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The Fiscal Year 2012 State Budget: First Look at the Governor's Recommendations Impacting Youth

The annual Michigan budget is the single, most powerful expression of the state's priorities. It is during the state budget process that decisions are made about the expenditure of over \$8 billion in state revenues, and there are many competing interests that the Governor, legislators and other policymakers must consider in dividing up tax dollars.

Michigan's fiscal year begins on October 1st and ends on September 30th of the following year. The state budget that is currently being debated in the Legislature is for the fiscal year beginning on October 1, 2011 and ending on September 30, 2012. It is referred to as the fiscal year 2011-2012 budget or FY12 budget. The Governor released his tax and spending recommendations for FY12 and the House and Senate Appropriations Subcommittees have already begun to meet to discuss their own recommendations for the budget.

The Governor's budget proposals included tax changes, budget cuts and changes in how many critical programs are funded. Funding for community colleges and Universities have been moved, with other School Aid Fund supported programs, into a new fund called the State Education Funding Act. Current resources through the School Aid Fund had been reserved for programs administered by local and intermediate school districts. Proposed changes to the tax system include significant changes in the way that business pays taxes, and the elimination of the Earned Income Tax Credit – a credit available to low-income working families to help support their employment.

In the budget proposal, the Governor also presented indicators against which he will be assessing the success of public programs. They include:

- Increased students reading at grade level in the 3rd grade.
- Increased high school graduation and college readiness; decreased high school dropout.
- Increased schools participating in the Superintendent's Dropout Challenge.
- Increased school districts participating in the seat time waiver program.
- Increased completion rates for on-line courses.
- Increased schools meeting adequate yearly progress.
- Increased training and technical assistance for school districts.
- Increased number of partners assisting low-performing schools.
- Measures of post-secondary remediation, retention and degrees awarded.
- Reduction in teen births and teen smoking.
- Measures of behavioral health service access, including reductions in drug abuse and quicker assessments of mental health needs.
- More children and youth moving from foster care to permanent placements.

Support to Schools. **The Governor recommends a \$300 per-pupil cut to schools in addition to the FY11 reduction of \$170, resulting in a total reduction in the foundation grant in FY12 of \$470 per pupil.** The proposal includes \$300 million for an incentive fund that would go to local districts who are implementing cost-saving measures. Per-pupil reductions in School Aid force school systems to make reductions in optional programming and innovative partnerships and initiatives targeted toward young people most at-risk of school failure, like alternative education programming, are often the options chosen for elimination by local decision-makers.

Building School/Community Partnership. In FY09, Michigan allocated a small amount of money to connect educational and other community services. This funding was removed from the FY10 budget, and is **not in the Governor's FY12 recommendation.**

Increasing Opportunities Outside the School Hours. State funding for before- and after-school pilot programs was reduced from \$16 million in fiscal year 2001 to \$5 million in fiscal years 2005-2009 and \$3 million in fiscal years 2010-2011 and **was not included in the Governor's FY12 budget proposal.** Budget language in support of the Michigan After-School Partnership is also not included. The Governor proposed a cut in funding for libraries by 10 percent.

Support for Dropout Prevention and Recovery. The Governor retained damaging cuts from FY10 that cut or eliminated support for a variety of initiatives designed to maximize School Aid, Community College, and other community resources to build alternative pathways to graduation for some students. **The FY12 budget proposal eliminates remaining funding for Middle Colleges, but increases resources available to Michigan Virtual High School for on-line learning options.** The Governor's proposal continues language from the FY11 budget that expanded the eligibility for state aid to students to age 22 under certain circumstances, which could create some incentive to maintain older youth in an educational setting. However, that language only applies to students attending school in Detroit (cities of over 750,000 people.)

College Access. The Governor proposed flat funding for the state's Community Colleges and reduces funding for Universities by 15 percent. **The Governor increases the Tuition Incentive Program (TIP) by \$6.4 million** (total recommendation of \$43.8 million), which provides scholarships to low-income students who have received Medicaid for 24 out of any 36 months. The Governor merges the Michigan Competitive Scholarship and the Tuition Grants programs into a single Pathway to Higher Education program and maintains flat funding.

School health education. The Michigan Model for Comprehensive School Health Education is the primary health curriculum used in kindergarten through high school and evaluations have shown that students who benefit from the curriculum experience less substance use, better anger and stress management skills, and better knowledge of healthy behaviors. At its peak, funding for the Michigan Model was at \$3.6 million. **The Governor proposed flat funding for FY12 at just over \$400,000.**

Access to health services for adolescents. Adolescent health centers are positioned to provide needed services, and integrate a variety of medical, mental health, social and counseling services that would not otherwise be accessed. These centers not only contribute to the health and success of students, but they can also reduce other public spending. Studies have shown that that access to these services can significantly reduce in-patient, non-emergency and emergency care expenses. **The Governor recommends flat funding in FY12 for child and adolescent health centers at \$3.6 million.**