

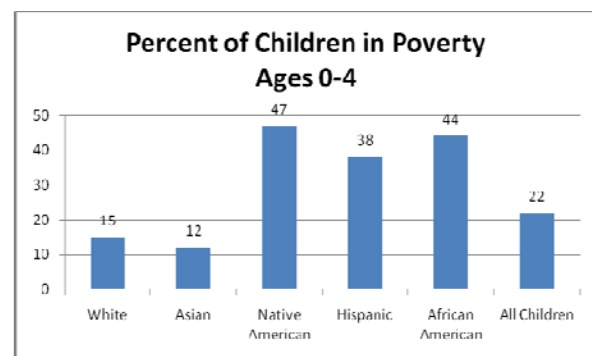
March 1, 2010

### The Governor's Proposed Fiscal Year 2011 State Budget: Highlights of Recommendations Affecting Young Children

**Facts About Poverty:** More than one of every five (22.4%) Michigan children under the age of five lives in poverty, and poverty rates are disproportionately and unacceptably high for children of color.

#### The Governor's Proposed Budget:

As Michigan continues to suffer from one of the highest unemployment rates in the country, more families and children are slipping into poverty. Yet State investments in programs to ameliorate the effects of high unemployment and childhood poverty have faltered.



The Governor's budget assumes that the need for income assistance through the Family Independence Program (FIP) will continue to grow, but no changes in eligibility or benefits are recommended. Funding for food assistance will jump from \$2.7 billion to \$3.6 billion, reflecting increasing need related to growing unemployment and poverty.

In 2007, nearly 59,000 children ages 0 to 5 lived in families receiving FIP income benefits, or 8 percent of all young children in Michigan. Because funding for FIP basic monthly grants has remained largely unchanged since 1993, the purchasing power of the grant has declined by over one-third. The percentage of young children under the age of six receiving food assistance almost doubled between 2000 and 2007, with one of every four young children depending on the federally-funded program for daily nutrition. The food subsidy provided to poor children is approximately \$2 per child per meal.

#### Facts About Infant and Child Health:

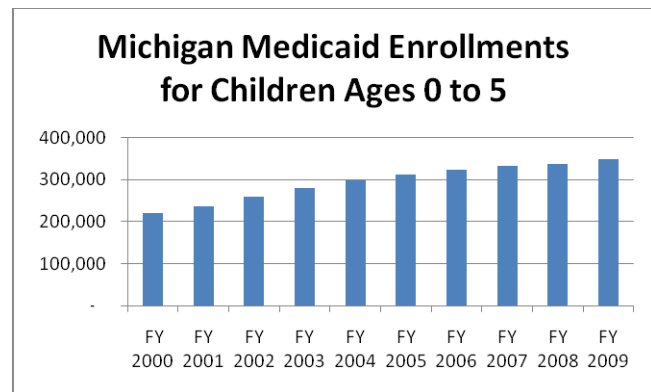
- **Over 10,600 Michigan babies are born low-weight each year.** Low weight babies are at high risk of chronic illness and developmental delay, and weight at birth is related to infant mortality.
- **Nearly 1,000 infants die before their first birthdays in Michigan each year.** While the state's infant mortality rate dropped slightly between 2000 and 2007 (down 5%), African American infants are nearly three times more likely to die than white infants.

- *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.*

The youngest children are more reliant on public programs, with the majority of infants under the age of one (53.8%) insured by Medicaid.

- *Less than 1 percent of Medicaid-enrolled children under the age of 3 in Michigan received mental health*

*services in 2007, well below estimated need.* Studies show that approximately 10 percent of young children suffer from emotional and behavioral problems that impair their ability to learn, while the incidence among poor children is two to three times higher.



### **The Governor’s Proposed Budget:**

The Governor’s budget assumes that the demand for Medicaid and MICHild services will continue to grow, but after an 8 percent cut in Medicaid provider rates in FY 2010, no further changes in rates, or eligibility or covered services for children, are recommended. However, included in the Governor’s budget is the assumption that a 3 percent physician provider tax will be adopted; failure to adopt the tax is tied to another provider rate reduction which could further restrict the access of poor children to needed health services.

An estimated 140,000 Michigan children are uninsured and presumably eligible for either Medicaid or MICHild. Young children relying on Medicaid for their basic health care coverage generally qualify because family income falls below 150 percent of the federal poverty level. MICHild is available to children in families with incomes between 150 percent and 200 percent of poverty.

The reauthorization of the Children’s Health Insurance Program Act (CHIPRA) a year ago provided Michigan with an opportunity to expand eligibility and access to health care services for low-income children, at the favorable federal matching rate of 75 percent. Unfortunately, because Michigan failed to generate new match or change its eligibility standards, the state turned away \$100 million in available federal funding.

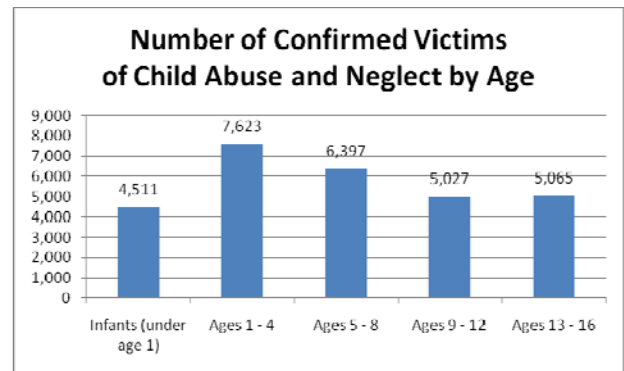
After nearly a decade of cutbacks in basic public health care services, the Governor’s budget includes an additional 7.7 percent cut in state funding for local public health departments. If the Governor’s budget is adopted, total state and local funding for public health services will have dropped nearly one-third between FY 2002 and FY 2011, from \$133.9 million to \$90.7 million. Young children could be particularly hurt if public health systems are so weakened that access to immunizations, hearing and vision screenings, newborn screenings, prenatal care and communicable disease control are limited.

Also among the cuts proposed by the Governor’s is the elimination of funding (\$1 million) for the Child Care Enhancement program (CCEP). The CCEP serves high risk children who are experiencing social/emotional and behavioral challenges in DHS subsidized child care settings.

The goal of the program is promote the development of at-risk infants and toddlers and prevent their expulsion from child care.

### **Facts About Child Abuse and Neglect:**

Approximately 29,300 children were confirmed victims of abuse or neglect in 2008, with the rate of maltreatment up 16 percent since 2000. Four of every 10 of those victims were under the age of five. Almost one of every 100 young children (ages 0 to 5) in Michigan is placed in foster care, with out-of-home placement rates disproportionately higher for children of color.



### **The Governor's Proposed Budget:**

The Governor's budget includes more than \$35 million for child welfare improvements required to comply with a settlement agreement resulting from a lawsuit against the state related to weaknesses in its child protection and foster care systems. Included are funds for an additional 527 child welfare caseworkers and supervisors, and \$7.2 million to extend foster care, adoption assistance and subsidized guardianship eligibility to age 20. The Governor also provides \$1 million for child advocacy centers that investigate and assess child abuse victims.

The Governor's budget continues many of the cuts already adopted in child abuse and neglect prevention services. Continuation funding is provided for the Families First program (\$18.5 million), the 0 to 3 Secondary Prevention program (\$3.8 million), and the Family Reunification program (\$4 million). Reflecting administrative changes made this year to shift the management of 0 to 3 Secondary Prevention funds from the Children's Trust Fund (CTF) to the DHS, and focus the funds on families already referred to the DHS for abuse and neglect in five of the state's most urban counties, the Governor's budget deletes language related to the role of the CTF and local collaboratives in allocating 0 to 3 funding.

An increase in funding for the Strong Families/Safe Children program is recommended for FY 2011 (from \$10.7 million to \$16.6 million), with new funding to be used for pilot projects in urban counties that provide intensive family services.

### **Facts About Early Learning Programs:**

- ***An estimated 35,000 at-risk four-year-olds in Michigan who are eligible for the Great Start School Readiness or Head Start preschool programs are not able to benefit from the programs because there are not enough slots for all eligible children.*** Low income children who do not have access to high quality preschool programs often enter school at a disadvantage, and many never catch up with their peers.
- ***In 2007, nearly one of every 10 children ages 0 to 5 were in child care settings subsidized by the state in order to allow their parents to work or go to school.*** Unfortunately, too little is known about the quality of care provided these young children, as more than 2 of every 3 are in unlicensed care.

## **The Governor's Proposed Budget:**

The Governor recommends a continuation of current year funding for the School Aid GSRP (\$88.1 million). The FY 2010 cut of 50 percent in the GSRP competitive program would be continued into FY 2011. Language included in the current year budget allowing local districts to redirect GSRP funding to other budget priorities is removed by the Governor, as is budget language allowing districts to use GSRP funds to provide preschool and parenting education programs similar to those provided under the old ASAP-PIE program, including home visits for at-risk families.

The Governor's FY 2011 budget changes language relating to the required risk factors for GSRP eligibility to reflect adoption by the State Board of Education of new GSRP participant eligibility and prioritization guidelines. Included is a requirement that more than 75 percent (up from 50%) of the children participating in a GSRP program come from families with incomes of 300 percent of poverty or less. Language is also added encouraging districts to establish sliding fee scales for tuition for children who do not meet program eligibility requirements.

The Governor recommends changes in GSRP provider training, including language that would allow districts that cannot comply fully with state training requirements to employ teachers with incomplete training if there is a compliance plan that is completed within 2 years (rather than the 4 years currently required) of the date of employment. Compliance plans approved prior to 2010-2011 would remain in effect.

After cuts in child care subsidies in the current fiscal year, including reductions in payments to some providers, the Governor's budget projects a further reduction in spending for child care as a result of slightly lower caseloads and costs, but no further cuts in eligibility or provider payment levels are proposed.

Continuation funding is recommended for child care quality enhancements through the Early Childhood Investment Corporation (\$14.6 million), and budget language establishing a basic training requirement for all child care aides and relatives is retained.

Finally, the Governor provides continuation funding for the Great Parents/Great Start program (\$5 million). And, after an 11 percent cut in the current fiscal year, the Governor recommends continuation funding for local Great Start Collaboratives through the ECIC (\$6 million).

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