and the governor try to find the funding needed to fix Michigan roads without deep cuts in education, health, human services, and other vital state services. Over the years, Michigan's investments in education have fallen short—particularly for children with the highest needs, including students who are economically disadvantaged. In the current budget year, the minimum per-pupil state payment to schools was increased, but adjusted for inflation still falls below the level prior to 2012 when per-pupil spending was cut.

One result of Michigan's failure to keep up with the rising cost of education is deep disparities in achievement for children of color and those in communities with high levels of poverty. The League analyzes the impact of race, place and policy on children's education and strongly believes that poverty and economic inequities create significant barriers to educational achievement that cannot be overcome by focusing solely on what happens in the classroom. The League supports investments that address the unique challenges of high-poverty schools, as well as public policies that eliminate the historic impact of discrimination in economic opportunity, employment, and housing.

To address inequities in school funding and achievement, Gov. Gretchen Whitmer proposed a new weighted school funding formula that recognizes the added cost of teaching children who are economically disadvantaged or have special needs. The governor also recommended an expansion of the state's Great Start Readiness preschool program, and a tripling of the number of early literacy coaches to help ensure that students can read proficiently by third grade. While both the House and Senate rejected the governor's weighted school funding formula and expansions in preschool, they did include increases in the per-pupil payments for schools for the 2019-20 school year.

## Per-Pupil Spending

- **Governor:** In addition to more funding through a weighted formula for children who are economically disadvantaged and have special needs, the governor recommended \$235 million to increase the per-pupil payment by between \$120 and \$180, with schools currently receiving less in state support getting a larger increase. The minimum per-pupil payment would increase by 2.3% to \$8,051, while the maximum would increase by only 1.4% to \$8,529. The governor also maintained \$11 million in funding for an additional \$25 per pupil for high school students—to reflect higher costs associated with the high school curriculum.
- **Senate:** The Senate included \$342 million to increase per-pupil payments from between \$135 and \$270. The minimum payment would be raised to \$8,141 and the maximum to \$8,544. The Senate eliminated the \$25 per pupil increase for high school students.

- **House:** The House provided \$226.4 million for per-pupil increases ranging from \$90 to \$180. The minimum per-pupil payment would increase to \$8,051, and the maximum would increase by to \$8,499. The House eliminated the \$25 per pupil increase for high school students.

### Special Education

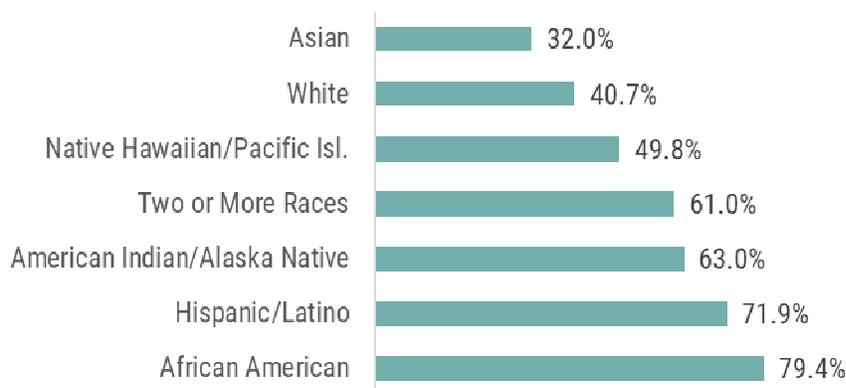
- **Governor:** As part of her weighted formula, the governor included an additional \$120 million in 2020 to defray the higher costs of teaching children in special education programs. The state now reimburses districts for 28% of their special education costs, with districts being required to pick up excess costs out of their general operating funds. The governor’s budget would increase the state reimbursement by an estimated four percentage points to better reflect the true costs of special education.
- **Senate and House:** Both the House and the Senate rejected the governor’s proposal to expand the state’s contribution to special education. The Senate, however, included \$30 million in one-time funding for capital expenditures related to special education.

### Funding For Students Who Are Economically Disadvantaged

- **Governor:** The governor increased funding for students who are economically disadvantaged by \$102 million to a total of \$619 million (including funding from the current At-Risk School Aid program), providing districts with payments that are equal to 11% of their minimum foundation allowance for eligible students. The governor’s proposal would increase per-pupil payments for eligible students by approximately 23%, rising from \$719 in the current budget year to \$886 in 2020. Students who are more economically secure are twice as likely to be proficient on standardized test for reading and science, and are much more likely to be prepared for college. The lack of economic opportunity for families of color is reflected in the reality that nearly eight of every ten African American students in the state are economically disadvantaged.

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#### Percent of Michigan Students Who Are Economically Disadvantaged (2017-2018)



Source: MI School Data, Center for Educational Performance and Information

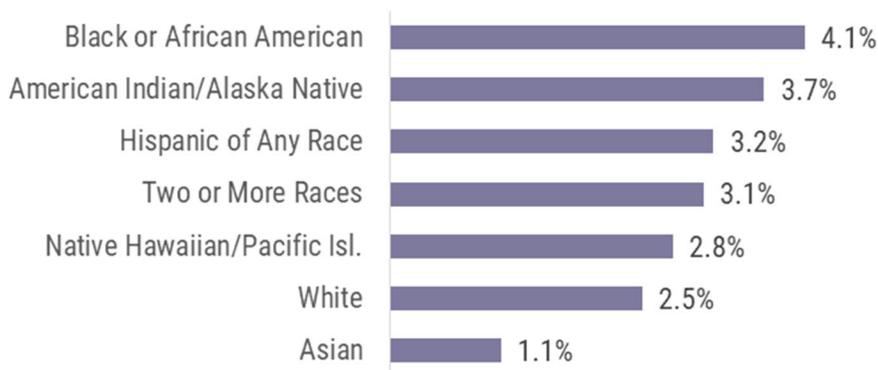
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- **Senate:** The Senate rejected the governor’s proposal, but increased the At-Risk School Aid program by \$9 million. The Senate also included \$35 million in one-time funding for capital expenditures related to the At-Risk program.
- **House:** The House rejected the governor’s proposal and made no new investments in the At-Risk School Aid program.

### Third-Grade Reading Instruction in Schools

- **Governor:** The governor included an increase of \$24.5 million to triple the number of state-funded literacy coaches in public schools from 93 to 279 and reduce Intermediate School District (ISD) costs by eliminating local cost sharing. Michigan’s Read by Grade Three law takes effect in the 2019-20 school year. The new law is intended to focus early literacy services on children who are falling behind in reading, but includes the retention of children in third grade if they are more than one year behind in reading proficiency. While the law includes some exemptions to retention, without adequate resources it has the potential to affect thousands of Michigan students, with a much higher risk of retention for children of color and those in low-income schools.
- **Senate:** The Senate agreed with the governor to triple the number of literacy coaches, but retained the requirement for local ISD cost-sharing.
- **House:** The House increased funding for literacy coaches by only \$2.1 million, and retained ISD matching costs.

#### Prior to Implementation of the Read by Grade 3 Law Children of Color More Likely to Be Retained in Grade (2017-2018/All Grades)



Source: MI School Data, Center for Educational Performance and Information

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### Adult Education

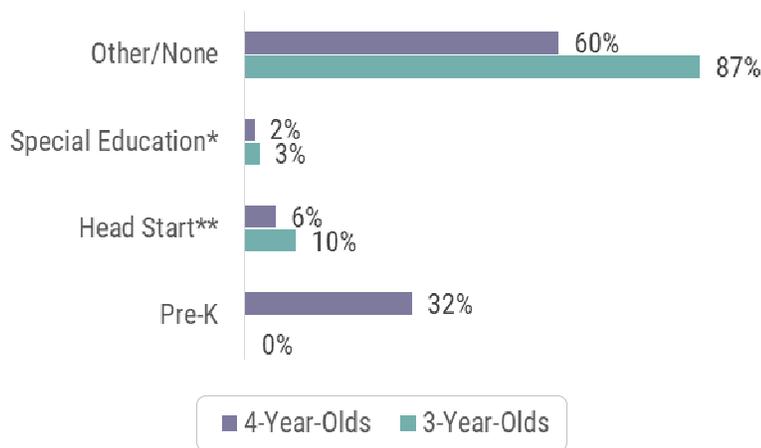
- **Governor:** The governor provided no new funding for adult education programs. In the current budget year, funding for adult education was increased by \$1 million to \$26 million, but still falls far short of the need. State funding for adult education peaked between 1997 and 2001 at \$80 million, but was cut drastically after that period to between \$20-22 million annually.

- **Senate and House:** The House and Senate agreed with the governor and did not expand statewide adult education programs in the 2020 budget.

### Early Education

- **Governor:** The governor increased state funding for the state’s preschool program, the Great Start Readiness Program (GSRP), by \$84 million, bringing total funding to \$328.9 million. The governor recommended an increase in the income eligibility threshold for GSRP from 250% of poverty (\$64,374 per year for a family of four) to 300% (\$77,250), which would let the state enroll an additional 5,000 children in the program. If all children under 300% of poverty have been served, ISDs could choose to serve children up to 350% of poverty. The governor also increased the annual per-child payment for full-day GSRP enrollments from \$7,250 to \$8,500. GSRP funding was increased by \$65 million in both the 2014 and 2015 state budgets in response to research showing that children enrolled in the program improved in literacy in both urban and rural areas of the state. Michigan currently ranks 18th in the country for its coverage of 4-year-olds, but is one of 15 states with state-funded preschool programs not enrolling 3-year-olds.
- **Senate:** The Senate increased funding for the GSRP by \$5 million to a total of \$249.6 million, but did not change eligibility or per-child payments for the program.
- **House:** The House did not increase funding for the GSRP program, and cut \$2 million in funding—also eliminated by the governor—for professional development and training materials related to the GSRP. The House also added a budget placeholder to continue discussions about funding for a pilot program in Kent County to evaluate the impact of publicly-funded preschool education for 3-year-olds.

**Percent of Michigan Children Enrolled in Public Early Childhood Education (2018)**



\*Estimate of children in special education not also enrolled in state pre-K or Head Start.  
 \*\*Estimate children in Head Start not also enrolled in state pre-K.  
 Source: National Institute for Early Education Research

## Early Intervention

- **Governor:** The governor continued current funding for the *Early On* program—Michigan’s early intervention program for children with developmental delays and disabilities. *Early On* received its first state appropriation of \$5 million in the current budget year—far short of the estimated need of nearly \$70 million statewide.
- **Senate:** The Senate increased funding for *Early On* by \$2.5 million to a total of \$7.5 million and earmarked \$350,000 for training on autism.
- **House:** The House did not increase funding for *Early On*, but provided \$350,000 for a pilot program to train at least 60 **Early On** providers in evidence-based, parent-implemented intervention for the treatment of autism.

## School Nutrition

- **Governor:** The governor provided no additional funding for the 10 Cents a Meal program that provides a small financial incentive to schools to help them purchase more locally-grown fruits and vegetables to provide to their students.
- **Senate:** The Senate increased funding for 10 Cents a Meal by \$1.4 million to a total of \$2 million, child care center providers and schools in the state’s Prosperity Region 1 (the Upper Peninsula of Michigan) to the program.
- **House:** The House agreed with the governor and did not expand the 10 Cents a Meal program.

## Flint Water Crisis

- **Governor:** The governor increased funding for services in Flint to address the ongoing lead exposure crisis by \$4.8 million to a total of \$8.1 million, including funds for early intervention services for children ages three to five (\$4 million), funds to enroll children in the Great Start Readiness preschool program regardless of income (\$1 million), and a small increase in funding for nutritional services.
- **Senate and House:** The Senate and the House agreed with the governor and increased funding for services in Flint.