

Investments in Early Childhood in Michigan: A Summary of Program and Funding Trends Executive Summary

The Governor's First Budget: Accountability for Results.

On Thursday, February 17, 2011, Governor Snyder released his first state budget. The proposed fiscal year 2012 Executive Budget addresses a projected deficit of at least \$1.3 billion through tax and budget reforms, as well as budget cuts. How do the Governor's recommendations affect young children in light of past spending trends and the pressing need to invest in the next generation of Michigan workers and taxpayers?

The Governor will be evaluating the success of his Administration based on a set of indicators, including "dashboard" outcome measures, as well as transitional performance measure. Included in the metrics affecting young children are the following:

- Reading at grade level by 3rd grade
- Reductions in infant mortality and obesity
- Access to public mental health services
- Teen births
- Percentage of Michigan children 19 to 35 months of age who receive all recommended vaccines
- Reductions in childhood poverty

The Fiscal Year 2012 Executive Budget: How Will Young Children Be Affected?

Physical, Social and Emotional Health:

Governor's fiscal year 2012 budget:

- **Medicaid:** The Governor's proposed budget includes no further cuts in Medicaid provider payment rates or in eligibility. The Governor recommends a 40 percent cut in funding for graduate medical education, potentially limiting access to pediatric services for low-income children.
- **Maternal and child health and local public health:** The Governor recommends a 10 percent reduction in the Healthy Michigan Fund, with cuts in smoking and pregnancy prevention programs; and a 5 percent cut for local public health departments.
- **Mental health services:** The Governor's budget further cuts funding for community mental health services for low-income families and children not eligible for Medicaid, with a 3 percent or \$8.5 million reduction.

Funding trends:

- **Medicaid:** The share of Michigan children covered by Medicaid grew from 23 percent in 2001 to 39 percent in 2010. Further, the percentage of women relying on Medicaid coverage during pregnancy and delivery is growing, with more than half (51%) of all births in Michigan now covered by Medicaid. More than one third

(35%) of parents whose children are covered by Medicaid say they have trouble finding providers who will accept their coverage, and a leading barrier to access has been the failure to provide adequate payments to Medicaid providers. There have been no across the board Medicaid rate increases since 2001, with rate reductions of 4 percent in 2005, and 8 percent in 2010.

- **Maternal and child health and local public health:** There have been significant cuts in maternal and child health programs over the last several years, including a cut of nearly \$4.2 million in funding for health screening, pregnancy detection, community education and primary care referrals in fiscal year 2010—resulting in 32,000 low-income people no longer being able to access services. In addition, funding for infant mortality prevention was reduced from \$1 million to \$900,000 in fiscal year 2006, and eliminated in fiscal year 2010, along with \$1 million in funding for lead poisoning prevention. For local public health departments, a total of \$40.8 million was appropriated in 2003; in the current fiscal year, a total of \$39.1 million is appropriated.
- **Mental health services:** Between 10 and 14 percent of all young children birth through age five experience social, emotional and behavioral problems, yet most do not receive mental health services—even when their mental health conditions have been identified. Maternal depression and other mental health problems can also have severe consequences for both mothers and their children, affecting children’s behavior and learning. Between fiscal year 2001 and January of 2010, funding for non-Medicaid mental health services decreased by 13 percent. In addition, funding for respite care services for families with children with serious emotional disturbances (\$1 million) was cut, along with all funding for the Child Care Enhancement Program (CCEP), a program that served high risk infants and toddlers in state subsidized child care, and helped parents work by preventing expulsion from child care. Currently, less than 1 percent of all state funds spent on infants, toddlers and preschool age children are used for services to promote social and emotional health.

Early Learning:

Governor’s fiscal year 2012 budget:

- **Child care:** The Governor reduces funding for child care subsidies based on expected reductions in caseloads and cuts in payments to unlicensed relatives and aides. Payments for unlicensed providers would drop from either \$1.60 or \$1.85 per hour (depending on the age of the child), to \$1.35 per hour. Funding for child care quality improvements (\$14.6 million) is continued at current year levels.
- **Great Start Readiness Program (GSRP):** The GSRP, a state-funded preschool program for at-risk four-year-olds, is continued by the Governor at current year levels, including \$88.1 million through the School Aid allocation, and \$7.6 million for the competitive program.
- **Great Parents/Great Start program:** The Governor includes continuation funding (\$5 million) for the Great Parents/Great Start program through Intermediate School Districts.
- **Great Start Collaboratives (GSCs) and Great Start Parent Coalitions (GSPCs):** The Governor provided continuation funding for local GSCs and GSPCs.

Funding trends:

- **Child care:** Between 2005 and 2010, the number of low-income families receiving child care subsidies fell from nearly 65,000 to just over 33,000. During that same period, funding fell from approximately \$480 million to \$226 million. The reductions were caused by lower caseloads, reductions in provider payment rates, and aggressive quality assurance initiatives. In part because of very low provider reimbursement rates, more than half of the children in state-subsidized care are in unlicensed settings. The Governor’s budget will further reduce payments to unlicensed providers, although it is unclear if this will result in a reduced reliance on relatives and aides in Michigan and greater utilization of licensed care.

- **Great Start Readiness Program:** The GSRP is Michigan’s state-funded preschool program for approximately 25,000 four-year-olds at risk of school failure. Currently the program provides per-pupil funding of \$3,400 to eligible school districts, Intermediate School Districts or community agencies. Because the per-pupil payment has remained low, many school districts and community agencies have had to absorb some of the costs of the program. In fiscal year 2010, funding for the competitive GSRP program was cut in half, and school districts were given the discretion to redirect GSRP funds to other district priorities, and as a result, approximately 4,600 young children were denied access to an early education. Even before these cuts, an estimated 35,000 four-year-olds were eligible for GSRP but unable to enroll because of inadequate funding. Michigan currently does not allow three-year-olds to enroll in the GSRP, unlike many other states that recognize the benefits of two years of preschool for very high risk young children.
- **Great Parents/Great Start program:** The Great Parents/Great Start program provides grants to Intermediate School Districts for voluntary parent education and involvement programs. Through coordination with local Great Start Collaboratives and community organizations, these funds are often used to leverage other funds for young children.
- **Great Start Collaboratives and Great Start Parent Coalitions:** Michigan has 54 Great Start Collaboratives that serve all counties in the state, bringing together parent and community leaders to improve school readiness. More than 9,000 parents statewide are also engaged in local Great Start Parent Coalitions. The collaboratives have developed community plans and are now implementing them, leveraging significant private, local, and sometimes federal funds. Funding for Great Start Collaboratives and Great Start Parent Coalitions grew from \$1 million in 2007 to \$6.75 million in 2009. Funding remained at \$6 million in fiscal years 2010 and 2011.

Family and Income Support:

Governor’s fiscal year 2012 budget:

- **Income assistance:** The Governor’s budget cuts basic income assistance for 12,600 families, including roughly 25,000 children, by aggressively implementing a 48 month lifetime limit on benefits from the Family Independence Program (FIP).
- **Family support and child abuse and neglect prevention:** The Governor’s budget removes specific line items for child abuse and neglect prevention programs, but according to the House Fiscal Agency there will be cuts in a range of family support programs including Families First, Strong Families/Safe Children, and Child Protection and Permanency. Funding for the 0 to 3 Secondary Prevention program (\$3.8 million) would be eliminated.

Funding trends:

- **Income assistance:** More than a quarter (27%) of all young children in Michigan live in poverty, and over 68,000 are reliant on FIP. Because they are more likely to live in poverty and be reliant on public assistance, young children are hardest hit by recessions and cuts in income assistance benefits. Poverty has been shown to lead to a range of negative outcomes for young children, thwarting intellectual and emotional development, and ultimately affecting the ability to learn and succeed.
- **Family support and child abuse and neglect prevention:** Since 2000, funding for most of the major child abuse and neglect prevention programs has been cut, and the number of substantiated child abuse and neglect victims has grown. While new funding has been provided for improvements in the state’s foster care and protective services systems as a result of the Children’s Rights lawsuit and settlement, funding to strengthen families and prevent abuse and neglect has not kept pace.