

Fiscal Year 2014 Budget: What the Governor is Proposing for Early Childhood in Michigan

On Thursday, February 7, 2013, Governor Snyder released his proposed state budget for fiscal year 2014, which begins on October 1st of this year and ends on September 30th of 2014. 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 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 young children and their families that outcome data show are already facing significant challenges. These include insufficient supports for families most challenged by their circumstances as well as limited access to high quality early learning programs and high quality pediatric medical homes.

As Michigan becomes a more diverse state, 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 create a strong foundation for all children to reduce disparities in child outcomes and student achievement – disparities that begin early and accumulate over a lifetime.

Proposals for fiscal year 2014 include the following spending provisions affecting Michigan's youngest children and their families.

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.

Physical, Social, and Emotional Health

A healthy start is the best foundation for ensuring life-long wellness. Unfortunately in Michigan, the state sees unacceptable disparities in young children's health with African American infants twice as likely to be born at low birth weight and more than three times as likely to die before their first birthday compared to white babies. However, programs like Medicaid and home visiting programs increase access to health services for pregnant women and infants, and promote healthy pregnancies and a healthy start.

Medicaid and MICHild: The Governor's budget does not change Medicaid eligibility for children, but he does take advantage of the Affordable Care Act by expanding eligibility for adults up to 133 percent of the federal poverty level using federal dollars. While this does not directly affect children,

many more young adults, who are most likely to be uninsured in Michigan, will be able to access health care; and a woman's health prior to conception is critical to a healthy pregnancy. Funding for MICHild goes up slightly from \$66.3 million to \$69.7 million.

Mental health services for adults and children who are not Medicaid-eligible: The Governor increases funding for non-Medicaid mental health services by \$9.6 million to a total of \$283.7 million.

Mental Health Innovations: The Governor makes a new investment of \$5 million in general funds/general purpose dollars (GF/GP) 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 to coordinate with private providers and the Department of Human Services to pilot a high intensity care management team for children 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 obtain professional help.

Health and Wellness Initiative: The Governor's Health and Wellness Initiative is funded with an additional \$1.5 million GF for a total of \$8.7 million (\$3.5 million GF), but he does not include any one-time funding that was included in the FY2013 budget. Thus, there is a net \$2.7 million cut to the Health and Wellness Initiatives. This Initiative supports public health activities including obesity reduction, pregnancy prevention/family planning programs, cancer screening, and improved diabetes. The Governor also includes \$2.5 million GF to support the state's Infant Mortality Reduction Plan though details of how this money will be spent are still unknown.

Maternal and child health programs: The Governor provides continuation funding 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), the sudden infant death syndrome program (\$321,300), and maternal and child health services (\$20.3 million). Some changes in funding include prenatal care outreach and service delivery support which slightly decreased by \$500,000 (\$10.6 million total), newborn screening follow-up and treatment services went up slightly to \$6.0 million from \$5.6 million, WIC local agreements and food costs rose by \$2.5 million to \$256.3 million, childhood lead program nearly doubles to \$1.2 million, and lead abatement/enforcement decreases to \$3.0 million from \$5.0 million in FY2013.

Local health department operations and services: The Governor provides continuation funding for local health departments at \$37.4 million.

Autism treatment: The Governor includes \$39.5 million to fund autism spectrum disorder treatment, up from \$20.9 million in FY2013.

Healthy Kids Dental program: The Governor adds \$11.6 million (\$3.9 million GF) to Healthy Kids Dental to expand the program to an additional 70,500 eligible children in Ingham, Ottawa and Washtenaw counties. Full statewide phase-in will be completed within the next several years. This program increases provider reimbursement rates, encourages provider participation and helps more children receive high quality dental care.

Early Learning

The evidence has been clear for a long time now – high quality early learning programs better prepare children for school while saving taxpayer dollars. However, Michigan children continue to struggle with nearly one-third of kindergarteners entering school under-prepared and huge disparities in third grade reading proficiency continuing to persist. Increasing access to high quality early care and education programs can ensure that children enter kindergarten with the foundation they need to succeed in school, reduce disparities in school readiness, and improve third grade reading proficiency and even high school completion.

Intermediate School District (ISD) Operations: Funding for ISD general operations is maintained at the FY2013 level of \$62.1 million. As in FY2013, an additional \$2 million is earmarked to ISDs to be eligible for a 3.2 percent increase if they now meet five out of six performance criteria (previously had to meet four of the criteria): consolidate and competitively bid services, support technology integration, publish a dashboard of outcomes that includes budget information, develop information management system in coordination with other ISDs, and hold its own health insurance policy.

Office of Great Start: The Governor provides a total of \$196.8 million for the Office of Great Start – \$11.6 million less than FY2013. The majority of that reduction is taken from the child care subsidy program’s external support line item, which goes to the Department of Human Services for their support to the child care subsidy program, to reflect actual spending. The CDC program gets a small increase from \$156.2 million in FY2013 to \$156.8 million. Language is maintained requiring the department to provide an annual report by February 15th on the activities of the ECIC including information about the various grants awarded.

Great Start Readiness Program (GSRP): The Governor provides a \$65 million increase for the GSRP preschool program that combines the previous competitive portion of GSRP with School Aid GSRP for a total of \$174.3 million. Intent language is added to provide an additional \$65 million in FY2015. This increase would raise the slot amount from \$3,400 to \$3,625 per child and would increase access to an additional 16,000 four-year-olds for a total of 48,000 children.

Changes to the use of GSRP funding include the following:

- Ensure that at least 90 percent of participating children live with families living at 300 percent of the Federal Poverty Level or below (set at 75 percent of participating children in FY2013).
- Ability to support transportation costs (new language).
- Language allowing an ISD to fund a Parent Involved in Education (PIE) program is removed.
- Allow up to seven percent of the grant amount to be used for administrative services (set at five percent in FY2013).
- Allow up to two percent of the grant amount to be used for recruiting and public awareness (set at 10 percent in FY2013).
- GSRP programs must participate in Great Start to Quality – Michigan’s Quality Rating and Improvement System – and have a minimum of a three-star rating (new language).

Further, budget language is added that requires Intermediate School Districts (ISDs) or a consortium of ISDs to conduct a local process to contract at least 20 percent of its total slot allocation to interested and eligible public and private community-based providers.

Early Childhood Block Grant: The Governor’s budget maintains funding for the early childhood block grant at \$10.9 million for ISDs or a consortium of ISDs. Each ISD will receive the same level of funding it receives in the current fiscal year. The block grant language requires each ISD to

convene a Great Start Collaborative (GSC) and a Great Start Parent Coalition (GSPC) to ensure the coordination and expansion of local early childhood infrastructure and programs that align with the Office of Great Start's four goals. Additionally, each local GSC and GSPC must convene a workgroup to serve as a school readiness advisory committee to ensure that its local great start system includes supports for children from birth through age eight that addresses physical health, social-emotional health, family supports and basic needs, parent education and child advocacy, and early education and care. Language that allows an ISD to reconstitute its local GSC if it finds it to be ineffective is removed.

Family Supports

Young children's lives are shaped by the nurturing environments that surround them. Unfortunately in Michigan, young children ages 0-5 have been hardest hit by the poor economy. The percentage of Michigan's young children eligible for the Food Assistance Program rose by 55 percent between 2005 and 2011, and incidences of child neglect went up during that same time period with almost 5,000 babies determined to be victims of maltreatment in 2011. Ensuring families have access to basic needs and supports to provide a safe and stable home for Michigan's youngest children is the best way to support parents to become their child's first and best teachers.

Family Support Programs:

- Family Independence Program (FIP): The Governor's budget allocates \$239.4 million (\$99.2 million GF) for the FIP to provide financial support for 48,240 families. The 48-month lifetime limit is maintained.
- Food Assistance Program (FAP): The Governor's budget includes \$2.8 billion in federal funds to provide food benefits to 1.6 million Michigan residents.
- Energy Assistance: The Governor invests \$235 million in federal and state restricted funds to support heating assistance. This includes the creation of a new permanent Low-Income Energy Assistance Fund – \$60 million in state restricted revenues collected by the Public Service Commission through utility rates – to support a new Michigan Energy Assistance Program that was created in 2012.
- Earned Income Tax Credit: no changes were made to the EITC, which was reduced from 20 percent to six percent of the federal EITC in the FY2013 budget.

Child Abuse and Neglect Prevention and Family Preservation Programs: The Governor's budget maintains funding for Strong Families Safe Children at \$12.4 million and drops Families First funding back to FY12 levels at \$18.0 million (decrease of \$500,000). Child Protection and Permanency increases slightly to \$16.8 million, and Family Reunification maintains funding at \$4.0 million. The Governor also includes one-time federal funding of \$1.5 million to support family preservation and prevention services and \$1.0 million for child protection and permanency to expand these programs to other counties.