

May 16, 2018

What's Still at Play in the Fiscal Year 2019 Budget

After reviewing the Governor's budget recommendations for fiscal year 2019 (FY2019), the House and Senate have approved their budget recommendations. Now the Legislature focuses on points of difference to be decided in Conference Committees that include leaders from both the House and Senate; and once the Legislature approves a FY2019 budget, the Governor has the power to veto any spending line item. This process moves quickly with limited opportunities for public input.

Final budget expenditures are based on revenue estimates released last week. The May Revenue Estimating Conference has increased the presumed revenues available from the General Fund by \$155.9 million, and for the School Aid Fund by \$159.9 million. This is good news for lawmakers, giving them an opportunity to increase key investments even beyond levels that were proposed in their original budgets. Engagement with your elected officials is critically important, whether or not they are named to the Conference Committees – particularly on equity-promoting strategies that still need to be negotiated. Here are a few critical items at play in the FY2019 budget that will impact children, youth and families in Michigan.

Child Abuse and Neglect Prevention: The House budget allocates \$200,000 in new general fund dollars to local child abuse neglect (CAN) councils and direct prevention service grants, but the Senate did not include this increase. With expected revenues, increasing CAN prevention funding to \$3 million would double the capacity of every council and expand direct prevention service grantees statewide.

Child Care: Michigan is receiving a 30% increase in federal funding for child care subsidy for FY2018 and 2019. The Senate budget allocates \$15 million in the current fiscal year to be used from passage through September 2018, carrying forward the remainder, and appropriates \$62 million in FY2019, raising family income eligibility to 150% FPL, shifting Michigan's hourly provider payment structure to bi-weekly, and increasing reimbursement rates for some providers. The House did not include any increases in child care funding. The Senate also increased TEACH Scholarship funding by \$2.5 million. None of these increases are in the House version.

Early Literacy: The Senate budget increases funding for early literacy by \$3.5 million, including an increase of \$1 million for literacy coaches. The Senate also shifted some early literacy funding to create summer reading programs in Kent County. The House did not include either of these provisions. With increased resources, a more equitable and far more impactful solution would be to support summer reading statewide, not just in a single county.

Adult Education: The Senate budget includes a \$3.5 million increase in general adult education, which the House did not include. With increased revenues available, resource should be devoted to expanding this program by targeting additional resources to young parents.

Career and Technical Education Scholarships: The House budget provides an additional \$10.7 million for a new scholarship program to assist low-income individuals with the cost of obtaining a degree or credential beyond high school. The Senate did not include this provision.

Competency-Based Education: The House budget increases funding for competency-based programs by \$2.5 million. The Senate did not include this provision.

Fostering Futures Scholarship: Both House and Senate budgets preserve Fostering Futures, but the House expanded the scholarship to cover expenses at career and technical institutions. Fostering Futures is funded by TANF revenues, which have strict rules regarding their use, making it difficult for youth to pay for necessary expenses like housing. Replacing Fostering Futures' TANF revenue with new state revenues would immediately increase the value of every Fostering Futures dollar without increasing spending.

Homeless and Runaway Youth: The House recommends a \$750,000 increase for community agencies that serve homeless and runaway youth, which the Senate did not include. Additional resources could increase this line by \$1.5 million, which was recommended to be able to be able to provide services to young people in every county in the state.

Medicaid Limits: The Senate budget includes a 48-month limit on Healthy Michigan Plan coverage, and adopted salary penalties if the state does not adopt Medicaid work requirements. The House did not include either of these provisions.

Problem-Solving Courts: The House budget increases funding for problem-solving courts, which aim to address the underlying issues that contribute to child maltreatment and other negative behavior, including substance use and mental health, by \$1 million. The Senate eliminated all funding from this line item.

School Support and Outreach Services: The Senate budget includes \$10 million in new grants for school districts or local entities who have partnered with a school district to support mental health awareness and intervention in schools. The House budget did not include this. Integrated student supports are one of the most effective school investments we can make to improve student learning and deserve immediate statewide expansion.

School Safety: The House budget includes funding for school building safety improvements and the expansion of the OK2SAY anonymous tip line. The Senate has also included funding for building safety improvements. Legislative leaders have indicated that there will be a significant additional investment in school safety ironed out in Conference Committee discussions, and there are indications that a portion of the increased revenues projected will be devoted to these strategies. Research shows that counselors, social workers, and other professionals who are

trained in caring for students' developmental needs, paired with afterschool programs and school-linked physical and mental health supports, are more likely to improve the overall climate and culture of school buildings and foster safer schools. Investments in expanding the ranks of these school professionals statewide, in a similar vein to the Senate's Student Outreach Services grant program, will more meaningfully improve school safety and contribute to improved student learning.

Michigan's Children was pleased to see several provisions included in both the House and Senate budgets that will improve outcomes for children, youth and families across the state. Because they are not points of difference, they will most likely be in the final FY2017 budget. These include:

- \$5 million for *Early On*, the first ever statewide appropriation for early developmental intervention service coordination for infants and toddlers and their families. The conference committee can also use projected revenues to increase funding to \$11 million, bringing Michigan closer to service levels in other states.
- Preserved funding for the Michigan Youth Opportunities Initiative, which provides services and peer-to-peer support to youth aging out of the foster care system. Existing funding is adequate to support the program infrastructure in counties around the state, but additional revenues could be utilized to provide service access to all eligible young people.
- Maintenance of At-Risk Program funding for schools that serve more challenged students, and a slight increase in per pupil payments using the 2x formula to better support all schools.

However, the FY2019 budget continues to miss some key investments. These omissions are missed opportunities for legislators to put their best foot forward and support Michigan's most challenged children, youth and families:

Early Literacy Implementation: While the Senate budget provides a necessary funding increase for early literacy programs, neither branch required Early Literacy Coaches to collect data on barriers that parents and guardians have with implementing required read-at-home plans or providing support to parents and other caregivers tasked with completing those plans. Consulting the lived experience of families will result in more effective early literacy services.

Support for expanded learning: While the FY2019 budget will continue to see funding for additional learning time for early literacy, Michigan lacks targeted investments across the k-12 spectrum. The state's \$39 million in federal 21st CCLC funding to support expanded learning programs in the most challenged communities across the state funds fewer than half of the best programs applying. Targeted expanded learning investments can improve students' performance in reading and math, increase student participation and engagement, and promote development in other areas needed for success in school and life.

Part-Time Independent Student Grants: These scholarship grants, which had been previously cut from the state budget, were the only financial aid program available for adults who have been out of high school for more than 10 years. These grants helped facilitate paths to post-secondary for adults who have taken longer to get their GED or high school credential, and deserve reinstatement.

Removing Child Care from Caseload Consensus: The caseload consensus revenue adjustment process makes funding decisions based on projected in need. Child care is a major workforce need in our state, but many families fail to access a child care subsidy because of the poor structure of our child care system. This means that the caseload consensus process artificially depresses the amount of child care funds the Department of Education is able to spend each year. Removing child care funding from caseload consensus estimates would enable the department to pursue innovative programming that could lead to increased uptake in our child care subsidy system.