

February 23, 2015

Governor Snyder's FY2016 Education & School Aid Budget Recommendations

The annual budget is the single most powerful expression of the state's priorities. It is during the budget process that decisions are made about the expenditure of state revenues for public programs and services, which will impact students that outcome data show are already struggling to achieve in school. With finite resources and competing interests, decision-makers must prioritize budget investments that support students from cradle to career to reduce the achievement gap that begins in infancy and can continue to grow throughout a student's career and into life if not appropriately tackled.

On February 11, 2015, Governor Rick Snyder released his budget recommendations for Fiscal Year 2016, which begins on October 1, 2015 and ends September 30, 2016. As he did in recent years, the Governor presented two budget bills to the Legislature, including an education bill that proposes funding for local and intermediate school districts, community colleges and higher education, and an omnibus bill that covers all state departments and services. As anticipated, Governor Snyder focused his efforts on improving third grade reading, supporting at-risk students, and expanding career and tech education.

Proposals for the fiscal year 2016 Education and School Aid budgets include the following spending provisions affecting Michigan learners.

Improving School Readiness

The evidence has been clear for a long time now – high quality early learning programs better prepare children for school while saving taxpayer dollars. However, Michigan children continue to struggle with nearly one-third of kindergarteners entering school under-prepared and huge disparities in third grade reading proficiency continuing to persist. The Governor, in recognition of the challenges Michigan has seen with third grade reading proficiency, has included a significant focus on this benchmark in his FY2016 budget recommendation.

Great Start Readiness Program (GSRP): The Governor maintains the GSRP expansion by providing \$239.3 million in his budget recommendation to provide \$3,625 per slot for a total of 63,000 half-day preschool slots for four-year-olds. He retains FY2015 policy shifts to GSRP including:

- Continuing to allow ISDs to serve children living in families up to 300% of the federal poverty level (FPL) if they determine they have served all eligible children living at 250% FPL or below; and continuing to provide automatic eligibility regardless of family income for children in foster care, children experiencing homelessness, or children with an individualized education plan (IEP) recommending placement in an inclusive preschool setting.
- Designating \$10 million of the total funding for transportation reimbursements in an amount up to \$150 per half-day slot.
- Continuing to require GSRP providers to have a 3-star rating in Great Start to Quality.

- Continuing to require ISDs to contract out 30 percent of its GSRP slots to community-based providers.

Third Grade Reading: The Governor acknowledged that his recommendations to address third grade reading proficiency are a beginning framework, and recommends the formation of a workgroup that includes legislators to finalize the proposal prior to final passage of the FY2016 budget. Additionally, the Governor recommends a new oversight commission outside of state government to oversee implementation and monitor progress towards third grade reading proficiency.

The Governor's budget proposal includes an array of supports targeting third grade reading literacy, including \$1 million for the implementation of these efforts. His third grade literacy focuses includes the following budget proposals.

Early Childhood Block Grant: The Governor includes a \$5 million increase to the Early Childhood Block Grant for a total of \$15.9 million to ISDs or a consortium of ISDs. The block grant would continue to be distributed via formula to provide equitable funding statewide for early childhood programs serving children birth through age eight. The new \$5 million investment is targeted for home visits to at-risk children and their families with goals to improve school readiness, reduce the number of pupils retained in grade level, and reduce the number of pupils requiring special education services. This home visiting resource is intended to strengthen Michigan's home visiting infrastructure and maximize federal funds available for home visiting.

Pilot parent education program: The Governor includes \$1 million for new pilot parent education programs for parents of children ages 0 through 3 so that children are developmentally ready to succeed in school at the time of school entry. Eligible programs would provide at least two hours per week throughout the school year for parents and their children and would require parents be physically present; use research-based information to educate parents about their children's development; provide structured interactive activities between children and their parents; and provide structured activities for children that promote positive interaction with their peers. Programs would be required to establish a sliding-scale tuition fee. Funding will be allocated through a competitive application process, with districts or a consortium of districts eligible for \$120 per child or \$130,000 total, whichever is less; and \$100,000 of the funding is targeted towards evaluation of the programs. The Department of Education (MDE) is encouraged to ensure that grants are awarded in each of the 10 prosperity regions.

Child Development and Care (CDC) Program: The Governor's budget includes a \$29.3 million increase in federal funds to support the CDC program, recognizing that high quality child care is a critical component of the early learning continuum that is essential to early literacy. However, the Governor does include a \$2.4 million reduction in state general funds to support the CDC program in recognition of continued declines in caseload. The CDC program provides child care subsidies to 22,000 working families living at or below 120% FPL. The Governor's recommended increases with federal funds include the following:

- \$16 million to provide continuous, 12-month eligibility for children and families regardless of changes in life circumstances throughout the year. Currently, families lose their child care assistance if they lose their job mid-year, though families will need that child care while searching for a new job and attending job interviews.

- \$1.5 million to raise the exit income threshold by which a family becomes ineligible for child care assistance from 120% FPL to 250% FPL. This ensures that families can maintain their child care assistance as they begin to earn a more money and continue on a path towards self-sufficiency.
- \$6.1 million increase for additional tiered reimbursement rates based on the Great Start to Quality star-rating of child care programs to bring Michigan’s child care subsidy assistance closer to the market rate. This would increase reimbursement rates as follows: \$0.25 increase to the hourly base rate for 2-star rated programs, \$0.50 for 3-star rated programs, \$0.75 for 4-star rated programs, and \$1.00 for 5-star rated programs. The federal government recommends that state’s set their child care subsidy payments to allow parents to access 75 percent of the child care market in their communities, yet Michigan’s low reimbursement rates only allow families to access approximately 30% of the market, strictly reducing parental choice in child care.
- \$5.7 million to hire 35 additional licensing consultants for a total of 105 consultants. This will reduce average caseloads from 150 to 98. Licensing consultants ensure that child care facilities are complying with licensing standards so that children are in safe learning environments.

Kindergarten Entry Assessment (KEA): The Governor includes \$1.6 million to field test a kindergarten entry assessment with full implementation in the 2016-2017 school year. KEAs are an observational assessment tool to identify a child's development so that teachers can provide appropriate instruction so students can succeed in the classroom. An additional \$1 million is included in the Governor’s budget to administer assessments in first and second grades to measure English language arts and mathematics. These assessments are intended to determine a student’s proficiency levels prior to third grade.

Library support: The Governor includes \$1 million for public libraries to expand their early learning and preschool reading programs.

Teacher Supports: The Governor’s budget includes an array of supports for teachers focused on literacy instruction. His budget includes:

- \$950,000 for grants to districts to support MDE-approved, research-based professional development for kindergarten through third (k-3rd) grade teachers focused on literacy. MDE would also work with Michigan Virtual University (MVU) to provide this PD online.
- \$500,000 for the adoption of a new certification test to ensure newly-certified elementary teachers have the skills to deliver evidence-based literacy instruction.
- \$3 million for competitive grants to a consortium of ISDs in the prosperity regions to provide literacy coaches to support k-3rd grade teachers.
- \$1.45 million to administer diagnostic tools to monitor the development of early literacy and early reading skills of k-3rd graders and to support research-based professional development for educators in data interpretation for the purpose of implementing a multi-tiered system of support to improve third grade reading proficiency. MDE will also collaborate with MVU to provide online training to k-3rd grade teachers.
- \$500,000 to establish a best practices clearinghouse that identifies, develops and determines best practices from research-based models of education reform that districts can use to improve reading proficiency for k-3rd graders.

Additional Instruction Time in K-3rd Grade: The Governor includes \$10 million for districts that provide additional instructional time for k-3rd graders who have been identified as needing additional supports and intervention. This additional instruction time can be provided before, during and after school hours

or as part of a year-round balanced school calendar. Districts would be eligible for \$95 per pupil based on the number of first graders in the district or a lesser prorated amount if there are insufficient funds; and districts would be eligible if they implement a multi-tiered system of support instructional delivery model, use research-based diagnostic tools to identify students in need of additional instruction time, and provide k-3rd grade teachers with research-based professional development in diagnostic data interpretation.

Early On: The Governor does not include any state support for *Early On* early intervention services. *Early On* serves over 18,000 families with infants and toddlers birth to age three who have a 20% or greater delay in development or a disability. While Michigan receives \$11.8 million in federal funding through the Individuals with Disabilities Education Act – Part C for approximately \$639 per child, federal funds are intended to identify eligible children and to support service coordination, and is not intended nor is sufficient to fund actual service delivery which ranges from things like physical therapy to speech therapy to feeding supports.

Improving College & Career Readiness

The economic, social and fiscal consequences of not getting all young people prepared for college and career – unemployment, poverty, substance abuse, incarceration, poor health – are profound and unacceptable. Too many young people aren't succeeding through high school graduation, and many need more time or different paths to reach a diploma. In addition, many young people face barriers to graduation that education alone cannot remove. The Governor has proposed expanding some opportunities for the most challenged young people in his FY2016 budget recommendation, but continues to fall short on others.

Expanded Learning: Research has shown that there is a 6,000 hour learning gap between challenged students and their peers by the time they enter the 6th grade, and this gap continues to increase into middle and high school. Before- and after-school and summer learning programs are evidenced to help close that gap.

The Governor's proposal to expand learning time for early elementary students is a step in the right direction. However, the evidence suggests that simply extending a school day or the school year adds significant costs, but not as many gains in academics and engagements as investment in quality before- and after-school and summer learning programs. These programs include the resources of community partners in addition to resources within a school building. In addition, there is no funding in the proposal for expanded learning programs for older students. State funding for these programs peaked in FY2001 at \$16 million and gradually lost funding in subsequent fiscal years until its elimination in the FY2012 budget and gubernatorial veto in FY2013.

Supporting the Most Challenged Students:

Support for Students At-Risk of School Failure. The Governor's budget increases funding for At-Risk programs by \$100 million from \$309 to \$409 million, and continues to further define the use, purpose and outcomes of the fund. This flexible funding is currently used to support students at-risk of school failure through a variety of supports during or outside regular school hours such as tutoring services, early childhood programming, reading support, school-based health services, etc. The budget proposal

continues to prioritize improvements in 3rd grade reading and college and career readiness and tying future funding to improvements in those two specific areas. The proposal maintains flat funding for school-based health centers (\$3.6 million) and hearing and vision screenings (5.2 million) that also come out of the At-Risk funding stream.

Expanding Opportunities for Older Youth. The Governor recommends expanding the ability for districts to fund services for older youth to obtain a diploma beyond age 20 to include those young people who qualify for federal McKinney-Vento services and protections: primarily homeless youth and some young people currently in the foster care system. Many of these extremely challenged young people have difficulty accumulating credits because of tenuous housing circumstances and often need additional time to graduate. However, the proposal cuts in half the resources available to support student transfers after the February count date for strict discipline academies and some dropout recovery programs from \$2 to \$1 million.

Gang Prevention and Intervention Program. The Governor includes \$1 million to fund programs that reduce the number of youth in gang-related activity by providing employment and training, counseling services, and by accessing community resources for continuing education, court advocacy and health care services. These grants would be given to local districts in partnership with nonprofit, law enforcement and other community resources, and require a university partner for data and evaluation assistance.

Court Placed Students. The proposal includes flat funding (\$10.2 million) to reimburse districts for educating students in local juvenile detention facilities and to ISDs for educating students placed in DHS juvenile justice facilities.

Youth Challenge Program. The Governor includes continuation funding (\$1.5 million) for the Michigan Youth Challenge Academy, an alternative education program for 16-18 year olds who have dropped out or are at risk of dropping out.

Adult Education. The Governor maintains flat funding for adult education programs at \$22 million and maintains changes in administration begun in FY15. The proposal expands eligibility slightly for adults over 20 who are below a 9th grade level in reading or math, and requires ISDs to give special consideration to programs that provide contextualized learning and education, training and services that align with skill needs in their region, prepare students for success in a wide range of secondary and post-secondary options including apprenticeships.

Other Federal Programs. The Governor includes the following related to federally funded programs:

1. Decreases Drug-Free Schools and Communities funds to \$5 million from \$8 million in FY15, but includes an additional \$4 million for mental health, substance abuse, or violence prevention services for students.
2. Includes a slight increase in Rural and Low Income School Funds.
3. Decreases Title I funds available from \$591.5 million to \$565 million.
4. Represents no change in Improving Teacher Quality, Language Acquisition, Charter School, Migrant Education, 21st Century Community Learning Center, CDC-AIDS Education and Homeless Children and Youth funds.

Career and Technical Education: The Governor includes flat funding of \$26.6 million for traditional career and technical education programs, but adds a new \$17.8 million appropriation for career and technical focused early and middle college programs. These programs allow students to achieve a high school credential while also earning an associate's degree or college credits, or a pathway to a career such as a technical certification or apprenticeship.

Local School District Support: The Governor includes an increase of \$75 per pupil, raising the minimum foundation allowance to \$7,326 and the maximum to \$8,174. At the same time, he proposes shifts in some other per pupil funding:

Best Practice and District Performance Grants. The Governor reduces Best Practice grants from \$75 million in current year to \$30 million in FY16 reducing the per pupil allocation from \$50 to \$20 per pupil. He also changes the criteria to require two of the three financial best practices (data dashboard, board training for financially troubled districts, and maintaining certain general fund balances), and two of the three academic best practices (kindergarten entry assessments, diagnostic tools for early literacy and support of professional development for identification and intervention, and assessing the effectiveness of college and career advising programs including student-to counselor ratios.) District Performance grants are eliminated in the proposal (\$51 million in FY15).

Dual Enrollment: The Governor provides continuation funding at \$1.75 million to reward districts who facilitate student participation in dual-enrollment options where students can take college courses while in high school but didn't include language used by other states encouraging districts to utilize dual enrollment as a re-engagement strategy for the most challenged students.

Encouraging Digital Learning Opportunities: The Governor slightly increases this appropriation to \$8 million to Michigan Virtual University to assist intermediate and local school districts with online learning options, identifying best practices, training and research. The proposal also requires maintaining a statewide network of mentors for on-line instruction and improvements to the on-line catalog, including the addition of community college courses and adding additional operational functions. The recommendation also eliminates several references to partnership building and caps the amount of subsidy that can be provided to districts for course costs. Also included is a reduction in funding from \$41 to \$25 million in technology readiness infrastructure grants for local districts.

College Access: The Governor includes a new \$3.6 million appropriation for programs to provide tools and resources to help students with college and career decision-making. \$3 million of that will support the Michigan College Access Network, local college access networks, the Michigan College Advising Program, the Michigan College Access Portal, grants to local districts to support college access teams and grants to postsecondary institutions to provide college advisors to assist high school students. This was previously funded at \$2 million in the higher education budget. He also proposed a new \$2.2 million investment to increase the number of college advisors in schools and to increase awareness of available college and career choices.

Stay tuned to Michigan's Children throughout the budget process; [learn](#) what the state budget means for children, youth and families; and find out how you can [get involved](#) in budget advocacy. And, [sign-up](#) for our Early Childhood Action Network and the Graduate Michigan Action Network for more budget details as it relates to young children and older youth.