



MEMORANDUM

TO: Members, House Appropriations Subcommittee on School Aid and Education

FROM: Gilda Z. Jacobs, President and CEO

DATE: March 6, 2018

SUBJECT: FY 2019 School Aid/Education Budgets

I am pleased to share with you the priorities of the Michigan League for Public Policy for the 2019 School Aid and Department of Education budgets.

Michigan schools cannot successfully operate in a vacuum. The ability of children to learn and excel in school is the product of their mothers' health and prenatal care, good nutrition, stable housing and family income, and access to high-quality education and care. Given the importance of the earliest years of life, children who are exposed to the stresses of poverty may struggle in school without additional supports.

Of particular concern are inequities based on race and ethnicity. These inequities, which have their roots in a history of barriers for families of color, including housing and workplace discrimination, as well as differences in educational opportunities, have resulted in disproportionately high numbers of children of color who are not reaching their full potential. As a first step in addressing racial and ethnic disparities, the League encourages you to intentionally evaluate the disproportionate impact of the budget decisions you make on children of color, and we have attached a fact sheet on this recommendation in your packet.

For 2019, we offer the following recommendations for School Aid and Department of Education spending:

- **Support early intervention services.** The League strongly supports state investments in Early On, Michigan's early intervention program for infants and toddlers with developmental delays. Because Michigan is the only state that does not have a statewide budget allocation for early intervention, the state has not been able to provide the services needed to address cognitive, language, physical and social-emotional delays in very young children. The governor's recommendation falls short of what is needed, but is a positive move in the right direction.
- **Continue to address Michigan's child care crisis.** Over the last two years, the Legislature began to address Michigan's underfunded child care system by increasing rates for child care providers and raising the eligibility level from 120% to 130% of poverty. Even with these increases, child care is still unaffordable for many parents—forcing them to turn to care that is unreliable or of poor quality, or making it impossible for them to find and hold jobs. And, the number of families

eligible for child care assistance has dropped dramatically as Michigan's income cutoff for child care subsidies remains at the bottom of the states. We urge you to continue to invest in Michigan's child care system by increasing the eligibility level to 150% of poverty, with incremental increases until the eligibility level reaches 200% of poverty.

- **Continue to support access to high-quality preschool programs for 4-year-olds from families with low incomes, as well as additional funding to enroll 3-year-olds with the greatest needs.** Michigan has invested in high-quality preschool for 4-year-olds through its evidence-based Great Start to Readiness program (GSRP)—an investment that provides a foundation for children's success in school and beyond and should be maintained. In addition, research shows that children with the highest needs can benefit from two years of preschool, and Michigan—unlike many other states—does not enroll 3-year-olds in the GSRP. As a next step, the state should provide money for pilot programs to develop and evaluate appropriate curriculums for 3-year-olds.
- **Support additional funding for public school operations.** The League is a member of the School Finance Research Collaborative that analyzed what it costs to educate a child and how best to reform Michigan's school funding system. We believe that increases in per-pupil spending are justified, and that the governor's recommendations regarding funding for shared-time and cyberschools are reasonable.
- **Fully fund the At-Risk School Aid program.** The At-Risk program is the state's best vehicle for helping students in high-poverty schools. We appreciate the Legislature's support for the At-Risk program and urge you to continue investing until it is fully funded.
- **Expand funding for early literacy programs.** In addition to expanding access to evidence-based early childhood programs like home visitation and high-quality child care, Michigan must provide the resources needed by schools to implement the new third-grade reading law, including outreach to families to help them understand the implications of the new retention policy.
- **Expand funding for adult education.** Despite a high level of need, funding for adult education has been cut by 70% in Michigan. We recommend phasing in new funding, with an increase of \$10 million in 2019, which would allow the state to assist nearly 8,000 more students.

Please contact me if you would like additional information. We appreciate your consideration of our recommendations.

Michigan League for Public Policy

2019 BUDGET PRIORITIES

Expand Child Care Assistance for Parents With Lower-Wage Jobs

— LEAGUE RECOMMENDATION —

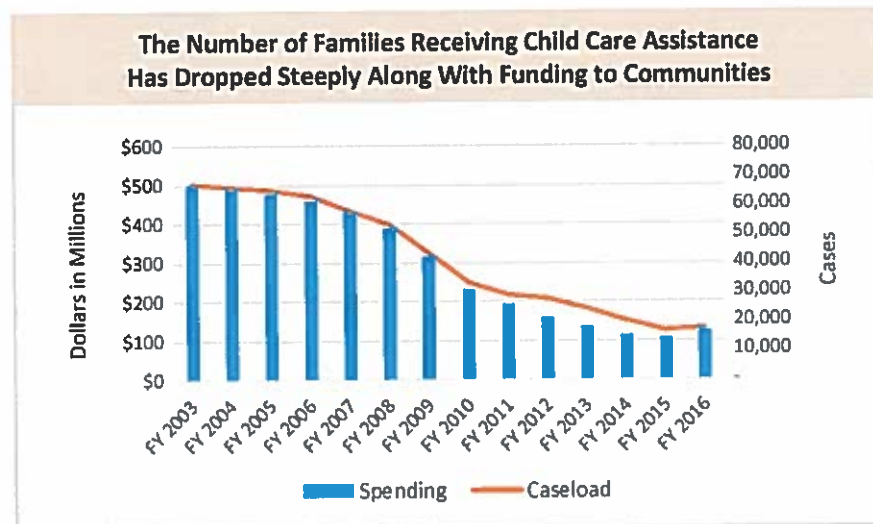
Increase eligibility for child care assistance to 150% of poverty to expand the number of Michigan parents who can afford to work, and to improve employers' bottom line.

BACKGROUND: At 120% of poverty, Michigan had the lowest child care income eligibility levels in the country in 2016. Even with small increases to 125% of poverty in 2017 and 130% in 2018, Michigan's income cutoff remains near the bottom.

- **For many parents, the cost of child care is an absolute barrier to work.** The cost of placing one infant in a child care center in Michigan (approximately \$10,200) is nearly as much as the annual cost of tuition at a public four-year college, and exceeds the median annual cost of rent. In Michigan, single parents pay 48% of their income for infant center care, while married parents of two children who live at the poverty level would need to devote 92% of their income for center care.
- **Child care assistance cases and expenditures are down dramatically.** In part because of restrictive eligibility, the number of families receiving child care subsidies dropped by nearly 70% between 2009 and 2016. State spending for the child care subsidy fell from \$491.6 million in 2003 to \$124.2 million in 2016.
- **Michigan's investment in child care has dropped compared to other states.** In 2003, Michigan's spending on child care was the 11th highest in the nation; by 2013, the state dropped to 39th—the 11th lowest.

WHY IT MATTERS:

- **If parents can't work because of high child care cost, their children are more likely to live in poverty.** The youngest children in the state have the highest poverty rates—in part because of the barrier of child care costs. It is well documented that exposure to poverty in the earliest years of life can affect children's long-term development and success.



- ***Systemic barriers to economic security based on race and ethnicity have made child care less affordable for families of color.*** Children of color are less likely to have access to high-quality child care in part because of the barriers to economic opportunity faced by their parents. In 2015, the median family income of African-American families in Michigan was \$27,200 compared to \$71,600 for non-Hispanic White families.
- ***Without child care assistance, parents may need to resort to care that is temporary and of unknown safety and quality.*** If parents cannot afford child care, they must either give up the hope of finding and holding jobs to support their families, or rely on a patchwork of relatives, friends and neighbors who may be unable to make long-term commitments.
- ***The inability to find stable child care affects employers' bottom line.*** Employers offering low- or moderate-wage jobs are negatively affected when their employees don't have reliable child care.

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2019 BUDGET PRIORITIES

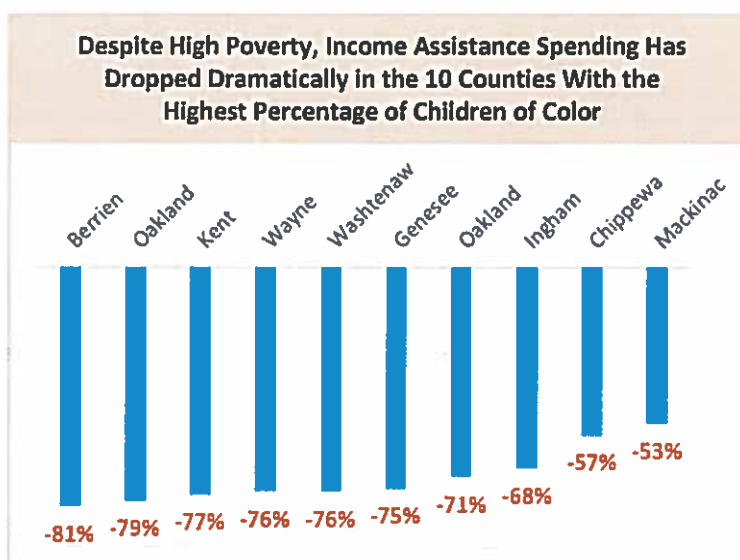
Address the Racial, Ethnic and Social Justice Impact of State Budget Decisions

— LEAGUE RECOMMENDATION —

State lawmakers should incorporate an analysis of the racial, ethnic and social justice impact of budget options and recommendations in their budget deliberations.

BACKGROUND: Through its Kids Count project, the League documents outcomes for children and their families, including inequitable outcomes based on race, ethnicity and place. For every negative outcome there is a backstory—a history of inequality based on systemic barriers that have held families and children of color back from many of the traditional pathways to good health and economic opportunity.

- **State budgets are not “colorblind,” even if their disproportionate impact is unintended.** How lawmakers divide up the state budget has the potential to help or hinder children’s development and ability to learn, create or limit economic opportunities, and protect or threaten public health and safety. Despite gross disparities in outcomes for families and children of color, many state budget decisions maintain or exacerbate current inequities. For example, despite the reality that children of color are two to three times more likely to live in poverty, state funding for programs to ensure that children’s basic needs are met has plummeted (for more, see the [League’s analysis](#) of the racial/ethnic impact of the 2018 Michigan budget).



- **There are many historical policy barriers to economic security.** Differences in economic opportunity are at the core of racial and ethnic inequities. Among the barriers have been housing discrimination, the impact of redlining on home-ownership, segregation in public schools, differences in educational quality and opportunity, racial discrimination in the workplace, and inequities in the ability to accumulate assets and wealth (for more, see the League’s Kids Count [Race for Results fact sheet](#)).

WHY IT MATTERS:

- **Policies that limit economic security for parents based on race, ethnicity and place will have a lasting impact on generations to come.** It is well-documented that exposure to poverty in the earliest years of life can affect children’s long-term development and success (for more, see the League’s Kids Count [Right Start report](#)). Children of color are more likely to be born too early, die in the first year of life, have poor nutrition, have untreated health conditions, and live in homes and neighborhoods where they are exposed to environmental toxins. The economic stresses their parents face are linked to depression and anxiety, which raise the risk of substance use disorders.
- **All Michigan residents must succeed or Michigan’s economy will not prosper.** A high-quality education is a vital path to equity for children in Michigan and is the foundation of economic growth. Three-quarters of African-American students and two-thirds of Latino students in Michigan are economically disadvantaged, and Michigan has not devoted the resources needed to overcome the well-documented impact of poverty on educational achievement.

Michigan League for Public Policy

2019 BUDGET PRIORITIES

Provide State Funding for Services for Infants and Toddlers With Developmental Delays and Disabilities

— LEAGUE RECOMMENDATION —

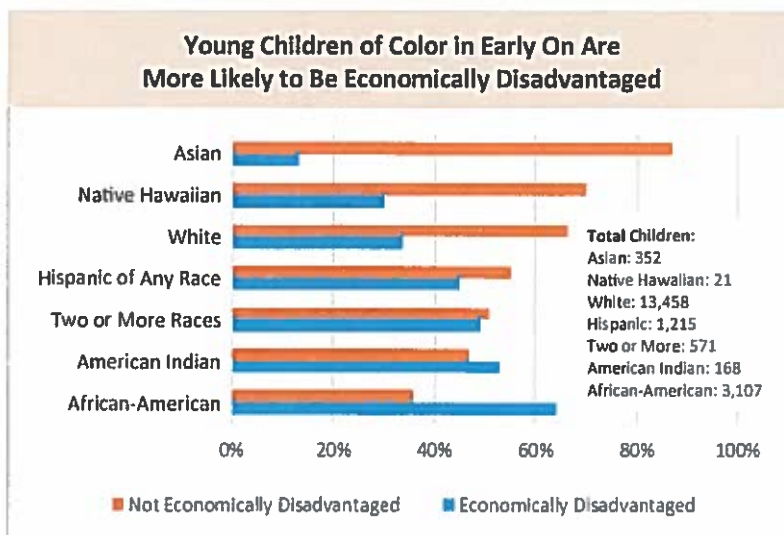
Invest \$19.6 million in state funding in **Early On**, the state's early intervention program that helps identify and serve very young children with developmental delays and their families.

BACKGROUND: The federal Individuals with Disabilities Education Act (IDEA) Part C program was created in 1986 to help states identify and serve very young children with developmental delays and disabilities, with the goal of ensuring children's optimal development and reducing the need for special education. Michigan's program, **Early On**, receives federal funding to help identify children with delays. However, because Michigan is the only state that does not provide a statewide budget allocation for early intervention, the services the state is able to provide are not sufficient to meet the need.

- **A 2013 audit of Early On concluded that children in the program did not have access to a comprehensive range of early intervention services delivered by qualified personnel.** The state's response to the audit was, and continues to be, that it would seek state funding for **Early On**—a goal that has not yet been realized.
- **To be eligible for Early On, children from birth to age 3 must either: 1) have a developmental delay at least 20% below the mean; or 2) have one of the established medical conditions likely to lead to delays.** **Early On** identifies delays in many areas, including cognitive, language, physical and social-emotional.
- **Disparities exist in access to early childhood programs and services.** Children who grow up in poverty are more likely to experience developmental delays and these outcomes are compounded by race/ethnicity. Children of color receiving **Early On** services are more likely to be economically disadvantaged. A lack of state funding prevents all eligible children from participating in **Early On**; increased funding would help to reduce existing disparities.
- **The Special Education Funding Subcommittee chaired by Lt. Gov. Brian Calley recently identified state funding for Early On as the foundation for establishing financial stability for Michigan's special education system.** The subcommittee's report pointed to peer states' investments in early intervention, ranging from \$58 million in Minnesota to \$126 million in Pennsylvania.

WHY IT MATTERS:

- **Brain scientists have demonstrated the importance of early intervention.** Scientists have shown that as much as 90% of the architecture of the brain is built in the first 1,000 days of a child's life—affecting his or her development for years to come.
- **Children whose delays are identified and remediated early in life are more likely to succeed in school.** The National Early Intervention Longitudinal Study found that 56% of children receiving early intervention services functioned in the average or above average range for academic skills when they entered kindergarten.
- **Early intervention services for infants and toddlers could reduce the need for special education services.** The same study found that 42% of children who participated in early intervention did not need special education services in later years.



Michigan League for Public Policy

2019 BUDGET PRIORITIES

Continue to Expand Access to High-Quality Preschool Education

— LEAGUE RECOMMENDATION —

Provide sufficient funding to ensure that all eligible 4-year-olds can receive a high-quality preschool education through the Great Start Readiness Program (GSRP), and expand GSRP services to 3-year-olds from families with low incomes.

BACKGROUND: Michigan's state-funded preschool program was launched in 1985-86 to serve 4-year-olds from families with low incomes. The Great Start program, which historically provided a half-day of preschool, has in recent years moved to a largely school-day schedule—in part to meet the needs of working parents, and also to provide the more intensive learning experiences that can prepare young children for school. State funding for the GSRP, which started at \$1 million and served just under 700 children, has grown to nearly \$244 million for over 38,000 children statewide. With leadership from Gov. Rick Snyder, GSRP funding increased by \$65 million in both 2013-14 and 2014-15—for a total two-year increase of \$130 million.

In the current budget year, the governor recommended that eligibility for GSRP be limited to children in families with incomes of 250% of the poverty line or less. The final budget provided continuation funding for GSRP, and allowed children in families with incomes of up to 300% of poverty to enroll in the program—if all children at 250% of poverty and below have been served.

- **Young children of color are more likely to live in poverty and have less access to a preschool education.** High-quality early learning programs are some of the best tools for overcoming disparities in achievement and ultimately in earnings. Yet, access to a preschool education is more limited for children whose parents have low incomes, and 59% of 3- and 4-year-old Latinx children who are not in preschool and face additional barriers compared to other groups.
- **Michigan ranks well in its enrollment of 4-year-olds, but 3-year-olds are still not eligible for GSRP.** Michigan ranks 15th among the states in its enrollment of 4-year-olds in state-funded preschool. However, of the 43 states with a state-funded preschool, only 15—including Michigan—did not enroll 3-year-olds in 2016.

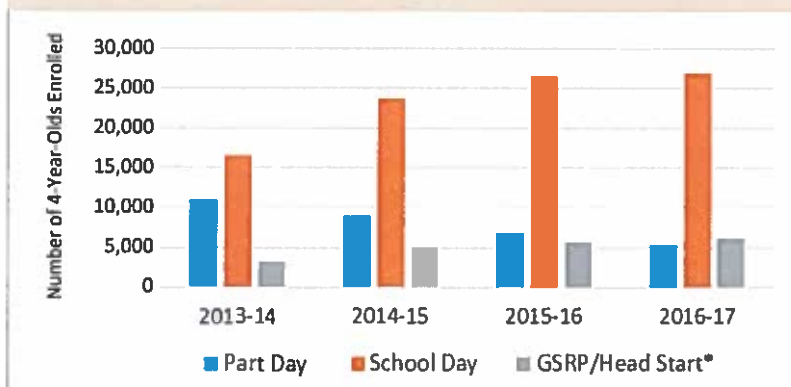
WHY IT MATTERS:

- **Early education is a foundation for success in school, including reading by third grade.** Evaluations of GSRP show that: 1) children who were in GSRP score significantly higher on early literacy and math assessments; 2) GSRP reduced the achievement gap in early literacy between children at the highest risk and other enrollees; and 3) the program has been successful in improving literacy in both urban and rural areas of the state.

- **Early education has long-term benefits for families and the economy.**

Preschool programs have an impact on two generations. They provide young children with the experiences they need to succeed in school and ultimately in the workforce. In addition, they make it easier for parents to work to support their families. The move from a half-day to more full-day programs has helped working parents and local economies.

GSRP is Increasingly a Full School-Day Program That Better Meets the Needs of Working Families With Low Incomes



*GSRP/Head Start programs are full-day, with half the funding from GSRP/remainder federal Head Start wages

Michigan League for Public Policy

2019 BUDGET PRIORITIES

Fully Fund the State's Program for Students At Risk of Low Achievement

— LEAGUE RECOMMENDATION —

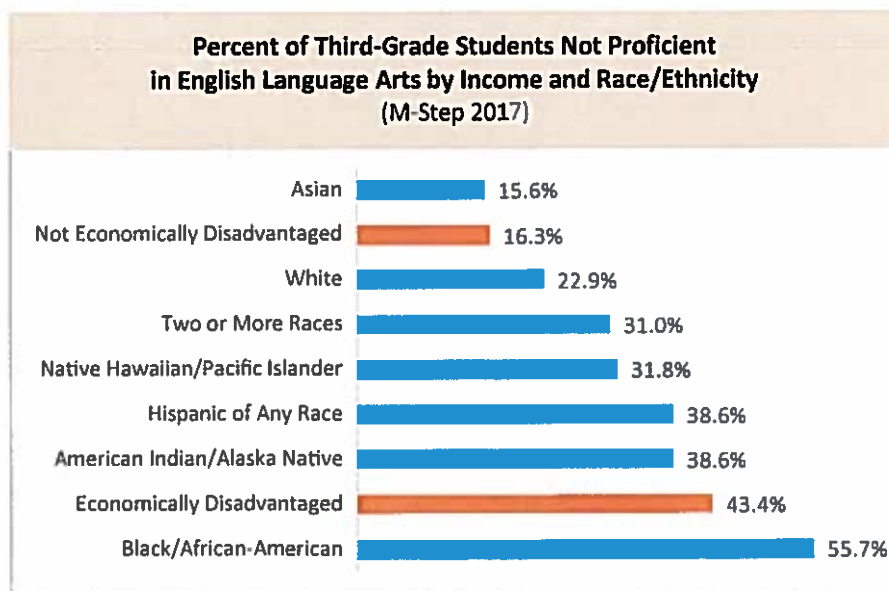
Fully fund the At-Risk School Aid program to ensure that high-poverty schools have the resources they need to address the educational challenges children exposed to the stresses of poverty bring through the schoolhouse doors.

BACKGROUND: The At-Risk School Aid program provides state funds to schools to serve students who are at risk of failing academically or who are chronically absent. After more than a decade of flat funding, when At-Risk payments to districts fell well below statutory levels, the Legislature approved increases of \$70 million for 2015-16 budget and \$120 million for 2017-18. Despite these increases, the program is still not fully funded, so payments are prorated, with the estimated per-pupil amount for most districts falling at \$777 for each eligible pupil in 2017-18.

- **More students are eligible for At-Risk funding this year.** In past years, districts received At-Risk assistance for each student that was eligible for free school meals (130% of poverty). Beginning this year, districts can also receive funding for students eligible for reduced-price meals (185% of poverty), as well as those in families receiving income or food assistance, or those who are homeless, living in migrant families, or living in foster care. This change is expected make an additional 84,000 students eligible this year.
- **Additional districts are now eligible for At-Risk funding.** For 2017-18, the Legislature expanded At-Risk funds to districts that were previously not eligible for the program because of their combined state and local school funding levels. These newly eligible districts can receive 30% of the standard per-pupil funding—an estimated \$233 for each eligible student. Many of these districts have high numbers of children living in poverty.

WHY IT MATTERS:

- **The barriers faced by families in poverty can affect children's learning and success.** While family income alone does not keep children from learning, the many problems faced by those living in poverty can—including low parental literacy, poorer health, frequent moves, a lack of stable housing and less access to high-quality early education and care, fewer afterschool or enrichment programs, and increased exposure to environment toxins like lead that can affect brain growth and development.



- ***Economically disadvantaged students and students of color are less likely to achieve in school or be prepared for college, and the disadvantages start early before they even enter school.*** Students whose families are more economically secure are twice as likely to be proficient on standardized tests for reading and science and are much more likely to be prepared for college. The impact of poverty in the earliest years, when the brain and language are developing, is particularly destructive, but can be overcome with adequate supports to parents like home visitation programs, two-generational programs that address adult literacy, early identification and treatment of developmental delays, and high-quality child care and preschool.

Michigan League for Public Policy

2019 BUDGET PRIORITIES

Increase Adult Education Funding to Prepare More Workers for Job Training and Skilled Work

— LEAGUE RECOMMENDATION —

Increase adult education funding by \$10 million, to \$35 million, allowing the state to assist nearly 8,000 more students.

BACKGROUND: In today's job market, entry-level job openings with a career track increasingly require a postsecondary credential such as a degree, certificate or license. Many Michigan workers need remediation in one or more basic skill areas in order to succeed in occupational training that leads to these credentials. Adult education is a crucial link in preparing these workers for training, credentials, and finally, skilled jobs. By increasing the number of work-ready individuals, serving more individuals through adult education also helps employers find the skilled workers they need.

Despite its importance as a workforce development tool, Michigan has greatly reduced its funding for adult education during the past 16 years:

- **State funding has dropped dramatically.** During budget years 1997 to 2001, state funding for adult education was at \$80 million a year, but the Michigan Legislature cut funding drastically after that to as low as \$20 million annually. In budget years 2017 and 2018, the Legislature bumped up the funding to \$25 million (\$23.7 million with the 5% administrative set-aside). As federal funding has also been reduced, total funding for adult education in Michigan dropped from \$94 million in 2001 to only \$37 million in 2017.
- **The funding loss is even greater when adjusted for inflation.** In 2001 dollars, this is a decrease of 73% in adult education funding.

Reduction of Adult Education Funding 2001 to 2018, In Inflation-Adjusted Dollars				
Program Year	State Funding	Total Funding	State Funding (2001 Dollars)	Total Funding (2001 Dollars)
2000-01	\$80,000,000	\$94,128,616	\$80,000,000	\$94,128,616
2017-18	\$23,750,000	\$37,054,207	\$16,508,880	\$25,756,780
Decrease	-70%	-61%	-79%	-73%

WHY IT MATTERS:

- **The funding cuts have resulted in fewer people enrolling in and completing adult education programs.** The decrease in total funding since 2001 has been accompanied by a 51% decline in enrollment, a 36% decrease in students completing a grade level, and a 64% decrease in students completing and then advancing a grade level.
- **Many community college students are not academically prepared and more access to adult education can help them succeed.** During each of the past 10 years, 56-63% of all community college students in Michigan have been required to take developmental (remedial) education courses. Such courses cost money but do not count for credit. These students could benefit from being able to take adult education free of cost in place of developmental education.
- **Higher academic success through more access to adult education can help decrease race-based income inequality.** In Michigan, median household income varies greatly depending on the race of the household, ranging from \$76,370 (Asian) to \$30,732 (Black). Increasing adult education in Michigan can increase racial equity in educational access and achievement, which in turn can reduce income inequality.

