



For Immediate Release

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Immediate Action Needed on “Kid-Fix” Legislation

Failure to Extend FMAP Leaves Huge Hole in Michigan Budget

LANSING – Michigan’s Children is urging Congress to take immediate action to extend provisions of the American Recovery and Reinvestment Act providing relief to the millions of children and families throughout the nation, including hundreds of thousands in Michigan, and staving off another potential state budget crisis in the upcoming fiscal year.

Unless Congress extends the ARRA Federal Medical Assistance Percentages (FMAP) provision, Michigan will face a state budget shortfall of \$560 million in the fiscal year beginning Oct. 1, creating even more hardship for children and families when programs and services they rely on are cut even deeper. This reality makes it even more urgent that state leaders begin long-overdue discussions about raising revenue to pay for basic services needed to ensure the health and well-being of Michigan’s most vulnerable citizens.

“Congress has taken up several bills recently to extend provisions of the American Recovery and Reinvestment Act (ARRA), but they have failed to take up perhaps the most important one, extending an essential funding stream for countless American children and families hurt by this continued recession,” said Michigan’s Children President & CEO Jack Kresnak. “It’s not too late for ‘kid-fix’ legislation but we can’t wait much longer.”

The ARRA Federal Medical Assistance Percentages (FMAP) provision ensures the continuation of health care and child welfare services for vulnerable children. Also at stake is additional funding for foster care services provided through an ARRA increase to Title IV-E, a federal program administered by state and local public child welfare agencies that provides assistance to vulnerable children and youth. Title IV-E provides foster care maintenance payments to states on behalf of each child who has been removed from the home, as well as adoption assistance and incentives payments, and reimbursement for administrative and training expenses.

Without the FMAP extension, Michigan is looking at cutting up to 30 percent in payments to physicians and other health care providers who treat 1.8 million Medicaid beneficiaries, further limiting access to affordable, quality care for low-income families.

Gov. Granholm also has pointed out that potential cuts may be made to mental health services, safety net programs that provide basic living expenses to more than 82,000 low-income families, local government funding for critical services, and funding for colleges and universities.

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These cuts would come on top of \$4 billion in reductions to services for children and families since 2001, and severe cuts made in the current fiscal year budget.

“Further cuts to needed programs, such as health care and education, will only continue to hamper our turnaround in Michigan,” Mr. Kresnak said. “We must invest in our children, our next leaders and workers. State leaders also need to prepare for the possibility that FMAP won’t be extended and even if it is, that it eventually will not be there to support Michigan. Therefore, it’s incumbent on them to pass measures that will address the state’s structural deficit and provide sufficient revenue to cover basic services for children and families.

“In this time of economic recession, it is shameful that Congress is willing to bail-out ‘too-big-to-fail’ financial institutions, but has either given up on or continues to filibuster modest relief for American families. As we celebrate all that our nation stands for with the recent passing of the Fourth of July, we urge Congress and state leaders to ensure the availability of vital health, education, and child welfare services for poor and vulnerable children. Children and families cannot wait any longer for leaders to act.”

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Michigan’s Children is a statewide, independent voice for children and their families.

We work with lawmakers, business leaders and communities to make Michigan a place where all children have the opportunity to thrive.