

March 4, 2016

## **The Governor's Fiscal Year 2017 Budget Recommendations: What It Means 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 students that outcome data show are already struggling to achieve in school. With finite resources and competing interests, decision-makers must prioritize budget investments that support students from cradle to career to reduce the achievement gap that begins in infancy and can continue to grow throughout a student's career and into life if not appropriately tackled.

On February 10, 2016, Governor Snyder presented his budget recommendations for fiscal year 2017 (FY2017), which begins on October 1, 2016 and ends September 30, 2017. As anticipated, Governor Snyder focused his budget recommendations on the needs of the City of Flint in response to the water crisis in addition to proposing a fiscal solution to address the Detroit Public Schools' pending budget shortfall.

While the bulk of the resources recommended for Flint are directed toward water infrastructure and programs intended to serve pregnant women and young children, as the populations most at risk from lead exposure, a few recommended investments are targeted for older youth. Recommended supplemental funding in the current fiscal year include support for summer youth programming, Pathways to Potential and improved access to physical and mental health services to benefit older youth, and nutritional programming to help a larger range of families. In addition, recommendations for the FY2017 budget include additional school nurses and social workers to help identify and intervene with school-aged children exposed to lead.

Proposals for FY2017 include the following spending provisions affecting youth in Michigan.

### **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 and to ultimately build better educational, career, and family outcomes.

**Services to Youth in the Foster Care System:** The Governor recommends continuation funding at \$15 million for youth in transition programs. 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. The budget 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. Funding for payments for residential foster care providers and placement agencies are all maintained. The Governor's budget increases funding for foster care, guardianship, and adoption subsidies based on caseload projections, and eliminates \$350,000 for the Parent-to-Parent program for adoptive parents that provided peer-to-peer support.

**Community-Based and Determined Supports for Families:** The Governor’s budget provides 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. Additionally, the Governor included \$10 million in TANF funding to expand the Family Preservation and Support Services. This will provide \$2.4 million over three years to expand the Parent Partner Program from Wayne County to Genesee and Macomb Counties, an in-home approach to parent mentoring by employing former foster care service recipients who have achieved reunification and maintained their children in their care. And \$7.2 million over three years will be allocated to the Family Reunification Program to expand into an additional 21 counties from its current 41, which offers up to six months of therapeutic/skill-based intervention services for families who are being reunified after having their child(ren) in foster care for some period of time.

**Mental Health and Wellness:** The FY2017 recommended budget includes continuation funding for non-Medicaid mental health services at \$117.1 million. However, the Governor added new boilerplate language directing DHHS to transfer responsibility for Medicaid Behavioral Health Services from Prepaid Inpatient Health Plans through Community Mental Health Agencies to Medicaid HMOs by the end of FY2017 with the intent to increase efficiencies and integration across physical and behavioral health needs. The Governor also recommends maintaining the FY2016 increase 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 Governor’s budget eliminated \$1.5 million to implement Mental Health and Wellness Commission Recommendations, and another \$1.5 million that supported drug policy initiatives. It also includes 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. Continuation funding is provided (\$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 has proposed maintaining some opportunities for the most challenged young people in his FY2017 budget recommendation, but continues 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 6<sup>th</sup> 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.

The Governor’s budget recommendation maintains \$17.5 million for districts that provide additional instructional time for kindergarten-3<sup>rd</sup> (k-3<sup>rd</sup>) 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. This funding 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 for expanded learning programs for students beyond the 3<sup>rd</sup> 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 recommends appropriating \$8 million in FY2017 to provide half-day child care for families with infants and toddlers in Flint. Typically, about 40% of CDC 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’s budget maintains the FY2016 \$70 million increase for At-Risk programs for a total appropriation of \$379 million, and maintains language on the use, purpose and outcomes of the fund. This flexible funding is 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. The budget continues to prioritize improvements in 3<sup>rd</sup> grade reading and college and career readiness and ties future funding to improvements in those two areas.

The budget maintains 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. The budget also maintains the FY2016 requirement for districts to implement a multi-tiered system of supports model of instruction and intervention for at least kindergarten - 3<sup>rd</sup> grade in order to qualify for funding.

Access to Health Services and Health Education. The Governor’s budget provides flat funding for hearing and vision screenings (5.2 million) that also come out of the At-Risk funding stream and child and adolescent health centers (\$5.6 million). 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 final budget includes flat funding for the Michigan Model for Comprehensive School Health Education at \$300,700. 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. The Governor’s budget maintains 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 also recommends cutting resources available to support strict discipline academies and some dropout recovery programs from \$1 million to \$250,000. This is on top of last year’s cut from \$2 million to \$1 million.

Gang Prevention and Intervention Program. The Governor recommends eliminating \$1 million that was appropriated in FY2016 for programs that reduced the number of youth in gang-related activity by providing employment and training, counseling services, and community resources for continuing education, court advocacy and health care services.

Court Placed Students. The Governor's budget recommends decreased funding to Intermediate School Districts (ISDs) for educating students placed in DHHS juvenile justice facilities, reflecting the closure of Maxey last year. The recommendation includes flat funding (\$8 million) to reimburse districts for educating court-placed students in local juvenile detention facilities.

Youth Challenge Program. The final budget includes 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 Governor's budget maintains 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 budget also maintains that online delivery models tie to competency standards rather than mandated hour requirements.

Adult Education. The Governor's budget maintains \$25 million and administrative changes from FY2015. The budget shifts eligibility to adults over 20 who are below a 12<sup>th</sup> grade level in reading or math from current 9<sup>th</sup> grade levels, increases eligibility options for out-of-school youth ages 16-19, and maintains requirements that ISDs 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 budget maintains \$500,000 for a pilot program connecting adult education students directly with employers, with case management involved for students.

Bilingual Education. The Governor's budget includes flat funding for this program at \$1.2 million.

Special Education. The Governor's budget increases slightly the total funding available for special education services based on consensus cost revisions in the program. He also recommends an additional \$1.37 million to implement the Special Education Task Force Recommendations including \$750,000 to pilot the Michigan Integrated Behavior and Learning Support Initiative (MiBLSI) in at least three ISDs and \$620,000 to provide training on safe implementation of emergency restraint and seclusion practices.

**Career and Technical Education:** The Governor recommends continuation funding for traditional career and technical education at \$36.6 million but includes a \$5 million increase for a total of \$15 million for career and technical education focused on early and middle college programs. These programs 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 Governor also recommends \$10 million for a competitive grant program for career and technical education infrastructure investments.

**Local School District Support:** The Governor's budget uses the "2x formula" that provides higher increases for the lowest spending districts, raising the minimum to \$7,511 (a \$120 increase) including Public School Academies (PSAs or charter schools), and the maximum to \$8,229 (a \$60 increase). The final budget also includes additional shifts in some other per-pupil funding items:

Dual Enrollment: The Governor provides 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.

Math and Science Centers/STEM Education: The Governor recommends continuation funding of \$8 million for these Centers who provide professional development opportunities and initiate best practice for STEM-related programming in school and in expanded learning programs. Support for the FIRST Robotics program is increased from \$2 million to \$2.5 million. The Governor also recommends \$2.5 million for grants based on MiSTEM Council recommendations to create statewide STEM education-related opportunities. The Governor eliminates \$250,000 targeted for grants to districts for STEM professional development, \$475,000 for the Michigan STEM Partnership, \$250,000 in direct grants to districts for Science Olympiad and other STEM options, as well as a \$250,000 grant directly to the Van Andel Education Institute to provide STEM professional development in science instruction.

Student Support and Academic Enrichment Grants: The Governor's recommendation reflects federal grant funding of \$55.9 million that can be used for: 1. providing access to a well-rounded education; 2. improving school conditions for student learning; and 3. improving the use of technology. Most local districts will have to conduct a needs assessment and use at least 20% of their allocation on each of the first two priority areas, with the remaining 60% able to be spread through all three based on their needs. These funds can help support many evidenced strategies that support students and families, including integrated student service models, alternatives to traditional discipline approaches, and

Civic Education: The Governor does not include an appropriation that was new in FY2016 for a \$60,000 competitive grant to provide civics education to local school districts.

Intermediate School Districts: The Governor's budget provides a \$1 million increase to ISD general operating for a total of \$68.2 million. ISDs provide many services targeted towards students facing challenges 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.

**Encouraging Digital Learning Opportunities:** The Governor recommends continuation funding of \$7.4 million to Michigan Virtual University to assist intermediate and local school districts with online learning options, identifying best practices, training and research. As anticipated, the Governor eliminates \$23.5 million that was used for technology readiness infrastructure grants for local and intermediate districts.

**Building School/Community Partnership:** The Governor recommended continuation funding for the Pathways to Potential program. 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. In FY2009, Michigan allocated a small amount of money specifically to connect educational and other community services through an integrated student services model, but that funding has not appeared in budget proposals since.

The Governor recommends continuation funding of \$450,000 for the School Success Partnership to the Northeast Michigan Community Service Agency. This is a successful integrated student services model.

**College Access:** The Governor recommends a slight decrease from \$3.6 million to \$3.1 million 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. Programming administered by the Department of Talent and Economic Development in collaboration with the Michigan College Access Network (MCAN) and Michigan Virtual University (MVU) to provide information to students, parents and educators on dual enrollment and opportunities to earn postsecondary credits is cut from \$600,000 to \$50,000.

The Governor recommends a \$2 million increase to the Tuition Incentive Program using TANF funds for a total of \$50.5 million (\$45.8 million TANF, \$4.7 million GF). He also establishes an annual cap of \$8.5 million at any one college or university starting in FY2018, which is anticipated to affect students at Ferris State University. This program provides scholarships to low-income students who have received Medicaid for 24 out of any 36 months.

The Governor's budget provides continuation funding to the Tuition Grants program at \$34 million but reduces the annual cap on awards at any one university from \$3.2 million to \$3 million and moves the deadline for application from July 1 to March 1. He also provides flat funding for the need- and merit-based State Competitive Scholarship Program.

The Governor does not include any funding to reinstate the Part-Time Independent Student Grant, though he had requested \$6 million in FY2016 which was not included in the final FY2016 budget. This program helped 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.

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