

May 17, 2013

Fiscal Year 2014 Investments for Youth in Michigan: Points of Difference to be Negotiated in Conference Committee

The House and Senate have approved all of their budget bills for fiscal year (FY) 2014. As anticipated, the House rolled up all of its budget bills into two omnibus bills – one for Education (HB 4228) including School Aid, Community Colleges, and Higher Education; and the department budgets into another omnibus budget bill (HB 4328). The Senate kept each budget bill separately. The House and Senate both included several amendments pertaining to youth coming out of subcommittees, so the final House and Senate budget bills are highlighted below including differences that will be negotiated in conference committees.

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.

Increasing Opportunities Outside School Hours

- **Conference Committee:** The Conference Committee will need to decide whether to provide \$1 million in funding for the before- and after-school healthy exercise program.
- **Governor:** The Governor's budget did not include any funding for educational before- or after-school programs for youth. State funding for before- and after-school pilot programs peaked in FY2001 at \$16 million and gradually lost funding in subsequent fiscal years until its elimination in the FY2012 budget. While the Legislature successfully restored \$1 million in funding for before- and after-school programming in the FY2013 budget, this was ultimately vetoed by the Governor. Budget language in support of the Michigan After-School Partnership (MASP) has not been included over the last several years as well. Michigan's Children works in partnership with others through MASP helping communities maximize their resources from multiple Departments and sources. The Governor did include \$1 million to continue the before- and after-school healthy exercise pilot program that began in FY2013 for students in kindergarten to sixth grade.
- **House:** The House included no new funding for educational before- or after-school programming but did include \$1 million for the before- and after-school healthy exercise program.
- **Senate:** Did not include any funding for before- or after-school programming.

Per-Pupil Support to Schools

- **Conference Committee:** The Conference Committee will need to decide whether to maintain the foundation allowance or to increase it per the Senate's plan and whether to provide an equity payment.
- **Governor:** The Governor's budget maintained the basic foundation allowance at \$8,019 per pupil, but included \$24 million for an equity payment of up to \$34 per pupil for districts at or near the minimum foundation allowance, increasing the minimum per-pupil amount from \$6,966 to \$7,000. However, this increase as well as the small increase in FY2013 towards the minimum foundation allowance continues to fall short of the \$470 per pupil cut that districts faced in the FY2012 budget.

Inconsistent funding levels force 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.

- *House:* Concurred with the Governor on the foundation allowance but increased the equity payment to \$50 per pupil at a total appropriation of \$36 million.
- *Senate:* The Senate increased the basic foundation allowance by \$50 to \$8,069 and increased the minimum foundation allowance by \$100 to \$7,066. The Senate did not include an equity payment.

Support for Students At-Risk of School Failure

- *Governor:* The Governor's budget maintained funding for At-Risk programs at \$309.0 million. 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.
- *House & Senate:* Concurred with the Governor

Support for Dropout Prevention and Recovery.

- ***Conference Committee:* The Conference Committee will need to decide whether to support the Senate's recommendation for \$250,000 to support foster care youth over the age of 18 to complete their high school credential.**
- *Governor:* The Governor's budget included continuation funding of \$26.6 million for career and technical education. Increasing career and technical education options is a proven dropout prevention strategy. Unfortunately, this continued funding does nothing to mitigate the deep cuts from FY2010 that reduced or eliminated support for a variety of initiatives designed to maximize School Aid, Community College, and other community resources to build alternative pathways to graduation for students at-risk of school dropout or for those already disengaged. Language was maintained from the FY11 budget that expanded the eligibility for state aid to students to age 22 under certain circumstances, which could create some incentive to maintain older youth in an educational setting in large districts.
- *House:* Concurred with the Governor.
- *Senate:* Concurred with the Governor, and added \$250,000 in the DHS budget to support foster care youth over the age of 18 to complete their high school credential.

Encouraging Digital Learning Opportunities

- ***Conference Committee:* The Conference Committee will need to decide at what funding level to support on-line learning through MVU.**
- *Governor:* The Governor's budget included a new Digital Learning Innovation that totals \$10 million to expand blended and online learning to students either offered by their own districts or from a statewide catalog maintained by the Michigan Virtual University (MVU). In addition, this funding would support MVU to do the following: expand statewide professional development and train a minimum of 1,000 education personnel in Michigan (IT academy), award up to \$2.2 million to consortia of intermediate school districts (ISDs) to support and accelerate online and blended learning, support a cohort of higher education faculty to implement a new teacher endorsement in online and blended learning, research and establish an internet platform to create student-centric learning tools and resources, create and maintain a public statewide catalog of online courses offered by public schools, and provide leadership for the state's system of online learning. On-line learning can be a powerful tool for young people disengaged from a traditional learning environment or those who have fallen behind for other reasons.
- *House:* The House rejected the Governor's proposed \$10 million increase to MVU, revised the Governor's online learning language to cover grades 7-12 instead of 5-12, and deleted reference to a statewide catalog maintained by MVU.

- *Senate:* The Senate concurred with the Governor's recommended changes but did not provide funding for them. To ensure Conference Committee discussion, they included \$100 placeholders for most of the new initiatives and tasked the MDE with maintaining the statewide catalog of online courses. The Senate added a detailed budget reporting requirement for MVU.

Performance Incentives to Districts:

- *Governor:* The Governor's budget maintained \$30 million in performance-based incentives for districts showing student improvement on math and reading MEAPs and the MME exam. Districts could receive up to an additional \$100 per pupil.
- *House:* Increased performance-based incentives to \$46.4 million based on updated 2011-2012 assessment data. Concurred with the Governor on the incentive amount.
- *Senate:* Included \$46.4 million and added language that the FY2015 pupil performance grants will be based on computer adaptive test growth scored achieved during the 2013-14 school year.

Student-Centric Learning

- ***Conference Committee:* The Conference Committee will need to determine how much to allocate for student-centric learning and whether there should be an individual district cap on maximum grant amount.**
- *Governor:* The Governor appropriated \$8 million for a new competitive Student-Centric Learning grant. To be eligible, a district must: 1) provide a rigorous curriculum aligned to state, national and international standards; 2) provide individualized instruction that allows students to advance to the next level of learning based on individual mastery of subjects; 3) allow for school site-based autonomy in decision-making; and 4) ensure teachers have access to timely student achievement data, best instructional practices, time to collaborate with others, mentors, and professional development tied to student needs. These kinds of practices are proven effective for challenged learners, and the state needs to move towards their availability to all students, regardless of the district in which they reside.
- *House:* The House concurred with the Governor but appropriated \$7 million.
- *Senate:* Concurred with the Governor but added new language limiting any individual district grant to not exceed \$1 million.

Best Practices Incentives to Districts

- ***Conference Committee:* The Conference Committee will need to determine whether to fund best practices incentives grants.**
- *Governor:* Funding for best practice incentives was reduced from \$80 million to \$25 million for districts (maximum payment dropping from \$52 to \$16 per pupil) who meet seven of eight best practice criteria: 1) hold their own health care policy; 2) competitively bid at least one non-instructional service; 3) participate in school choice programs; 4) measure student growth twice annually or show progress toward developing the technological infrastructure to implement assessments by the 2014-2015 school year; 5) provide dual enrollment; 6) offer online or blended learning; 7) publish a dashboard of outcomes for the public as well as revenue and expenditure projections; 8) and provide State Board of Education recommended physical education and/or health education classes. Dual enrollment options, particularly those involving middle college or other postsecondary opportunities for the most challenged young people are critical practices to incentivize.
- *House:* The House concurred with the Governor on the best practices criteria but recommended no funding, including a \$100 placeholder for further discussion.
- *Senate:* The Senate removed best practices grants.

Technology Infrastructure Support

- ***Conference Committee:* The Conference Committee will need to decide whether to support**

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technology infrastructure funding or to switch support to computer-adaptive testing, or to support both of these efforts at some level.

- *Governor:* The Governor proposed a cut in technology infrastructure grants, from \$50 million to \$13.5 million, removed language directing this funding to be used for developing computer-adaptive student assessment tests, and changed the program from a competitive bid process to a process in which all eligible districts and ISDs may participate.
- *House:* The House maintained \$50 million but restricted use of funds to technology infrastructure, the shared service consolidation of technology and data, and hardware. Concurred with the Governor on shifting from a competitive bidding process.
- *Senate:* The Senate eliminated technology infrastructure grants, but added a new \$18 million line item to support computer-adaptive testing to provide year-long access to online, computer-adaptive tests for all students.

Access to Health Services for Adolescents.

- ***Conference Committee:* The Conference Committee will need to decide whether to support a school clinic in Kalamazoo.**
- *Governor:* The Governor’s budget included flat funding for child and adolescent health centers at \$3.6 million and school-based health services at \$131.5 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 accessed. 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.
- *House:* Concurred with the Governor.
- *Senate:* Concurred with the Governor. The Senate also added a \$100 placeholder to discuss funding for a school clinic in Kalamazoo in Conference Committee.

Mental Health Services.

- ***Conference Committee:* The conference Committee will need to decide whether to support the Governor’s Mental Health Innovations.**
- *Governor:* The Governor’s proposed increasing funding for community mental health services to those not eligible for Medicaid by \$9.6 million for a total of \$283.7 million. He also made a new investment of \$5 million for Mental Health Innovations to support three service initiatives:
 1. comprehensive home-based mental health services for children to strengthen families and reduce child hospitalizations,
 2. for the Department of Community Health to coordinate with private providers and the Department of Human Services to pilot a high intensity care management team for youth with complex behavior disorders, and
 3. to provide mental health “first aid” training to a range of public and private groups to recognize mental health problems and youth crisis intervention training.

The lack of access to behavioral health services for adolescents is well documented in Michigan and around the country. This lack of access can lead to behavior problems in school, contacts with the criminal justice system, and victimization contributing to educational and workplace failure.

- *House:* Concurred with the Governor regarding community mental health services for those not eligible for Medicaid, but rejected the Governor’s new Mental Health Innovations.
- *Senate:* Concurred with the Governor regarding community mental health services for those not eligible for Medicaid and provided a \$100 placeholder for Mental Health Innovations for further discussion.

Michigan Model for School Health

- *Governor:* The Governor proposed a slight decrease in funding for the Michigan Model for Comprehensive School Health from \$335,400 in FY2013 to \$300,700 in FY2014. 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.
- *House & Senate:* Concurred with the Governor.

Services to Foster Youth in Transition:

- *Governor:* The Governor's FY14 budget slightly reduced funding for youth in transition programs from \$14.7 million to \$14.5 million.
- *House & Senate:* Concurred with the Governor.

Guardianship Assistance for Foster Youth:

- ***Conference Committee:* The Conference Committee will need to decide whether to increase the guardianship assistance program's average monthly payment, per the Senate's recommendation.**
- *Governor:* The Governor's budget included a \$1 million increase to the guardianship assistance program for a total appropriation of \$5.8 million. This increase is the result of a projected increase in the number of guardianship cases. This resource supports family members and others to keep young people out of the foster care system, and increasing this option has been a priority of the DHS.
- *House:* Concurred with the Governor.
- *Senate:* The Senate included a \$1.2 million increase to the guardianship assistance program to increase the average monthly payment by \$25 for a total of \$747.22 per month.

Support to Juvenile Justice Facilities

- ***Conference Committee:* The Conference Committee will need to determine whether to maintain juvenile justice facilities or to close two of three of the facilities per the House's recommendation. This will impact funding for foster care payments. The Committee will also need to determine whether to support new funding for In-Home Community Care community-based programs for juvenile justice youth.**
- *Governor:* The Governor maintained flat funding for the three juvenile justice facilities – W. J. Maxey Training School, Bay Pines Center, and Shawono Center. This comes after cuts in FY2012 and FY2013 and threats to close all facilities and shift youth to private residential facilities.
- *House:* The House proposed closing two of three DHS juvenile justice facilities and reducing administrative staff for a total cut of \$7.9 million and 115 full-time employees. The House increased foster care payments by \$6.2 million to provide for the transfer of youth to private residential facilities or other placements.
- *Senate:* The Senate maintained funding for the three programs except for Maxey Training School, which it reduced funding for by \$300,000. The Senate also added \$1.5 million in new funding for In-Home Community Care community-based programs for juvenile justice youth.

Home and Community-Based Juvenile Justice Services

- ***Conference Committee:* The Conference Committee will need to determine at what level to support the in-home community care program and whether to designate some of the child care fund to support this pilot program or to appropriate new funds to support it.**
- *Governor:* The Governor offered no new funding to support in-home or community-based juvenile justice services. Juvenile justice services that are in or close to the home; less restrictive; focused on developmentally appropriate therapeutic treatments; and involve collaboration across systems

like mental health, child welfare, education, and juvenile justice have shown to decrease reoffending and improve youth and family well-being while saving taxpayer dollars.

- *House:* The House designated \$5 million of the child care fund to establish an in-home care incentive grant program for counties that develop new or enhanced in-home care and community-based juvenile justice services.
- *Senate:* The Senate designated a separate \$1.5 million budget line item to support the in-home care incentive grant program.

Building School/Community Partnership.

- ***Conference Committee:* The Conference Committee will need to determine whether to support the Communities in Schools program.**
- *Governor:* In FY2009, Michigan allocated a small amount of money to connect educational and other community services. This funding was removed from the FY2010 budget, and is not in the Governor's FY14 budget proposals.
- *House:* Concurred with the Governor.
- *Senate:* Concurred with the Governor, and included a \$100 placeholder for the Communities in Schools program. A proven school-community partnership model, CIS would be charged with improving the coordination, availability, delivery, and effectiveness of integrated services and comprehensive supports for pupils and families; acting as a liaison with other organizations, and improving coordination between schools and families. The organization would make grants to nonprofit community-based organizations operating in partnership with schools to implement a model of integrated student services and comprehensive supports proven to increase student achievement.

College Tuition Assistance

- *Governor:* The Governor's budget increased funding for the Tuition Assistance Program by seven percent for a total of \$47 million. This program provides scholarships to low-income students who have received Medicaid for 24 out of any 36 months. The proposal also included flat funding of \$18.4 million for the need- and merit-based State Competitive Scholarship Program.
- *House & Senate:* Concurred with the Governor.

Michigan College Access Network:

- *Governor:* The Governor's budget maintained support for the Michigan College Access Network (MCAN) at \$2 million.
- *House & Senate:* Concurred with the Governor.

P-20 Data System

- ***Conference Committee:* The Conference Committee will need to determine whether to support an additional \$99,800 appropriation for CEPI to develop the pupil transfer application for students who move after count day.**
- *Governor:* The Governor's budget included \$9.4 million to support the Center for Educational Performance and Information (CEPI), which includes support to establish a statewide P-20 Longitudinal Data System; community colleges and universities must participate in CEPI. New language was added to the budget that directs community colleges to coordinate with the Michigan Association of Secondary School Principals and CEPI on the academic status of its students.
- *House:* Concurred with the Governor and adds \$99,800 for CEPI to develop the pupil transfer application for students who move after count day.
- *Senate:* Concurred with the Governor.