The Fiscal Year 2015 State Budget:
What the Governor is Proposing for Youth in Michigan

On Tuesday, February 5, 2014, Governor Snyder released his proposed state budget for fiscal year 2015 (FY2015), which begins on October 1st of this year and ends on September 30th of 2015. The Governor presented two budget bills to the Legislature, including an education bill that proposes funding for local and intermediate school districts, community colleges and higher education, and an omnibus bill that covers all other state departments and services.

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, and there are many competing interests that the Governor and Legislature must consider when dividing up tax dollars. With finite resources, changes in tax policies and in the appropriation of revenues can benefit groups of Michigan residents, while leaving others behind. Of particular concern is the potential impact on children and families that outcome data show are already facing significant challenges. These include insufficient supports for families and youth most challenged by their circumstances such as limited access to high quality programs that promote high school completion such as before- and after-school programming, summer learning opportunities, opportunities to reconnect to a high school completion path, and access to integrated health, mental health, and other supports.

Funding decisions that do not explicitly address underlying inequities in resource and opportunity will slow economic recovery and lead to longer-term fiscal hardships for all Michigan residents. Decision-makers must prioritize budget investments that reduce disparities in child outcomes and reduce the academic achievement gap – disparities that begin early and accumulate over a lifetime.

Proposals for fiscal year 2015 include the following spending provisions affecting Michigan’s youth.

Increasing Opportunities Outside School Hours

The Governor’s budget includes $1 million to continue the before- and after-school healthy exercise pilot program for elementary students. 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 and gubernatorial veto in FY2013. 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 also includes $2 million to create a year-round schools pilot program. The evidence suggests that simply extending a school day or the school year adds significant costs, but not as many gains in academics and engagements as investment in quality before- and after-school
and summer learning programs. These programs include the resources of community partners in addition to resources within a school building.

**Per-Pupil Support to Schools**

The Governor’s budget increases the basic foundation allowance from $8,019 to $8,132 per pupil, but includes $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 $7,000 to $7,187. However, this increase as well as small increases in FY2013 and FY2014 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.

**Support for Students At-Risk of School Failure**

The Governor’s budget maintains funding for At-Risk programs at $309.0 million, but proposes significant shifts in the use, purpose and outcomes of the fund. 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. The budget proposal makes significant changes in the way that At-Risk funding would be allocated and the way that students would be deemed eligible for that funding, including prioritizing improvements in 3rd grade reading and college and career readiness and tying future funding to improvements in those two specific areas.

The Governor’s budget also includes $918,000 to support the lowest achieving schools in Michigan through technical assistance opportunities.

**Encouraging Digital Learning Opportunities**

The Governor’s FY15 budget maintains $9.4 million to Michigan Virtual School to assist intermediate and local school districts with online learning options, identifying best practices, training and research. The proposal also adjusts the district requirement to allow online course options beginning in 5th grade to 7th grade.

**Performance Based Incentives to Districts**

The Governor’s FY15 budget maintains $46 million in performance-based incentives for districts showing improvement based on 2012-13 MEAP and MME exam performance. Districts may receive up to an additional $100 per pupil towards their foundation allowance based on performance improvements as follows: a) $30 per pupil based on math assessments from third through eighth grade, b) $30 per pupil based on reading assessments from third through eighth grade, and c) $40 per pupil based on high school assessments.

The Governor’s proposal eliminates $8 million for a competitive Student-Centric Learning grant. In the 2013-14 school year, this grant was provided to two districts.

**Best Practices Incentives to Districts**

The Governor’s proposal maintains funding for best practice incentives at $80 million for districts (maximum payment remains at $52 per pupil) who have met 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, middle college experiences, or college equivalent
courses; 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 physical education and/or health education classes. The Governor maintains $50 million in grants to districts (up to $2 million per district) to develop or improve their technology infrastructure. Part of this grant funding would be dedicated to converting student assessments from paper to computer-based; expanding writing assessments; and better testing of higher-order skills.

Support for Dropout Prevention and Recovery.
The Governor’s FY2015 budget includes continuation funding of $26.6 million for career and technical education, and includes $1 million to integrate the Michigan Merit Curriculum into career and technical education programs. 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.

The Governor includes $1.8 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. Also included is flat funding to support adult education ($22 million) and vocational education ($36.8 million) and support for educating court wards ($8 million), all key dropout prevention or recovery strategies.

Language is maintained that expands 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.

Access to Health Services for Adolescents.
The Governor’s FY15 budget includes flat funding for child and adolescent health centers at $3.6 million (down from $5.6 million in 2008) and school-based health services at $131.5 million. Also included is $2 million to create a pilot program that will work with the existing centers to develop satellite locations that focus on nursing and behavioral health services. 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.

It isn’t possible yet to tell whether the Michigan Model for Comprehensive School Health Education is funded in the Governor’s proposed FY15 budget. 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 and was funded at $350,000 in FY14.

The Governor’s recommendation maintains flat funding for health innovation grants of $1.5 million. Grants of up to $35,000 supported projects focusing on several areas specifically impacting youth, including underage drinking, mental illness and substance abuse, homelessness, dental care and health disparities in children. The proposal also includes $15.6 million to begin to implement recommendations of the Mental Health and Wellness Commission, including improvements in services to youth.
School Safety Initiatives
The Governor’s FY15 budget increases anti-bullying efforts through the Department of Civil Rights by $125,000 to expand the current eight community effort into additional areas. In addition, $5 million was included in the State Police budget to support local public safety technology and equipment grants with a focus on school safety.

Services to Youth in Foster Care.
The Governor’s FY15 budget increases funding for youth in transition programs from $14.5 million to $15 million.

The Governor’s budget includes an increase for the guardianship assistance program to $7 million, up from $4.8 million. This resource supports family members and others to keep young people out of the foster care system.

Services to Youth in the Juvenile Justice System.
The Governor’s FY15 budget maintains $1 million for the in-home community care incentive program, targeted to rural counties who are starting new or enhancing existing community-based programs for juvenile justice youth. Proposals also include an $800,000 increase for juvenile justice re-entry to track youth being released from care and coordinating after-care services, but removed funding for a study of the status of juvenile justice youth. Also included is $6.1 million for the Mental Health Diversion Council to provide mental health treatment in settings other than the criminal justice system.

The Governor’s proposal includes basically flat funding for Juvenile Justice Education Programs at $11.7 million with $2.2 million for youth under DHS supervision, $8 million for court-wards and $1.5 million for the Michigan Youth ChalLENge Academy. The Governor also included a new project, Performance-Based Funding Initiative Implementation, at $1.3 million for children in the child welfare system including youth in child welfare and juvenile justice systems.

Building School/Community Partnership.
The Governor’s FY15 budget includes $20.1 million for the Pathways to Potential program. This service delivery model locates 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 159 schools throughout the state. These funds also support locating workers in locations other than schools, and support prisoner reentry initiatives as well. 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 FY15 budget proposals.

College Access
The Governor’s FY15 budget increases funding for the Tuition Assistance Program by $1.5 million for a total of $48.5 million. This program provides scholarships to low-income students who have received Medicaid for 24 out of any 36 months. The FY15 budget also includes $18.4 million of flat funding for the need- and merit-based State Competitive Scholarship Program.

The Governor’s budget maintains support for the Michigan College Access Network (MCAN) at $2 million.