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FY2016 Budget Recommendations: What They Mean for Youth in Michigan

The annual budget is the single most powerful expression of the state's priorities. It is during the budget process that decisions are made about the expenditure of state revenues for public programs and services, which will impact youth and families that outcome data show are already facing significant challenges. With finite resources and competing interests, decision-makers must prioritize budget investments that ensure all young people have opportunities for education success and pathways to college and/or a career.

On February 11, 2015, Governor Snyder released his budget recommendations for Fiscal Year 2016, which begins on October 1, 2015 and ends September 30, 2016. As anticipated, the Governor focused his efforts on improving third grade reading, supporting at-risk students, and expanding career and tech education. At this point, the House and Senate have also put forward their recommendations through the Appropriations Subcommittee process, and there are significant differences between the Governor's, House Subcommittees' (referred to as House in this document) and Senate Subcommittees' (referred to as Senate in this document) budget proposals in key areas for young people, their families, communities and schools. All of these recommendations will be further discussed by each chamber's full appropriations committees and by all members on the House and Senate floor.

Want to know more about the annual state budget process and how you can help shape the state's budget priorities? Read our Budget Basics report titled "The Budget Process in Michigan: Opportunities to Advocate for Children and Families" at www.michiganschildren.org.

Proposals for fiscal year 2016 include the following spending provisions affecting Michigan's youth, their families, schools and communities.

Stable Paths to Adult Success

Ensuring that young people in the state's care are provided some stability in their educational careers will result in the ability to build supportive relationships; end the direct path from foster care to juvenile justice; and better educational, career, and family outcomes.

Services to Youth in the Foster Care System: The Governor, House and Senate recommend basically flat funding for youth in transition programs from \$14.5 million to \$15 million. Fully one-quarter of Michigan's foster care population is youth ages 16-20, higher than the national average. This flexible funding source covers a variety of expenses for 14-21 year olds served by the foster care system that assist with independent living, including educational and work supports, health services, parenting skills training, and housing support. All recommendations increased guardianship assistance payments slightly, to acknowledge increased caseloads, which supports family members and others to keep young people out of the foster care system. For all children and youth in foster care, the Governor recommends decreases in funding for residential foster care providers and placement agencies, but the

House and Senate did not include those reductions. All three proposals recognized decreases in funding for foster care and adoption subsidies based on lower caseload projections.

In addition, the Governor cut funding in half (from \$2 to \$1 million) for the Adoption Re-determination of Care Program, which allows some adoptive parents to request a re-determination of payments for certain children with special needs after an agreement has been finalized, recognizing that some needs can arise over time that aren't exhibited at the point of the original adoption. The Senate recommends only \$600,000 and the House recommends full elimination of the program. Additionally, the Governor and the House eliminated \$700,000 for the Parent-to-Parent program for adoptive parents that provided peer-to-peer support, but the Senate recommended maintaining \$400,000 for the program.

Community-Based and Determined Supports for Families: All proposals recommend flat funding (\$12 million) for the Strong Families/Safe Children program, which offers a wide variety of services determined by community teams. These can include family support and crisis intervention, supportive visitation, foster and adoptive parent recruitment and education, and post adoption support services.

Mental Health and Wellness: The Governor recommended \$12.7 million in ongoing state funds to continue implementing recommendations of the Mental Health and Wellness Commission, including improvements in services to youth. Nearly \$2 million of that would be earmarked for transitional psychiatric services for youth to improve the transition process for youth returning to their community from in-patient psychiatric facilities. Initially, this work will focus on 25 youth, ages 5-18 that have had multiple hospitalizations and without a stable living arrangement in the community. The Governor and Senate recommend flat funding for health innovation grants of \$1.5 million while the House included a \$100 placeholder. This funding provides grants of up to \$35,000 for projects that may impact youth including underage drinking, mental illness and substance abuse, homelessness, dental care and health disparities in children.

The Governor, House and Senate proposed restoring \$20 million in funds to support mental health services to those not eligible for Medicaid. The Governor and House recommend increasing funding from \$3.35 million to \$4.35 million to support the recommendations of the Mental Health Diversion Council to provide mental health treatment in settings other than the criminal justice system; the Senate recommends continuation funding.

The Governor recommends a new Statewide Drug Policy Initiative, recommended to be funded at \$1.5 million; the House included a \$100 placeholder for this while the Senate did not include this initiative. All proposals include flat funding (\$11 million) for drug treatment courts to maintain the 84 drug treatment courts throughout Michigan, including juvenile drug courts and family dependency courts in addition to adult drug and DWI courts and tribal courts. Flat funding is recommended (\$5.3 million) for mental health courts, to continue to support nine of the 16 existing courts.

Improving College & Career Readiness

The economic, social and fiscal consequences of not getting all young people prepared for college and career – unemployment, poverty, substance abuse, incarceration, poor health – are profound and unacceptable. Too many young people aren't succeeding through high school graduation, and many need more time or different paths to reach a diploma. In addition, many young people face barriers to graduation that education alone cannot remove. The Governor, House and Senate have proposed expanding some opportunities for the most challenged young people in his FY2016 budget recommendation, but continue to fall short on others.

Expanded Learning: Research has shown that there is a 6,000 hour learning gap between challenged students and their peers by the time they enter the 6th grade, and this gap continues to increase into middle and high school. Before- and after-school and summer learning programs are evidenced to help close that gap.

As part of an array of proposals to improve third grade reading proficiency, the Governor recommends \$10 million and the Senate recommends \$20 million for districts that provide additional instructional time for kindergarten-3rd (k-3rd) graders who have been identified as needing additional supports and intervention. This additional instruction time can be provided before, during and after school hours or as part of a year-round balanced school calendar. Districts would be eligible for \$95 (Governor) or \$180 (Senate) per pupil based on the number of first graders in the district or a lesser prorated amount if there are insufficient funds; and districts would be eligible if they implement a multi-tiered system of support instructional delivery model, use research-based diagnostic tools to identify students in need of additional instruction time, and provide k-3rd grade teachers with research-based professional development in diagnostic data interpretation. The Senate earmarked a portion of the funding (\$350,000) for the Michigan Education Corps. The House didn't propose any additional resource to support additional learning time in k-3rd grade.

These proposals to expand learning time for early elementary students is a step in the right direction. However, the evidence suggests that simply extending a school day or the school year adds significant costs, but not as many academic gains or increased engagement in student's own learning as investments in high quality expanded learning programs. These programs include the resources of community partners in addition to resources within a school building. In addition, there is no funding in the proposal for expanded learning programs for students beyond the 3rd grade. State funding for these evidence-based programs peaked in FY2001 at \$16 million and gradually lost funding in subsequent fiscal years until its elimination in the FY2012 budget and gubernatorial veto in FY2013.

The Child Development and Care program – the child care subsidy program – also supports expanded learning opportunities for children from low-income families. Due to continually declining caseloads, Michigan has been carrying over unspent federal dollars each year, of which the Governor, House and Senate are recommending that \$23 million be used to increase access to higher quality care for subsidized families. Typically, about 40% of these funds support school-age child care, before or after school and during the summer, with the remaining funds supporting care for young children.

Supporting the Most Challenged Students:

Support for Students At-Risk of School Failure. The Governor and the Senate recommend an increase for At-Risk programs by \$100 million from \$309 to \$409 million, and both further define the use, purpose and outcomes of the fund. The House recommends flat funding. This flexible funding is currently used to support students at-risk of school failure through a variety of supports during or outside regular school hours such as tutoring services, early childhood programming, reading support, school-based health services, etc. All proposals continue to prioritize improvements in 3rd grade reading and college and career readiness and tying future funding to improvements in those two areas.

The Governor and Senate eliminate victims of child abuse or neglect, pregnant or parenting teens, and family history of school failure, incarceration or substance abuse as targeted populations for services. In addition, the Senate proposal dictates that half of the increase be dedicated solely to programs that impact 3rd grade reading. The House proposal removes all references to at-risk pupils and all definitions of categories for service eligibility, as well as all requirements for use of the funds. Instead, that

proposal requires districts to implement a multi-tiered system of supports model of instruction and intervention in order to qualify for funding.

Access to Health Services and Health Education. All proposals maintain flat funding for hearing and vision screenings (5.2 million) that also come out of the At-Risk funding stream and school-based health centers (\$3.6 million). The House proposal adds \$2.0 million for one-time funding to increase access to nurses and behavioral health services in schools. 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 available. These centers not only contribute to the health and success of students, but they can also reduce other public spending. Studies have shown that access to these services can significantly reduce in-patient, non-emergency, and emergency care expenses.

The Governor and House included flat funding for the Michigan Model for Comprehensive School Health Education at \$350,000. The Senate Subcommittee would assume transfer of responsibility on whether to fund the Michigan Model to the Health Endowment Fund Corporation established in 2013. The Michigan Model 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.

Expanding Opportunities for Older Youth. All proposals recommend expanding the ability for districts to fund services for older youth to obtain a diploma beyond age 20 to include young people who qualify for federal McKinney-Vento services and protections – primarily homeless youth and some young people currently in the foster care system. Many of these extremely challenged young people have difficulty accumulating credits because of tenuous housing circumstances and often need additional time to graduate. However, the Governor, House and Senate also cut in half the resources available to support student transfers after the February count date for strict discipline academies and some dropout recovery programs. The Governor reduces the funding from \$2 to \$1 million; the House also reduces the funding to \$1 million but removes Strict Discipline Academies from being eligible for the funding. The Senate reduces funding to \$1.5 million and restructures the reimbursement process.

Gang Prevention and Intervention Program. The Governor includes \$1 million to fund programs that reduce the number of youth in gang-related activity by providing employment and training, counseling services, and by accessing community resources for continuing education, court advocacy and health care services. These grants would be given to local districts in partnership with nonprofit, law enforcement and other community resources, and require a university partner for data and evaluation assistance. Neither the House nor Senate include this funding.

Court Placed Students. All proposals include flat funding (\$10.2 million) to reimburse districts for educating students in local juvenile detention facilities and to Intermediate School Districts (ISDs) for educating students placed in DHS juvenile justice facilities.

Youth Challenge Program. All proposals include continuation funding (\$1.5 million) for the Michigan Youth Challenge Academy, an alternative education program for 16-18 year olds who have dropped out or are at risk of dropping out.

Alternative Education. The House recommendation includes language requiring “seat time” waivers to alternative education programs. These waivers allow districts to deviate from the mandated days and hours of instruction if student competency can be demonstrated. The House also adjusts the mandated hour requirement for online delivery models to instead tie with competency standards.

Adult Education. The Governor maintains flat funding for adult education programs at \$22 million and maintains changes in administration begun in FY15. The proposal expands eligibility slightly for adults over 20 who are below a 9th grade level in reading or math, and requires ISDs to give special consideration to programs that provide contextualized learning and education, training and services that align with skill needs in their region, and prepare students for success in a wide range of secondary and post-secondary options including apprenticeships. The Senate proposal adds an additional \$7 million to adult education, adds some shifts in funding requirements and requires that \$500,000 be used for a pilot program connecting adult education students directly with employers, with case management involved for students. The House eliminates funding for adult education.

Bilingual Education. The Governor and Senate recommend flat funding for this program at \$1.2 million. The House eliminates the program.

Career and Technical Education: The Governor and the Legislature both increased funding for career and technical education in the coming year. The Governor includes flat funding of \$26.6 million for traditional career and technical education (CTE) programs, but adds a new \$17.8 million appropriation for career and technical education focused on early and middle college programs, which allow students to achieve a high school credential while also earning an associate's degree or college credits, or a pathway to career such as a technical certificate or apprenticeship. The House and Senate also included significant increases (\$15 million increase in the House and \$13.4 million in the Senate from \$26.6 million), but both directed it entirely to traditional CTE, rather than the middle college approach.

The Governor recommended a new career and technology education and skilled trades initiative that includes a new \$2.1 million At-Risk Youth Initiative, as well as other CTE enhancements through the Department of Licensing and Regulatory Affairs. The House and Senate concurred.

Local School District Support: The Governor includes an across-the-board increase of \$75 per pupil, raising the minimum foundation allowance to \$7,326 and the maximum to \$8,174. The Senate includes similar increases, but uses the "2x formula" that provides higher increases for the lowest spending districts, raising the minimum to \$7,351 (\$100 increase) including Public School Academies (PSAs or charter schools), and the maximum to \$8,149 (\$50 increase). The House includes a larger increase to the foundation allowance, also using the 2x formula, increasing the minimum per pupil by \$274 to \$7,525 also including PSAs, and the maximum by \$137 to \$8,236. At the same time, each proposal includes additional shifts in some other per pupil funding items:

Best Practice and District Performance Grants. The Governor and the Senate reduce Best Practice grants for local school district from \$75 million in current year to \$30 million in FY2016 reducing the per pupil allocation from \$50 to \$20 per pupil. Both proposals change the criteria to require two of the three financial best practices (data dashboard, board training for financially troubled districts, and maintaining certain general fund balances), and two of the three academic best practices (kindergarten entry assessments, diagnostic tools for early literacy and support of professional development for identification and intervention, and assessing the effectiveness of college and career advising programs including student-to counselor ratios.) The House eliminates these grants entirely. District Performance grants are eliminated in all three proposals (\$51 million in FY15).

Equity Payments. The Governor and the Senate propose eliminating this section, which was funded at \$103 million in the current fiscal year and is intended to support the lowest spending districts. The House keeps the payments at a much lower level – \$24 million, resulting in payments of up to \$25 per

pupil on top of the increases to the foundation allowance to ensure that all districts receive at least \$7,550 per pupil.

Dual Enrollment: The Governor and Senate provide continuation funding at \$1.75 million to reward districts who facilitate student participation in dual-enrollment options where students can take college courses while in high school but didn't include language used by other states encouraging districts to utilize dual enrollment as a re-engagement strategy for the most challenged students. The House eliminates this funding.

Math and Science Centers/STEM Education: The Governor proposed continuation funding (\$8.5 million) for these Centers who provide professional development opportunities and initiate best practice for STEM-related programming in school and in expanded learning programs. The Senate increased funding for these programs by \$1 million. The House proposal eliminated all state funds (\$3.2 million), including \$475,000 for the STEM partnership, which includes members from business and industry, higher education, K-12 education and expanded learning and oversees a competitive grant program for innovation in STEM education.

In addition, the Governor and Senate proposed eliminating \$330,000 in grants to districts for STEM professional development, but that funding was retained in the House. Support for the FIRST Robotics program was supported in all proposals, with the House including an expansion from \$2 to \$3 million for the program and expands eligibility beyond 7-12th grades to include K-12th grade. The House also includes \$900,000 in direct grants to districts for Science Olympiad and other STEM options, as well as a \$500,000 grant directly to the Van Andel Education Institute to provide STEM professional development in science instruction.

Civic Education: The Senate proposal included a new \$60,000 competitive grant to provide civics education to local school districts. Neither the Governor nor the House included this program.

Intermediate School Districts: The Governor essentially retained funding for ISDS with \$65.1 million for general operations and \$2 million for best practices. The House removes the best practices requirements and rolls those funds into ISD general operating; the Senate does the same but provides an additional \$1 million increase for a total of \$68.1 million. ISDs provide many services targeted towards challenged students including special education, career and tech education, online and digital courses, Math and Science Centers, alternative education programs, and court involved youth and homeless education programs.

These changes, as well as small increases in FY2013-15 towards the minimum foundation allowance essentially reinstates the \$470 per pupil cut that districts faced in the FY2012 budget. But, inconsistent funding levels over the years has forced school systems to make reductions in optional programming, innovative partnerships and initiatives targeted toward young people most at-risk of school failure. These programs, such as alternative education programming, are often the options chosen for elimination by local decision makers. And, consistent and increased funding for important categorical programs that target the most at-risk students are essential to ensure educational equity.

Encouraging Digital Learning Opportunities: The Governor slightly increases this appropriation from \$7.4 to \$8.0 million to Michigan Virtual University to assist intermediate and local school districts with online learning options, identifying best practices, training and research. The proposal also requires maintaining a statewide network of mentors for on-line instruction and improvements to the on-line catalog, including the addition of community college courses and adding additional operational functions. The recommendation eliminates several references to partnership building and caps the

amount of subsidy that can be provided to districts for course costs. The House and Senate basically concur with the Governor, with the Senate proposal retaining current funding levels. Also included in the Governor and Senate proposals is a reduction in funding from \$41 to \$25 million in technology readiness infrastructure grants for local and intermediate districts. Both proposals further define appropriate uses of those dollars. The House proposal eliminates the funding.

Building School/Community Partnership: The Governor, House and Senate include an additional \$20.5 million for the Pathways to Potential program (totaling \$60 million in federal, local and private investments). This service delivery model locates Department of Human Services (DHS) staff in local public schools where they can work directly with children and families to address basic needs and barriers to success that may include housing, food, education and employment issues. DHS staff are currently located in 208 schools throughout the state. These funds also support locating workers beyond schools, and support prisoner reentry initiatives as well. The increased funding in FY2016 is specifically for co-locating an additional 200 caseworkers in adult placement and independent living settings, federally qualified health clinics, some hospitals and employer-based sites. The increase is funded through federal dollars that will require a match from local entities participating. In FY2009, Michigan allocated a small amount of money specifically to connect educational and other community services through an integrated student services model. This funding was removed from the FY2010 budget, and is not in any of the FY2016 budget proposals.

The Governor and House eliminated \$300,000 of funding for the School Success Partnership to the Northeast Michigan Community Service Agency, but the Senate recommended continuation funding. This is a successful integrated student services model.

School Safety Initiatives: The Governor, House and Senate eliminated \$5 million grants to support local public safety technology and equipment grants with a focus on school safety. All proposals maintain flat funding for anti-bullying efforts through the Department of Civil Rights.

College Access: The Governor and Senate include a new \$3.6 million appropriation for programs to provide tools and resources to help students with college and career decision-making. \$3 million of that will support the Michigan College Access Network, local college access networks, the Michigan College Advising Program, the Michigan College Access Portal, grants to local districts to support college access teams and grants to postsecondary institutions to provide college advisors to assist high school students. This was previously funded at \$2 million in the higher education budget. The Senate added language that this funding could not be used to supplant funding used for existing counselors, and the House did not include this funding.

All recommendations included flat funding for the three major financial aid grant programs, including the Tuition Assistance Program, which provides scholarships to low-income students who have received Medicaid for 24 out of any 36 months. Also included were proposals for flat funding for the need- and merit-based State Competitive Scholarship Program. The Governor and Senate recommended \$6 million to reinstate the Part-Time Independent Student Grant, which helps older students, those who have been out of high school for more than 10 years, including many older youth and parents, afford post-secondary education; the House funded this at \$2.9 million

Stay tuned to Michigan's Children throughout the budget process; [learn](#) what the state budget means for children, youth and families; and find out how you can [get involved](#) in budget advocacy. And, [sign-up](#) for our Early Childhood Action Network and the Graduate Michigan Action Network for more budget details as it relates to young children and older youth.