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The Governor's Fiscal Year 2014 Budget: Is It Promoting Equity to Ensure All Children Are Ready to Learn & Lead?

The single best predictor of economic prosperity is a state's success in educating and preparing its workforce. As Michigan becomes more diverse, funding decisions that do not explicitly address underlying inequities in resource and opportunity will lead to longer-term fiscal hardships for all Michigan residents. Gaps in opportunity caused by Michigan's profound economic hardships, coupled with structural barriers by race or ethnicity, contribute to gaps in achievement throughout a student's educational career. These long-term disparities in educational and life success have had profound and unacceptable economic, social and fiscal consequences for Michigan.

The state budget, as the single most powerful expression of the state's priorities, is a critical tool for either improving equity or widening gaps. With the next workforce set to be its most diverse yet, Michigan needs to allocate its scarce resources in ways that ensure that ALL children can thrive. The evidence is clear, all children need:

1. To be born healthy and have continued access to high quality health care services.
2. To be raised by parents or caregivers who have the supports needed to be their child's first, consistent and best teachers.
3. To be assured a high quality education that begins in early childhood, extends through a career, and leads to economic self-sufficiency.

So how does the Governor's proposed fiscal year 2013-2014 (FY2014) budget promote equity in these key areas?

A healthy birth and access to high quality health care services

↑ *Steps forward*

- The Governor takes advantage of the Affordable Care Act (ACA) by expanding Medicaid eligibility for adults up to 133 percent of the federal poverty level (FPL) using federal dollars. As part of the ACA, the federal government will pay 100 percent of the cost of all newly eligible Medicaid residents for three years beginning in 2014. Children, ages 1-17, are already covered by Medicaid up to 150 percent FPL and infants under age 1 up to 185 percent FPL for infants. However, many young adults, who are most likely to be uninsured in Michigan, will be able to access health care. African American and Latino Michigan residents are more likely to be uninsured than white residents, so a Medicaid expansion will ensure that more adults of color will be able to access health care, reducing health disparities. This helps the odds of more babies (and particularly more babies of color) born healthy since a woman's health prior to conception impacts pregnancy

428 W. Lenawee, Lansing MI 48933

517/485-3500

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- outcomes and the health of a newborn child. In addition, improving the health of parents of young children improves their ability to keep consistent employment and provide adequate caregiving.
- The Governor adds \$11.6 million (\$3.9 million in general funds or GF) to Healthy Kids Dental to expand the program to an additional 70,500 Medicaid-eligible children in Ingham, Ottawa and Washtenaw counties. This program increases provider reimbursement rates, encourages provider participation and helps more children receive the high quality dental care that they need. Dental disease is the most common chronic illness for children – more so than asthma or hay fever – and disproportionately affects children of color and children from low-income families. Access to oral health care can ensure that fewer children suffer from tooth decay and miss fewer days of school due to oral health problems.
 - The Governor’s budget includes more investment towards mental health coverage not only through Medicaid expansion for adults but also with a \$9.6 million increase for non-Medicaid mental health services, impacting parents and children, as well as \$5 million for Mental Health Innovations. This new \$5 million investment will support: 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 (DHS) 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. Comprehensive mental health coverage is critical for children and families who often fall victim to a fragmented health care system that struggles to properly integrate health and mental health needs due to insufficient funds, particularly for children of color and from low-income families. These home-based and coordinated efforts between DCH and DHS could assist in ensuring that children who struggle with mental health issues and their families get the support they need, and the “first aid” training can better prepare adults to recognize signs of mental health issues that may previously have been inappropriately identified as bad behavior. Expanding mental health services for both parents and children can ensure that children and families of color can better access the resources they need to thrive.

↓ *Steps backward*

- The Governor includes a \$2.7 million cut to the Health and Wellness Initiative. Despite inclusion of \$1.5 million GF for a total of \$8.7 million (\$3.5 million GF), he does not include any one-time funding that was included in the FY2013 budget. This Initiative supports public health activities including obesity reduction, pregnancy prevention/family planning programs, the Nurse Family Partnership home visiting program, the Michigan Model for School Health evidence-based health curriculum offered in schools, and other health promotion programs. Details have yet to emerge on which programs will be cut or eliminated but any cuts to these programs will be detrimental to the already unacceptable health disparities in seen among Michigan residents.

↔ *Mixed results*

- The Governor includes \$2.5 million GF to support the state’s Infant Mortality Reduction Plan. This level of funding to support the state’s plan is a step in the right direction, but is still insufficient to fully implement the plan, which is estimated at more than \$10 million by its developers. In a state where African American infants are three times more likely to die during the first year of life compared to white infants, fully implementing the state’s Infant Mortality Reduction Plan while also addressing other factors that impact health outcomes such as poverty, limited access to high quality education from cradle to career, or availability of adequately paying jobs are essential to move the dial on the infant mortality dashboard indicator and other key public health indicators.
- The Governor includes \$39.5 million to fund autism spectrum disorder treatment, up from \$20.9 million in FY2013. Unfortunately, Michigan still does not have a mental health parity law, a more comprehensive approach not limited to children with certain diagnoses. Ensuring access to services for all children who struggle with mental health concerns is essential to ensure that children receive the appropriate interventions they need to be successful in school and life.

Parents or caregivers with the supports needed to be their child’s first, consistent and best teachers.

↓ *Steps backward*

- The Governor’s budget does nothing to reverse the harmful changes made to family support programs including the 48-month lifetime limit to the Family Independence Program (which was codified into law in 2012), the asset test for the Food Assistance Program, and the reduction of the Earned Income Tax Credit (EITC) from 20 percent to 6 percent of the federal EITC. Childhood poverty is clearly linked to many negative outcomes for children including poor health and reduced access to a high quality education from cradle to career.

↔ *Mixed results*

- The Governor’s budget provides a \$2.5 million increase in federal funds to expand family preservation and prevention services for families identified through the Department of Human Services and child protection and permanency services to other counties. Unfortunately, this will be insufficient to offset the deep funding cuts other family support programs have suffered over the last decade, and this one-time investment in federal funding will result in a temporary influx of services for families that may then disappear in those targeted counties.

A high quality education that begins in early childhood, extends through a career, and leads to economic self-sufficiency.

↑ *Steps forward*

- The Governor provides a \$65 million increase for the Great Start Readiness preschool program (GSRP) 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. In addition to a high return on investment, GSRP evaluations have shown that the program prepares young children for kindergarten, improves student achievement, increases high school graduation rates, all while narrowing the achievement gap.

↓ *Steps backward*

- The Governor's budget doesn't include any increased investment for families with young children from birth through age three. The brain science research has been done and the evidence is clear. Basic language and literacy skills are formed in the first three years of life. Thus, access to high quality services for families with very young children can offset the disparities in cognitive development that emerge as young as nine months of age. The babies and toddlers who struggle the most can be hugely helped by one year of preschool, but it may not be quite enough to offset the challenges they faced early in life. Increasing investment across the birth to five spectrum, not just for four-year-olds, is the best way to ensure kindergarten readiness for all children and prepare them for success in education and life. A focus on increasing investment for evidence-based home visiting programs, high quality center based child care, and evidence-based early intervention services must go hand-in-hand with the GSRP expansion.
- The Governor's budget didn't include any funding for 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. Access to before- and after-school programs has shown to improve educational success for all students and demonstrate the greatest benefit for students who face the most extraordinary educational challenges – kids from low-income families and kids of color.
- The Governor provides a total of \$196.8 million for the Office of Great Start (OGS) – \$11.6 million less than FY2013, and makes no changes to Michigan's unacceptably low child care subsidy payment structure. The majority of the OGS reduction is taken from the child development and care (CDC) program's external support line item, to reflect actual spending in FY2013. Though this reduction is the result of an anticipated shortfall in TANF funding, the \$11.6 million could be used to support changes in the CDC program to better support families, children, and child care providers such as reconfiguring the payment structure from hourly to daily or weekly payments. Access to high quality child care will better prepare young children – particularly those more likely to struggle in kindergarten – for school; and will ensure that school-aged children can access high quality after-school programs that promote educational outcomes.
- After a decade of disinvestment, the Governor's budget provides no funding increases for opportunities for the 5th and 6th year of high school. These additional years of high school have proven to increase high school graduation rates for students who struggle the most in school.

↔ *Mixed results*

- The Governor's budget includes \$6.2 million in new investment 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 21 schools focused in the cities of Detroit, Flint, Pontiac, and Saginaw. Coordination between education and human services is essential to reduce disparities in child outcomes including the academic achievement gap. However, to maximize this resource, it needs to be utilized both to assist children and families with a multitude of issues that may include access to basic needs; and to build lasting capacity for collaborative efforts between educators and other service providers – collaboration that has proven to reduce disparities in student success. School- and community-based health clinics are one proven example of successfully providing these connections; and there are examples in several communities, urban and rural, that capitalize on school-community connections including the Kent School Services Network, the Communities in Schools model and others. Ensuring that staff are specifically trained to work with students, families, school personnel, and the community within school settings to be able to address a host of issues is key to the success of any program option.
- The Governor's budget maintains the basic foundation allowance at \$8,019 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 \$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.
- The Governor includes \$25 million for best practices grants (reduced from \$80 million from FY2013) to districts that have met 7 out of 8 best practices criteria for a maximum payment of \$16 per pupil (down from \$52 per pupil in FY2013). While several of the best practices criteria help improve educational equity including providing dual enrollment opportunities and offering online or blended learning, these types of programs should be adequately funded and offered since they reduce educational disparities, rather than being attached to a small per pupil foundation increase only if a laundry list of "best practices" are achieved. For the many school districts that implemented best practices in the 2012-2013 school year and received the \$52 per pupil increase will be facing a cut of \$36 per pupil with the reduction in the best practices grant. The best practices grant is expected to be eliminated in the FY2015 budget, further cutting funding for K-12 schools.

For more information on the fiscal year 2014 budget and what it means for children and families, visit www.michiganschildren.org.