

The Fiscal Year 2011 Budget: An Update on Provisions Affecting Young Children

The Michigan Legislature continues its work on the fiscal year 2011 state budget. The current provisions affecting young children are summarized below.

DEPARTMENT OF HUMAN SERVICES (DHS)

Child care and early childhood development services

Child care subsidies:

- **The Governor** reduced funding for child care services by a total of \$15.7 million, to reflect an anticipated drop in the number of families using care, for a total caseload of 33,000.
- **The Senate** concurred with the Governor on total caseloads. The Senate also: (1) removed budget language requiring the DHS to assess fees for the licensing and regulation of child care organizations; (2) prohibited the use of state funds for the Michigan Home Based Child Care Council, as well as for the collection of union dues; and (3) required the DHS to impose a sanctions policy for criminal or fraudulent behavior for the child development and care program.
- **The House Appropriations Subcommittee** included a reduction of \$50.7 million, with an anticipated caseload of 26,624. The House also removed budget language requiring fees for the licensing and regulation of child care organizations.

Child care quality improvements:

- **The Governor** provided continuation funding for the Early Childhood Investment Corporation (ECIC) for child care quality improvements (\$14.6 million). Budget language requiring a one-time basic training requirement for all enrolled child care aides and relatives is retained, with enhanced reimbursements to enrolled providers who complete at least 10 hours of optional annual training.
- **The House Appropriations Subcommittee** concurred with the Governor.
- **The Senate** concurred with the Governor.

Local Great Start Collaboratives:

- **The House Appropriations Subcommittee** proposes to fund local Great Start Collaboratives through the DHS budget, rather than the K-12 School Aid budget, using Emergency Temporary Assistance for Needy Families (TANF) funding. Continuation funding of \$6 million is recommended—a reduction of \$750,000 from fiscal year 2009. Funding for local Great Start Collaboratives is currently in the K-12 School Aid budget.
- **The Governor and Senate** retained funding for local Great Start Collaboratives (\$6 million) in the K-12 School Aid budget.

Child abuse and neglect prevention services

The 0 to 3 Secondary Prevention program:

- **The Governor** recommended continuation funding for the 0 to 3 Secondary Prevention program in the DHS budget (\$3.8 million), with funds focused on high needs families in urban areas. The Governor also proposed the following budget language changes that reflect the shift of program administration this year from the Children's Trust Fund to the Department of Human Services child welfare administration. Eliminated are the following: (1) a requirement that funds be awarded through a joint request for proposal process established by the DHS in conjunction with the Children's Trust Fund and the state human services departments; (2) legislative intent that funds be used for secondary prevention initiatives, and not in cases where neglect or abuse have been substantiated; and (3) language requiring endorsement by local community and Great Start Collaboratives.
- **The Senate** approved continuation funding for the 0 to 3 Secondary Prevention program, also with funds focused on high needs families in urban areas. The Senate retained language requiring that funds provided for the program "shall be used to fund secondary prevention programs as defined in the children's trust fund's pre-application materials or direct services grants for the current fiscal year," as well as language that requires that "planned services are part of the community's integrated comprehensive family support strategy endorsed by the community collaborative and, where there is a great start collaborative, demonstrate that the planned services are part of the community's great start strategic plan."
- **The House Appropriations Subcommittee** concurred with the Governor.

The Strong Families/Safe Children program:

- **The Governor** proposed to increase funding for the Strong Families/Safe Children program from \$10.7 million to \$16.6 million, with new funding to be used for pilot projects for intensive family services in five urban counties. The expansion is funded with one-time federal funding. The Governor deleted budget language permitting community collaborative to use Strong Families/Safe Children funding for prevention programs.
- **The House Appropriations Subcommittee** concurred with the Governor, but retained current language allowing the use of funds for prevention.
- **The Senate** concurred with the House Appropriations Subcommittee.

Other child welfare and prevention services:

- **The Senate** restored funding for fatherhood (\$1.6 million) and marriage (\$2.3 million) initiatives.
- **The Senate** restored \$3 million for teenage parent counseling programs, funds that were vetoed by the Governor in the current fiscal year.
- **The House Appropriations Subcommittee** included \$5 million for financial incentives for counties to provide in-home services to children in the child welfare system.
- **The Governor, Senate and House Appropriations Subcommittee** all retain budget language requiring the DHS to update the Legislature on efforts to implement the recommendations of the task force on the disproportionate representation of minority children in the child welfare and juvenile justice systems.

K-12 SCHOOL AID

Per pupil expenditures

- **The Governor** recommended no additional cuts in School Aid payments after a reduction of \$165 per pupil in the current fiscal year.
- **The Senate** increased the per pupil reduction by an additional \$118, for a total reduction of \$283 per pupil over fiscal year 2008-2009 levels.
- **The House** restored \$65 per pupil of the \$165 per pupil reduction in the current fiscal year.

Early childhood education

Great Start Readiness Program (GSRP):

- **The Governor:**
 - Provided continuation funding of \$88.1 million for the School Aid portion of the GSRP, as well as \$7.6 million for the GSRP competitive program. Funding for the GSRP competitive program was cut by 50 percent in the current year budget, affecting more than 2,000 children.
 - Proposed budget language prohibiting local districts from redirecting GSRP funds to other budget priorities. The language allowing districts the discretion to redirect GSRP funding was added in the current year budget, and as of the end of December of 2009, an estimated 10 percent of GSRP funds had been redirected to fill holes created by cuts in the K-12 per pupil allotment.
 - Added a requirement that more than 75 percent (up from 50%) of the children participating in a GSRP program are from families with incomes of 300 percent of poverty or less, language reflecting new GSRP participant eligibility and prioritization guidelines adopted by the State Board of Education.
 - Removed budget language allowing districts to use GSRP funds for preschool and parenting education programs similar to those provided under the old ASAP-PIE program.

- **The Senate:**
 - Concurred with the Governor and provided continuation funding for the GSRP without any restorations of current year budget cuts. The House also added language requiring any additional lottery revenues resulting from new technology and “pull-tab” distribution of lottery games be used to fund school readiness programs.
 - Retained current-year budget language allowing GSRP funds to be used by districts for other purposes than early childhood education programs.
 - Rejected the Governor’s recommendation to remove budget language allowing districts to use GSRP funds for preschool and parenting education programs similar to those provided under the old ASAP-PIE program.
 - Concurred with language added by the Governor to require that more than 75 percent (up from 50%) of the children participating in a GSRP program are from families with incomes of 300 percent of poverty or less.

- **The House:**
 - Restored funding for the GSRP competitive program (\$7.6 million), for total funding of \$15.2 million. The competitive program was cut by 50 percent in the current fiscal year.
 - Provided continuation funding (\$88.1 million) for the GSRP School Aid allocation.
 - Agreed with the Governor to eliminate current-year budget language allowing GSRP funds to be used by districts for other purposes than early childhood education programs.
 - Concurred with the Senate and rejected the Governor’s recommendation to remove budget language allowing districts to use GSRP funds for preschool and parenting education programs similar to those provided under the old ASAP-PIE program.
 - Agreed to language in the Senate and Executive budgets requiring that more than 75 percent (up from 50%) of the children participating in a GSRP program are from families with incomes of 300 percent of poverty or less.

Great Parents/Great Start

- **The Governor** provided continuation funding for the Great Parents/Great Start program at \$5 million.
- **The Senate** concurred with the Governor.
- **The House** concurred with the Governor and the Senate.

Great Start Collaboratives

- **The Governor** provided continuation funding for local Great Start Collaboratives (\$6 million). Funding for Great Start Collaboratives (GSCs) was cut by \$750,000 in the current fiscal year.
- **The Senate** concurred with the Governor.
- **The House** concurred with the Governor and the Senate.

0 to 3 Secondary Prevention

- **The Governor** did not restore funding for the 0 to 3 secondary prevention program (also known as community-based collaborative prevention services) in the K-12 School Aid budget (\$2.1 million). At its peak in 2001, \$7.75 million was available through three state budgets, including those for the Departments of Human Services and Community Health, and K-12 School Aid. In the current fiscal year, funding was continued only in the DHS budget. Budget language related to the expenditure of 0 to 3 secondary prevention services was also removed by the Governor.
- **The Senate** concurred with the Governor.
- **The House** appropriated up to \$1.5 million for 0 to 3 Secondary Prevention, *contingent* on new revenues (specifically the elimination of the double deduction allowed for state income tax purposes for indirect costs incurred in oil and gas production). The House retained current year budget language that: (1) requires that funds are used for secondary prevention programs as described by the Children's Trust Fund for the prevention of abuse and neglect; (2) distributes funds through a joint request for proposals process established by the department in conjunction with the Children's Trust Fund and the interagency director's workgroup; (3) directs that services are voluntary, and not intended to serve children and families with substantiated cases of neglect or abuse; and (4) requires applicants to show that the services are part of a community's comprehensive family support strategy endorsed by the community collaborative, and part of the community's Great Start strategic plan.

DEPARTMENT OF COMMUNITY HEALTH (DCH):

Health prevention and promotion programs:

- **The Governor** recommended a small decrease (\$39,900) in the Healthy Michigan Fund (HMF) for fiscal year 2011, as well as a 7.7 percent cut (\$2.7 million) in state funds for local public health operations. In the current fiscal year, deep cuts were made in public health programs, including initiatives to reduce disparities in infant mortality, pregnancy prevention, lead poisoning prevention and maternal and child health services.
- **The Senate** consolidated all HMF funding (eliminating appropriations for specific programs) and reduced total funding by another \$5 million. The Senate also restored some of the Governor's proposed cut in public health operations (for a total cut of \$1 million), and included new budget language that directs the DCH to place a priority in the expenditure of remaining HMF funds on programs that serve children, including continuation funding for poison control and the Michigan Care Improvement Registry.
- **The House Appropriations Committee** concurred with the Governor on Healthy Michigan Fund cuts (decrease of \$39,900), but included continuation funding for local public health operations.

Medicaid provider reimbursements:

- **The Governor** recommended no further cuts in Medicaid rates, eligibility or covered services, contingent on the adoption of a 3 percent physician provider tax. In fiscal year 2008, roughly 1.15 million children, or 45 percent of all Michigan children, were enrolled in Medicaid or MICHild at some time. Young children are even more reliant on public insurance. Reimbursement rates for some Medicaid providers were cut by 8 percent in the current fiscal year, jeopardizing access to care for many low-income children. Between 1999 and 2005, the number of physicians participating in the Medicaid program dropped from 88 percent to 64 percent.

- **The Senate** rejected the tax proposal, and reduced reimbursement rates for physicians by an additional 4 percent—*exempting* primary care services, emergency services, and pediatric and obstetrical services. The Senate also retained budget language allowing higher reimbursements for certain well-child and primary care services.
- **The House Appropriations Committee** concurred with the Governor by not further cutting Medicaid rates, eligibility or covered services. The House Committee also included budget language requiring the DCH to identify counties without sufficient obstetrical and gynecological services, and identify policy or fiscal solutions.

MiChild eligibility and services:

- **The Governor** recommended no changes in MiChild eligibility or services. Recent changes in federal law permit Michigan to increase eligibility for MiChild and receive additional federal dollars, but the State's failure to generate the needed match (with 25 cents in state funding drawing down 75 cents in federal funding) has resulted in the State turning away as much as \$100 million in available federal funding.
- **The Senate** retained current MiChild eligibility, and shifted the MiChild program to Medicaid HMOs.
- **The House Appropriations Committee** concurred with the Governor, rejecting the shift of the MiChild program to Medicaid HMOs. The House Committee included budget language requiring: (1) that children who meet the income criteria for the free school breakfast, lunch or milk programs are automatically enrolled in the MiChild program; and (2) that the DCH redetermine MiChild program mental health reimbursement rates based on the most recent data, and pay community mental health services programs rates sufficient to cover the costs of providing services.

Mental health services:

Child Care Enhancement Program (CCEP):

- **The Governor** eliminated the CCEP program (total funding of \$1 million). The CCEP, which was formerly known as the child care expulsion program, serves high risk young children experiencing social, emotional and behavioral problems in DHS child care settings. The goal of the program is to promote the social-emotional health of infants and toddlers (birth to 36 months) and prevent expulsion from child care. In the current fiscal year, funding for the program was cut by 40 percent, reducing the number of projects from 16 to 12.
- **The Senate** concurred with the Governor.
- **The House Appropriations Committee** retained \$1 million in funding for the CCEP.

Community mental health services:

- **The Governor** recommended a cut in administrative funds for non-Medicaid community mental health services of \$3.8 million, a reduction of approximately 9 percent.
- **The Senate** included the Governor's recommended \$3.8 million cut in administrative costs, and then reduced funding for non-Medicaid community mental health services by an additional \$54 million or approximately 20 percent.
- **The House Appropriations Committee** concurred with the Governor for a total cut of \$3.8 million in administrative costs.

0 to 3 Secondary Prevention and Nurse Family Partnership programs:

- **The Governor** did not restore funding in the DCH budget (\$524,000) for the 0 to 3 secondary prevention program (also known as the early childhood collaborative secondary prevention program), or the Nurse

Family Partnership program (\$1 million). Funding for both programs was vetoed by the Governor in the current fiscal year.

- **The Senate** concurred with the Governor.
- **The House Appropriations Committee** includes \$100 placeholders for both the 0 to 3 Secondary Prevention program and the Nurse Family Partnership to ensure further discussion in the joint House/Senate conference committee.