

There's a Cost to Holding Back Struggling Readers. See How Much



By Sarah D. Sparks — March 18, 2024

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Districts can end up footing most of the bill for implementing state “read by grade 3” mandates, new research suggests, but in the long run, struggling students may pay even more for being held back.

Michigan is among 25 states and the District of Columbia with statewide reading initiatives that require schools to retain students who do not read on grade level by the end of 3rd grade, though several states, like Michigan, have relaxed or suspended the retention provisions of their laws.

A forthcoming study presented at the annual Association for Education Finance and Policy conference in Baltimore last week looks at the short and long-term costs of

Michigan’s Read by Grade Three law . The law calls for districts to support struggling readers in early grades through literacy coaches, “evidence based” curricular materials and assessments, and developing Individual Reading Improvement Plans for students. From 2018 to 2023, students who did not meet reading proficiency benchmarks on the state test by the end of grade 3 must (with some exceptions) be held back and given additional interventions the following year.

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“These sorts of large-scale literacy reforms are becoming more and more common nationally,” said David Knight, an associate professor at the University of Washington, in a discussion of the working paper at the conference last week.

While Michigan’s and other state reading initiatives include some new grants, “it’s more like an unfunded mandate,” Knight said.

The study found Michigan districts spent about \$2,600 per student, per year, to implement the reading initiative, including interventions like tutoring and summer school for students at risk of being held back, and for those who did repeat a grade.

The reading interventions accounted for about 17 percent of the average per-student spending in districts from 2019-20 to 2022-23 school years (when the law was fully implemented), and local districts ate more than 90 percent of that cost, the study found. New funding accounted for only about 8 percent of spending on the reading supports.

“When we have these big statewide literacy reforms, they’re primarily leveraging existing resources,” Knight said. “It’s not clear if that really is doing what will ultimately drive success” for readers.

Only about a third of the cost of the reading law came from expenditures on new teachers or support staff; more than 60 percent came from rearranging existing

teachers' instructional time. Special education teachers and paraeducators spent the most time implementing the reading interventions under the law.

Knight and his colleagues also used education and workforce data to estimate that students retained under Michigan's law would have to complete an average of another .63 of a school year to graduate, and would be about 4.8 percentage points more likely to drop out. Prior labor data studies show students lose an average of \$40,000 in lifetime earnings for every year they are held back, both because they enter the workforce later and because students who must repeat a year are less likely to graduate high school and go on to college. For students retained in Michigan, this meant they could lose more than \$36,000 in lifetime income.

These costs fell far more often on already disadvantaged students.

The study is part of a larger evaluation of the law by Michigan State University, the University of Washington, and Pennsylvania State University. A prior Michigan State study found that as of the 2022-23 school year, about 5,680 3rd graders were eligible to be held back based on their scores on the Michigan Student Test of Educational Progress, or M-STEP, in English/language arts, but only 545 students actually were retained. Low-income students were twice as likely as wealthier students to be retained, and Black students were more than twice as likely to be held back as white students under the law.

“A huge portion of the cost of grade retention is the income that students have to forgo by spending an extra year in school,” Knight said. “The cost of grade retention for students is much higher than any of the costs of the actual program.”