



MEMORANDUM

TO: Members of the Senate Appropriations Subcommittee on K-12, School Aid and Education

FROM: Gilda Z. Jacobs, President and CEO

DATE: March 22, 2017

SUBJECT: FY 2018 Budget for School Aid and Education

On behalf of the Michigan League for Public Policy, which has been advocating for Michigan families and children with low incomes for more than 100 years, I am pleased to offer our priorities for the 2018 budgets for School Aid and the Department of Education.

Child Care

The number of working parents with low wages who receive assistance with their child care costs fell by over 70% between December 2003 and December 2016—from over 62,000 families to less than 18,000. The number of children provided care fell from 121,000 to only 31,000 statewide. While the economy can have some impact on the need for child care, assistance fell in significant part because of state policies that tightened eligibility, provided payments that are so low that parents have difficulty finding a provider willing to care for their children, and established burdensome application and payment processes that make it difficult for many child care providers and parents to navigate the system.

High-quality child care moves Michigan forward in two ways.

1. It is an engine for economic development by ensuring that parents can be engaged in the employment and training experiences they need to succeed.
2. If it is of high quality, it provides the learning environment very young children need to be prepared for high-quality preschool programs and ultimately for success in school, including the critical benchmark of reading by third grade.

The League's priorities for child care include:

- **Support increased child care provider rates.** The League urges you to support the governor's proposal to increase funding for the state's child care subsidy by \$8.4 million in state funds (GF/GP) in 2018, drawing down \$18.8 million in federal Child Care Development Fund (CCDF) dollars, to increase the state's very low payments to child care providers. With this state investment, Michigan will be able to draw down all of the federal funding to which it is entitled for child care, something the state has failed to do several times in recent years.

Child care costs can exceed a family's expenses for housing or even college, and are out of reach for many families with low or moderate incomes. Despite the burden on families with low

wages, child care providers are some of the lowest-paid workers in the country. Nationwide, just less than half are eligible themselves for some form of public assistance.

As a result, the supply of child care has been dropping and shortages are especially acute for parents who work odd hours, have unpredictable work schedules or have children with special needs. Parents who cannot find safe and adequate child care are often forced out of the workforce, increasing their reliance on other forms of public assistance and forcing their children into deeper and perhaps long-term poverty.

- **Expand eligibility for child care services.** At 125% of poverty, or approximately \$25,500 annually for a family of three, Michigan has one of the most restrictive child care income eligibility levels in the country. We can and must do better if we are serious about our goals of expanding Michigan's economy, helping parents prepare for and find work, and overcoming the impact of economic stress on children's developing brains. Exposure to high levels of stress—known as adverse childhood experiences, many of which are related to the deprivations of poverty—can harm children's health and lead to struggles in school. Research shows that the greatest brain growth, and thus return on investment on early learning programs, happens in the earliest years from birth through age 3—when many of the state's children are in child care settings.

School Aid

We are all familiar and unsatisfied with the data on school achievement, particularly for children of color or those in high-poverty schools. There is much work to be done, and we believe that the governor's 2018 budget is a move in the right direction.

The connection between childhood poverty and student success is undeniable. While much can and absolutely must be done to strengthen teacher preparation, curriculum and other components of the complex business of educating the state's children, the failure to look more broadly at the needs of parents and children will stall any attempts to improve achievement.

In terms of educational achievement and success, poverty, prenatal care and children's health matter. And, as we have painfully learned through the crisis in Flint, exposure to environmental toxins matters.

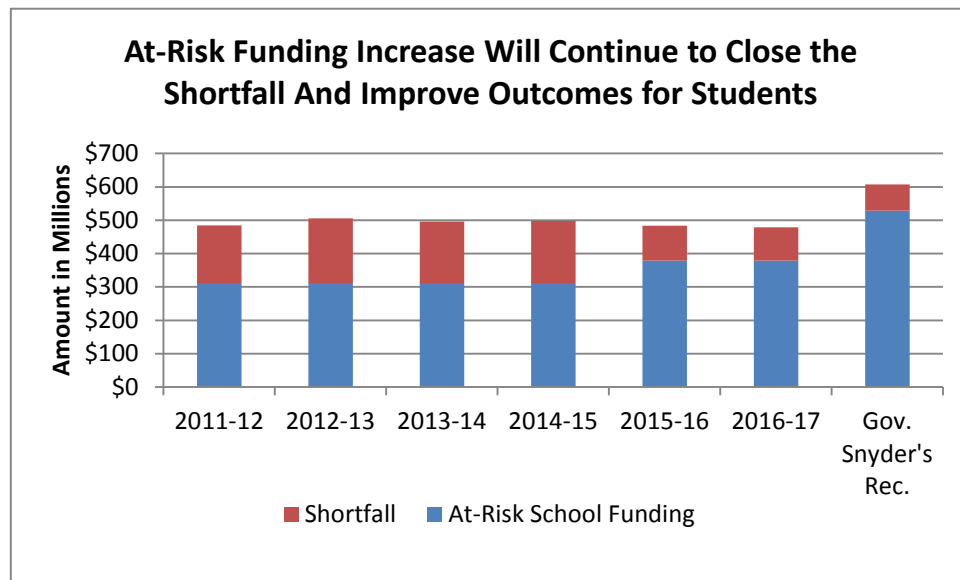
The League's priorities for K-12 education include:

- **Support the governor's proposal to expand funding for the At-Risk School Aid program by \$150 million.** The At-Risk program is the state's best vehicle for addressing the educational challenges children who are exposed to the stresses of poverty bring to the schoolhouse doors. Educators will tell you that it simply costs more to provide the supports and intensive services some children need to catch up with their peers and overcome to the impact of adverse childhood experiences. The governor's proposed investment would bring the state closer to fully funding the current At-Risk allocation formula.

The League also supports the governor's proposal to expand services to a broader range of students to include those from families earning up to 185% of the federal poverty level, children in households receiving food or income assistance, homeless and migrant children and children in foster care.

Finally, if the governor's proposed At-Risk funding increase is approved, the League supports expanding eligibility to hold-harmless and out-of-formula districts, many of which have high numbers of students with high needs. For example:

- ◆ *Baldwin*: More than 9 of every 10 (94%) of the students in the Baldwin Community School District are eligible for free or reduced-price meals, but the district currently receives no At-Risk School Aid funding. Under the governor’s budget, Baldwin Schools would receive approximately \$400,000 in At-Risk funding.
- ◆ *Covert*: Nearly 8 of every 10 students (77%) in the Covert Public Schools in Van Buren County are eligible for free or reduced-price meals, but the district currently receives no At-Risk funding. Under the governor’s budget the district would receive nearly \$230,000.
- ◆ *Dearborn*: The Dearborn City School District is not currently eligible for At-Risk funding and would receive \$10.5 million for services to 13,560 at-risk and economically disadvantaged students. Nearly 7 of every 10 students in the district (68%) are eligible for free and reduced-price meals.



- **Support the Department of Education’s efforts to create an “early warning” system for schools with poor academic performance through a partnership model.** The League supports the Department’s efforts to develop partnerships with school districts and communities to determine what intensive supports are needed to overcome low educational achievement and prevent unnecessary school closures. We particularly endorse a two-generational approach that supports parents and children together and that addresses broader family and community issues that affect achievement, including the impact of poverty, unstable housing, poor nutrition, low parental literacy and access to health care.
- **Support additional funding for early literacy.** The League appreciates the focus on English and Language Arts proficiency by the end of third grade, but believes that Michigan must make the investments needed in the early years to ensure success and avoid grade retention, which is rarely successful in improving outcomes. In addition to investments in the Great Start Readiness Preschool program and child care, the governor recommends \$3 million in additional funding for ISD-based literacy coaches. We support this expansion, which brings total funding to \$6 million.

Thank you for your consideration.