

Fiscal Year 2013 Investments in Early Childhood in Michigan: Points of Difference to be Negotiated in Conference Committee

The last week of April, the House and Senate approved all of their budget bills for fiscal year (FY) 2013. As anticipated, the House rolled up all of its budget bills into two omnibus bills – one for Education (HB 5372) including School Aid, Community Colleges, and Higher Education; and the department budgets into another omnibus budget bill (HB 5365). The Senate kept each budget bill separately and incorporated many amendments at the Committee level and full Senate level pertaining to early childhood. The final House and Senate budget bills are highlighted below including differences that will be negotiated in conference committees.

Physical, Social, and Emotional Health

Points of Difference for Conference Committee

- *Medicaid*: The House budget adds boilerplate language directing the DCH to work with the Department of Human Services (DHS) to conduct a pilot project in three counties to demonstrate whether privatizing Medicaid eligibility determination is cost effective – this language is not included in the Senate budget. The Senate creates a \$100 placeholder for an increase in Medicaid OB/GYN payment rates that the House does not.
- *Healthy Michigan Fund/Health and Wellness Initiative*: The Senate includes a \$100 placeholder for all one-time funding through the Healthy Michigan Fund/Health and Wellness Initiative.
- *Maternal and Child Health*: The House provides an increase in prenatal care outreach and service delivery support by \$7.9 million which includes \$2 million in federal TANF funding for a new 2-year alternative home visit support program to provide enhanced counseling and support for women during pregnancy through 12 months after birth; as well as \$1 million in federal TANF funding for two years to enhance support and education for the Nurse Family Partnership (NFP) program including strategic planning and awareness for Detroit-based NFP. The Senate does not include this funding but does include a \$100 placeholder for lead abatement/enforcement.
- *Autism Treatment*: The Senate creates a \$100 placeholder for autism coverage through Medicaid, MICHild, and CSCHCS expansion while the House includes appropriations to provide Autism Spectrum Disorder treatment to children ages 2-5.

Medicaid eligibility and provider reimbursement rates

- *Governor*: The Governor's budget does not change Medicaid eligibility. The Governor includes \$282 million in federal funds to comply with the requirement in the federal Affordable Care Act of 2010 to increase Medicaid primary care physician reimbursement rates to 100 percent of Medicare levels. Not included in the rate increase are nurse practitioners, physician assistants

and OB/GYNs. The increase is scheduled to take place between January of 2013 and December of 2014. Currently, Michigan Medicaid reimbursement rates are at 55 percent of Medicare payment levels. Between 1999 and 2005, physician reimbursement rates for Medicaid remained flat. In 2005, rates were cut by 4 percent in the face of rising health care costs. In 2010, payments to Medicaid providers were cut by up to 8 percent. As a consequence of lagging reimbursements rates, the number of physicians participating in the Medicaid program has dropped and access has been limited in many areas of the state.

- *House:* Concurs with the Governor to increase Medicaid primary care physician reimbursement rates. The House does not change Medicaid eligibility but does add boilerplate language directing the DCH to work with the Department of Human Services (DHS) to conduct a pilot project in three counties to demonstrate whether privatizing Medicaid eligibility determination is cost effective.
- *Senate:* Concurs with the Governor to increase Medicaid primary care physician reimbursement rates and makes no changes to Medicaid eligibility. The Senate creates a \$100 placeholder for an increase in Medicaid OB/GYN payment rates.

Mental health services for adults and children who are not Medicaid-eligible.

- *Governor:* Funding for non-Medicaid mental health services is maintained at \$274 million. Funding for non-Medicaid community mental health services has been cut by nearly \$64 million since 2009.
- *House and Senate:* Concurs with the Governor.

Healthy Michigan Fund/Health and Wellness Initiative

- *Governor:* The Governor 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 (\$250,000 in addition to \$250,000 on-going through HMF), and pregnancy prevention (\$900,000).
- *House:* The House rejects the Governor's one-time funding to expand infant mortality programming, health disparities, and pregnancy prevention.
- *Senate:* The Senate creates a \$100 placeholder for all one-time funds.

Maternal and child health programs:

- *Governor:* Continuation funding is provided for a range of maternal and child health programs, including family planning local agreements (\$9.1 million), local maternal and child health (\$7.0 million), pregnancy prevention program (\$602,100), prenatal care outreach and service delivery support (\$3.8 million), newborn screening follow-up and treatment services (\$5.6 million), childhood lead program (down from \$1.6 million to \$1.3 million to reflect changes in federal funds), lead abatement/enforcement (increased from \$2.65 million to \$2.93 million to reflect new federal and private funds), the sudden infant death syndrome program (\$321,300), and WIC local agreements and food costs (\$253.8 million). Maternal and child health is funded at \$20.8 million (up from \$20.3 million in FY2012). The Governor omits language included in FY2012 directing the department to use at least 50% of the funds allocated for voluntary in-home visiting services

for evidence-based models or models that conform to a promising approach that are in the process of being evaluated.

- *House*: The House concurs with the Governor by providing continuation funding for family planning local agreements, local maternal and child health, pregnancy prevention program, newborn screening follow-up and treatment services, childhood lead program, lead abatement/enforcement, the sudden infant death syndrome program, WIC local agreements and food costs, and maternal and child health medical services. The House provides an increase in prenatal care outreach and service delivery support by \$7.9 million which includes \$2 million in federal TANF funding for a new 2-year alternative home visit support program to provide enhanced counseling and support for women during pregnancy through 12 months after birth; \$1 million in federal TANF funding for two years to enhance support and education for the Nurse Family Partnership (NFP) program including strategic planning and awareness for Detroit-based NFP; recognition of \$4.3 million federal Maternal, Infant and Early Childhood Home Visiting Program funding made available through the Affordable Care Act; as well as private Kellogg funding directed towards infant mortality and prenatal wellness programs. The House omits language included in FY2012 directing the department to use at least 50% of the funds allocated for voluntary in-home visiting services for evidence-based models or models that conform to a promising approach that are in the process of being evaluated.
- *Senate*: The Senate concurs with the Governor by providing continuation funding for family planning local agreements, local maternal and child health, pregnancy prevention program, newborn screening follow-up and treatment services, childhood lead program, the sudden infant death syndrome program, WIC local agreements and food costs. Maternal and child health is flat funded at \$20.3 million. The Senate creates a \$100 placeholder for lead abatement/enforcement. The Senate retains language directing the department to use at least 50% of the funds allocated for voluntary in-home visiting services for evidence-based models or models that conform to a promising approach that are in the process of being evaluated.

Local health department operations and services.

- *Governor*: The Governor maintains funding for local health department operations at \$37.4 million.
- *House and Senate*: Concurs with the Governor.

Autism treatment:

- *Governor*: The Governor recommends a \$34.1 million (\$10.1 million in state general funds) increase in funding to expand Medicaid and MICHild coverage to include treatment of autism spectrum disorders for children up to age eighteen.
- *House*: Concurs with the Governor but changes the language to cover children ages 2-5 only.
- *Senate*: The Senate creates a \$100 placeholder for these line items (Medicaid expansion, MICHild expansion, as well as CSCHCS expansion). Boilerplate language is added making service expansion subject to the availability of funds and tie-bars funding to enactment of Senate Bills 414 and 415.

Early Learning

Points of Difference for Conference Committee

- *ISD Operations:* The Senate budget includes \$2 million for ISDs to be eligible for a 3.2% increase if they meet 4 out of 5 performance criteria while the House includes \$3.1 million for a 5% increase.
- *Office of Great Start and the Early Childhood Investment Corporation:* The House provides a \$1 million increase for the ECIC while the Senate proposes that \$655,300 in federal funds be rolled in with \$12.7 million existing federal dollars to be distributed for the purpose of local or direct programming for early childhood participants and restricted from use by the ECIC. The Senate also adds boilerplate language directing MDE to contract for a report that updates the fiscal analysis published by the W.K. Kellogg Foundation “Building a Sustainable Future – Analysis of the Fiscal Resources Supporting Children from Birth Through Age 8 in Michigan”.
- *Great Start Readiness Program:* The Senate includes a \$10 million increase to School Aid GSRP while the House budget provides continuation funding. The Senate bill rolls competitive GSRP into an early childhood block grant, which the House bill does not do.
- *Early Childhood Block Grant:* The Senate rolls competitive GSRP, GP/GS, and GSC funding into an early childhood block grant that would go to ISDs or a consortium of ISDs after submission of an application to MDE detailing proposed uses of funding. Through the block grant, ISDs are required to convene a local GSC. The House language directs the MDE to develop a plan for a multi-year phased-in approach for an early childhood block grant that would include GSRP, GSCs, and GP/GS and be allocated to ISDs or a consortia of ISDs. The Early Childhood Block Grant will be settled in conference committee.

Intermediate School District (ISD) Operations:

- *Governor:* Total funding for ISD operations is maintained at \$62.1 million, but 5 percent of current local funding is available only through incentive payments for ISDs who have met four of the following best practices criteria: consolidated and competitively bid services; supported technology integration; published a dashboard of outcomes; and developed information management systems in coordination with other ISDs. The Governor includes \$10 million for competitive assistance grants to local and intermediate school districts to support efforts to consolidate services.
- *Senate:* Funding for ISD general operations is maintained at the FY2012 levels and an additional \$2 million is earmarked to ISDs to be eligible for a 3.2 percent increase if they meet 4 out of 5 performance criteria. The Senate includes the Governor’s \$10 million competitive assistance grants for consolidation efforts and includes language allowing consolidation between one or more school districts and one or more municipalities.
- *House:* Funding for ISD general operations is maintained at the FY2012 levels and an additional \$3.1 million is earmarked to ISDs to be eligible for a 5 percent increase if they meet 4 out of 5 performance criteria. The House includes the Governor’s \$10 million competitive assistance grants for consolidation efforts and includes language allowing consolidation between a school district or ISD and a local unit of government to qualify.

Office of Great Start and the Early Childhood Investment Corporation

- *Governor:* The Governor provides a total of \$209.2 million for the Office of Great Start (OGS), including \$159.2 million for the Child Development and Care (CDC) program – a \$3 million reduction from FY2012 in anticipation of reduced caseloads. Included in funding for the OGS is a \$1.9 million (\$1.25 million GF, \$655,300 federal) increase for the Early Childhood Investment Corporation (ECIC).
- *Senate:* Provides a total of \$207.9 million for the OGS and concurs with the Governor on funding for the CDC program. The Senate rejects the Governor’s proposal to increase ECIC funding by \$1.9 million and instead proposes that \$655,300 in federal funds be rolled in with \$12.7 million existing federal dollars to be distributed for the purpose of local or direct programming for early childhood participants and restricted from use by the ECIC. The Senate adds boilerplate language directing the department to contract for a report that updates the fiscal analysis published by the W.K. Kellogg Foundation “Building a Sustainable Future – Analysis of the Fiscal Resources Supporting Children from Birth Through Age 8 in Michigan”.
- *House:* Provides a total of \$208.3 million for the Office of Great Start, including the Governor’s recommended \$159.2 million for the CDC program but only a \$1 million increase for the ECIC.

Great Start Readiness Program (GSRP)

- *Governor:* Funding for the School Aid GSRP would continue at \$95.4 million and \$8.9 million for the competitive program. The per slot allotment remains at \$3,400, and an estimated 30,000 children can be served.
- *Senate:* Increases funding for the School Aid portion of GSRP by \$10 million for a total of \$105.4 million. The GSRP competitive program is rolled into the early childhood block grant (see below).
- *House:* Concurs with the Governor but adds boilerplate language that allows an ISD to fund a Parent Involved in Education (PIE) program operated by a district that had operated a program in the previous fiscal year.

Great Parents/Great Start (GP/GS)

- *Governor:* Funding for GP/GS is continued at \$5 million.
- *Senate:* Funding for GP/GS is rolled into the early childhood block grant.
- *House:* Concurs with the Governor.

Great Start Collaboratives (GSC)

- *Governor:* Continuation funding is provided for local GSCs at \$5.9 million.
- *Senate:* Funding for the GSCs is rolled into the early childhood block grant.
- *House:* Concurs with the Governor.

Early Childhood Block Grant

- *Governor:* The Governor requires that the MDE develop a plan for a multi-year phased-in approach for an early childhood block grant that would include GSRP, GSCs, and GP/GS and be allocated to ISDs or a consortium of ISDs to act as fiduciaries and provide administration of early childhood programs in conjunction with the local GSC.

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- *Senate*: Recommends \$19.8 million for a new early childhood block grant program using funding previously allocated to the GSRP competitive program (funded at \$8.9 million in FY2012), GSCs (funded at \$5.9 million in FY2012) and GP/GS (funded at \$5 million in FY2012). In FY2013, ISDs would receive the total amount of funding received under the three combined programs in FY2012 after submitting an application detailing proposed uses of funding. Language is included directing each ISD or consortium of ISDs to convene a local GSC to address the availability of the 6 components of a great start system in its communities: physical health, social-emotional health, family supports, basic needs, economic stability and safety, and parenting education and early education and care, to ensure that every child in the community is ready for kindergarten. Block grant language is included that directs each GSC to ensure the coordination and expansion of infrastructure, or programming to support high-quality early childhood and childcare programs. ISDs would be required to submit reports after the end of the fiscal year indicating actual programs offered and children served.
- *House*: Concurs with the Governor.

Family Supports

Points of Difference for Conference Committee

- *Family Independence Program*: The House and Senate anticipate different caseloads for the program, resulting in different levels of funding – this will be settled in conference committee.
- *Child Abuse and Neglect Prevention and Family Preservation*: The House provides less funding for several abuse/neglect prevention and family preservation programs that will need to be debated in conference committee.

Family Independence Program (FIP)

- *Governor*: The Governor's budget reflects the ongoing implementation of a 48 month lifetime limit on the receipt of FIP benefits, with an expected reduction of over 7,000 cases between fiscal years 2012 and 2013 as a result of this policy change. FIP caseloads are expected to fall from 85,389 in fiscal year 2007 to 61,850 in 2013, a reduction of 28 percent. The Governor's budget assumes \$22 million in savings from caseload reduction.
- *Senate*: Concurs with the Governor.
- *House*: The House revises caseload projections to approximately 59,000 cases for FY 2013 at average of \$406.60 per month instead of the Governor's caseload estimation and average amount of \$427 per month. This results in a \$51.7 million gross, \$10.5 million GF reduction to FIP.

Child Abuse and Neglect Prevention and Family Preservation Programs

- *Governor*: The Governor's budget includes some changes from FY2012 including a \$2.7 million reduction to Strong Families Safe Children for a total of \$12.4 million to reflect an anticipated federal grant reduction and a \$500,000 increase to Families First for a total of \$18.5 million. Child Protection and Permanency would be funded at \$16.6 million and Family Reunification at \$4.0 million. The Governor also includes \$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

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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.

- *Senate:* The Senate concurs with the Governor on funding for Strong Families Safe Children, Child Protection and Permanency, Family Reunification, Supported Visitation, and Parent Partners program. The Senate reduces Families First funding to \$16 million (\$2.5 million below the Governor). The Senate recommends removing excess authorization in several line items pertaining to child abuse and neglect programs including Children’s Trust Fund Grants, Child Protective Services Workers, Direct Care Workers, Permanency Planning Specialists, and Child Welfare First Line Supervisors.
- *House:* The House provides \$4 million below the Governor’s recommendation in prevention and family preservation programs including \$16 million for Families First (\$2.5 million below the Governor’s proposal), \$12.4 million for Strong Families Safe Children (concur with the Governor), \$16.0 million for Families First (\$2.5 million below the Governor), \$15.3 million for Child Protection and Permanency (\$1.3 million below the Governor), and \$3.6 million for Family Reunification (\$400,000 below the Governor). The House includes the Governor’s Supported Visitation and Parent Partners program.