

June 29, 2012

### **The Fiscal Year 2013 Budget: Is It Promoting Equity to Ensure All Children Are Ready to Learn & Lead?**

#### **FINAL BUDGET UPDATE**

The single best predictor of economic prosperity is a state's success in educating and preparing its workforce. Sadly, long-term disparities in educational success have had profound and unacceptable economic, social and fiscal consequences for Michigan. Gaps in learning and achievement can be traced to the earliest years of children's lives, and continue to grow through their educational careers and into adulthood.

The state budget, as the single most powerful expression of the state's priorities, is a critical tool for either improving equity or widening gaps. With the next workforce set to be its most diverse yet, Michigan needs to allocate its scarce resources in ways that ensure that ALL children can thrive. The evidence is clear, all children need:

1. To be born healthy and have continued access to high quality health care services.
2. To be raised by parents or caregivers who have the supports needed to be their child's first, consistent and best teachers.
3. To be assured a high quality education that begins in early childhood, extends through a career, and leads to economic self-sufficiency.

So how did the fiscal year 2013 budget promote equity in these key areas?

#### **A healthy birth and access to high quality health care services**

##### **↑** *Steps forward*

- The final budget includes \$11.9 million to provide an increase in the reimbursement rates for OB/GYN doctors. Michigan has a history of lagging reimbursement rates for Medicaid providers, which has resulted in the number of physicians participating in the Medicaid program to have dropped and access to have been limited in many areas of the state. Increasing access to OB/GYN physicians will help women better access preventive and prenatal health care.
- The final budget provides \$16.6 million to expand the Healthy Kids Dental program into ten additional counties, increasing access to dental care for Medicaid-eligible children. Similar to the OB/GYN reimbursement, increasing reimbursement rates for dental providers will improve access to preventive oral health care that children need.
- The final budget includes \$2 million for abatement of lead in homes where children reside who have tested positive for high blood lead. Lead is particularly devastating to very young

children, particularly low-income children with nutritional deficiencies. In 2010, 750 children under the age of three were documented to be lead poisoned. Michigan tests a little more than one-third of all young children for their exposure to this debilitating poison.

↓  
*Steps backward*

- The final budget includes a \$4.3 million increase to recognize federal Maternal Infant Early Childhood Home Visitation funding for prenatal outreach and service delivery. While the Legislature approved a \$7.3 million increase, the Governor vetoed \$2 million of TANF funding for a new two-year alternative home visit pregnancy and parenting support program; and \$1 million to enhance support and education for the Nurse Family Partnership program with strategic planning and awareness for a Detroit-based Nurse Family Partnership program. The final budget includes an additional \$50,000 for the Nurse Family Partnership model by removing that funding from other Healthy Michigan Fund health promotion programs. Even the \$1 million would have been vastly insufficient to reach all of the families who are eligible for home visitation programs, it would have helped more families access these programs. Home visitation programs have been proven to lead to healthier pregnancies and early childhood development for young children most at-risk of poorer health outcomes.

↔ *Neutral*

- In compliance with the federal Affordable Care Act, the final budget includes \$282 million to raise Medicaid primary care physician reimbursements rates, increasing access for pregnant women and children.

↔ *Mixed results*

- The final budget includes one-time funding to expand infant mortality programming and to implement the state Infant Mortality Reduction Plan (\$750,000 one-time, \$196,600 on-going), health disparities (\$240,000 in addition to \$250,000 on-going through HMF), and pregnancy prevention (\$860,000). In a state where African American infants are three times more likely to die during the first year of life, this level of funding will not be sufficient to dramatically move the dial on the infant mortality dashboard indicator or other key public health indicators.
- The final budget includes \$20.9 million to fund autism spectrum disorder treatment for Medicaid and MICHild eligible children through age 18. Unfortunately, Michigan does not have a mental health parity law, a more comprehensive approach not limited to children with certain diagnoses.

**Parents or caregivers with the supports needed to be their child's first, consistent and best teachers.**

↓ *Steps backward*

- The final budget maintains last year's cuts to family support programs including the Family Independence Program, the Food Assistance Program, and the Earned Income Tax Credit – commonly referred to as the EITC. Childhood poverty is clearly linked to many negative outcomes for children including poor health and reduced access to a high quality education.

↔ *Mixed results*

- The final budget includes small increases in child abuse and neglect and family support programs including \$2 million in federal funds for a new supported visitation, home-based parent education program that will support family reunification for approximately 7,000 families as well as \$500,000 in federal funds for a new parent partners program – a peer-to-peer mentoring program for parents – to serve 360 families in cases where the child/children have been removed from the home. Unfortunately, this will be insufficient to offset the deep funding cuts other family support programs have suffered over the last decade.

**A high quality education that begins in early childhood, extends through a career, and leads to economic self-sufficiency.**

↑ *Steps forward*

- The final budget includes a \$5 million increase to the Great Start Readiness Program – Michigan's preschool program for four-year-olds at-risk of school failure. In addition to a high return on investment, GSRP evaluations have shown that the program prepares young children for kindergarten, improves student achievement, increases high school graduation rates, all while narrowing the achievement gap.

↓ *Steps backward*

- The Legislature reinstated \$1 million of funding for before- or after-school programs, which was eliminated in the current fiscal year and the Governor vetoed for the upcoming fiscal year. This funding was targeted to children in kindergarten to ninth grade would have served areas near schools that do not meet AYP and serve children with income below 200% of the federal poverty level. Access to before- and after-school programs has shown to improve educational success for all students and are most impactful for students who face the most extraordinary educational challenges – kids from low-income families and kids of color.
- The final budget further reduces funding for the child care subsidy program as a result of anticipated caseload reductions – rather than reinvesting those savings in quality improvement initiatives. Access to high quality care will better prepare young children – particularly those more likely to struggle in kindergarten – for school.

- After a decade of disinvestment, the final budget provides no funding increases for opportunities for the 5<sup>th</sup> and 6<sup>th</sup> year of high school. These additional years of high school have proven to increase high school graduation rates for those who struggle the most in school.

↔ *Mixed results*

- The final budget combines funding for the Great Start Collaboratives (\$5.9 million) and Great Parents/Great Start (\$5 million) into an early childhood block grant (\$10.9 million) that would go to Intermediate School Districts (ISDs) or a consortium of ISDs. The block grant also includes language allowing an ISD to dissolve a Great Start Collaborative they deem to be ineffective. While the block grant may allow more flexibility to ensure that funding is directed towards programming that's most needed for local communities, not ensuring sustainability of Great Start Collaboratives could potentially jeopardize the great work that collaboratives do to provide wrap-around services for young children and their families most in need of holistic services.
- The final budget includes a small increase of \$120 per pupil (\$100.3 million total allocation) for districts receiving the lowest foundation allowance, increasing the minimum foundation allowance from \$6,846 to \$6,966. Districts receiving \$6,966 or more per pupil in the 2011-12 school year will not receive any reinstatement of per pupil funding. Unfortunately, this small increase is vastly insufficient to offset the previous years' across-the-board \$470 per pupil foundation cut.
- The final budget includes \$80 million for best practices grants to districts that have met 7 out of 8 best practices criteria for a maximum payment of \$52 per pupil. While several of the best practices criteria help improve educational equity including providing dual enrollment opportunities and offering online learning, these types of programs should be adequately funded and offered since they reduce educational disparities, rather than being attached to a small per pupil foundation increase only if a laundry list of "best practices" are achieved.

For more information on the fiscal year 2013 budget and what it means for children and families, visit [www.michiganschildren.org](http://www.michiganschildren.org).