

Some fiscal options for Michigan

Betty Tableman

The Family Impact Seminar did not include any discussion of alternative ways of financing the recommendations for improvements in, and expansion of, high quality early childhood care and education. Nonetheless, given Michigan's fiscal constraints, it would be unhelpful to make recommendations for additional spending without identifying some alternative ways of obtaining needed resources.

The following list suggests alternatives that merit exploration.

1. **Fully utilize the federally funded Child Care and Development grant.** These funds are available for improving the quality of child care and for underwriting child care subsidies to Temporary Assistance for Needy Families (TANF) and low income working families. Michigan in past years has allowed portions of these funds to lapse.
2. **Consider whether schools should receive a half day school allowance for half day kindergarten** (rather than the current situation in which they receive a full day allowance for each child in kindergarten).
3. **Review the current pattern of full day school aid allowances for developmental kindergarten** which essentially provides a fourteenth year of funding (since children then go through a year of regular kindergarten). There is no evidence from research that children held back do as well as age peers with similar entry scores who were not held back.

Given the difference in cost (\$6700 vs. \$3300 for Michigan School Readiness Program) and the high payoff from high quality early childhood education and care, consider whether funds could be better used in expanding high quality early childhood education and care, underwriting only one year of kindergarten per child.

4. **Encourage financial institutions to support child care financing projects** as a required reinvestment in the community under the Community Reinvestment Act.
5. **Consider strategic investments of tax resources in early childhood infrastructure development.** Michigan's tax burden ranks 39th in the nation and the level of taxation is currently well below the limit set by the Headlee Amendment. The Michigan League for Human Services and other organizations have made suggestions about the revenue sources, including tax expenditures that could be available to underwrite current and needed state services.
6. **Use transportation dollars and housing dollars to fund child care sites** (as in California and Florida).