

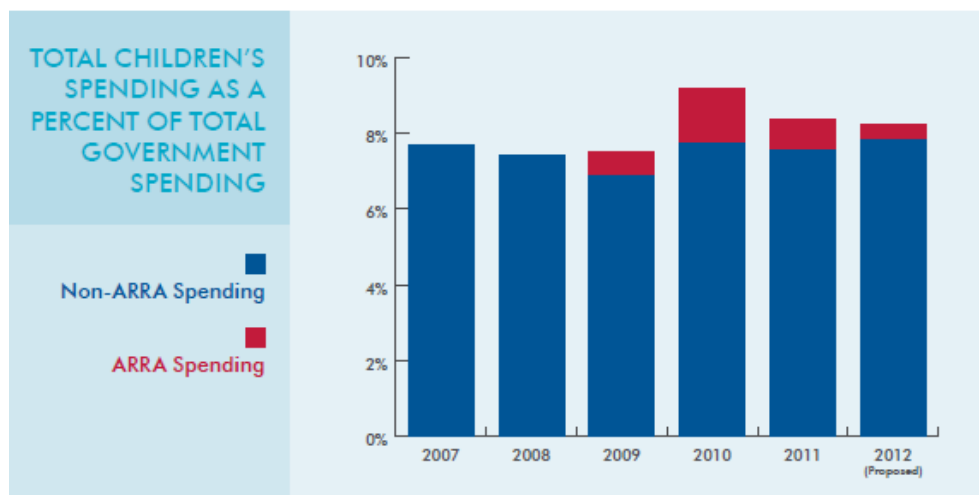
September 7, 2011

Federal Investments Critical to Michigan Children and Families

Michigan children and families have been hard hit by the recession as the number of children living in poverty continues to grow, with children of color more likely to be living in deep poverty. The percent of children living in Michigan families with earnings less than the federal poverty level increased by 64 percent between 2000 and 2009, with nearly one out of four Michigan children living in poverty. This increase in child poverty was fully three times the national average.

As more children face deep poverty, the share of federal spending on kids has continued to decline since 2006, although American Recovery and Reinvestment Act (ARRA) dollars cushioned the decline temporarily. Cuts in federal spending for children and families occurred at the same time that Michigan's economic and fiscal problems accelerated, forcing increased reliance on federal funding for basic services.

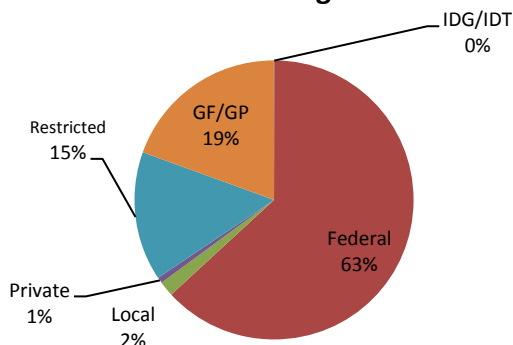
Because they are more likely to live in poverty and be reliant on assistance programs, children are the hardest hit during a recession when families' needs grow at the same time that revenues dwindle. This problem is particularly severe in Michigan because of the state's 10-year struggle with structural budget deficits. Current efforts to address the increasing federal deficit by the federal Joint Select Committee on Deficit Reduction – the “super committee” – including a reduction in national spending by \$1.5 trillion over the next 10 years, could further reduce funding for children's services and threaten the state's ability to invest in the next generation of Michigan workers.



Source: *Children's Budget 2011*, First Focus

Cuts at the federal level will be felt across the State of Michigan. In fiscal year 2012, *federal funds are expected to support 41 percent of Michigan's total state budget* but support significantly higher percentages of department budgets that support children, youth and families. For example, 63 percent of the Michigan Department of Community Health Budget, 66 percent of the Michigan Department of Education budget, and 82 percent of the Michigan Human Services budget are supported by federal dollars.

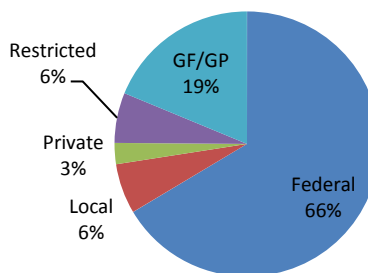
FY2012 Community Health Budget



Source: House Fiscal Agency

Two of every three dollars in the Michigan Department of Community Health budget comes from federal sources, much of which is Medicaid matching funds. More than half of all births in Michigan are covered by Medicaid and over half of Medicaid recipients in Michigan are children. Federal funding supports local health improvement initiatives, and school- and community-based health services for underserved adolescents.

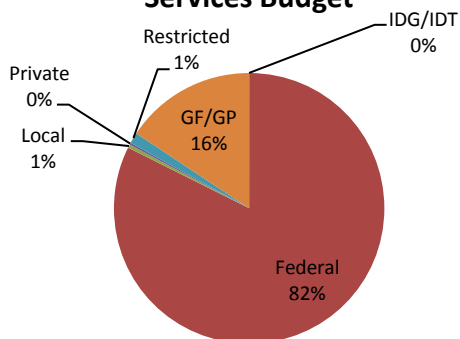
FY2012 Department of Education Budget



Source: House Fiscal Agency

The Michigan Department of Education receives 66 percent of its funding from federal sources, with which they are responsible for compliance with state and federal standards as well as administering the School Aid budget (which funds education programs ranging from early childhood to community colleges). Michigan utilizes federal funding for a range of programs including school improvement efforts, support for special needs students, opportunities for extended learning programs, before-and after-school programs, and school-based nutrition and health programs that serve to improve educational success.

FY2012 Human Services Budget



Source: House Fiscal Agency

The Michigan Department of Human Services receives 82 percent of its funding from the federal government – which funds many critical safety net programs including income support, food assistance including WIC and SNAP, and child care. In addition, virtually all of the state's efforts to prevent child abuse and neglect and care for children and youth who have been removed from their families are funded through federal sources.

While the potential danger to the country's economic stability posed by growing debt in the long term is legitimate; cuts to funding for programs that support health, education, community partnerships and nutrition programs for children, youth, and families as a means of addressing this problem is fiscally unsound. The deficit reduction strategy should protect low-income children and families and ensure adequate investment for their future. The future of our nation's children relies on federal support, and we believe that it is critical that the super committee prioritizes children and families to help put Michigan back on a path to economic prosperity.