The Fiscal Year 2014 State Budget: What the Governor is Proposing for Youth in Michigan

On Thursday, February 7, 2013, Governor Snyder released his proposed state budget for fiscal year 2014 (FY2014), 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 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, limited access to high quality programs that promote high school completion such as before- and after-school programming, and access to adequate health services.

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 reduce disparities in child outcomes and reduce the academic achievement gap – disparities that begin early and accumulate over a lifetime.

Proposals for fiscal year 2014 include the following spending provisions affecting Michigan’s youth.

Increasing Opportunities Outside School Hours
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. 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.

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.

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Per-Pupil Support to Schools
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.
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. 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.

Encouraging Digital Learning Opportunities
The Governor’s budget includes a new Digital Learning Innovation that totals $10 million ($5 million on-going funding, $5 million one-time funding) 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. In addition, this funding supports the Michigan Virtual University to do the following: expand statewide professional development and train a minimum of 1,000 education personnel in Michigan, award up to $2.2 million to consortias of intermediate school districts 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 and 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.

Performance Based Incentives to Districts
The FY14 budget maintains $30 million in performance-based incentives for districts showing improvement based on 2011-12 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 appropriates $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) allows for school site-based autonomy in decision-making; and 4) ensures teachers have access to timely student achievement data, best instructional practices, time to collaborate with others, mentors, and professional development tied to student needs.

Best Practices Incentives to Districts
Funding for best practice incentives is reduced from $80 million to $25 million for districts (maximum payment dropping from $52 to $16 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; 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. Also included is technology infrastructure grants funded at $13.5 million – a $36.5 million cut – for districts to develop or improve a district’s technology infrastructure, though language is eliminated directing this funding to be used for developing computer-adaptive student assessment tests.

Support for Dropout Prevention and Recovery.
The Governor’s FY2014 budget includes 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 is 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.

Access to Health Services for Adolescents.
The Governor’s FY14 budget includes 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 that access to these services can significantly reduce in-patient, non-emergency and emergency care expenses.

The Governor’s proposed FY14 budget increases 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 makes a new investment of $5 million in GF 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.

It isn’t possible yet to tell whether the Michigan Model for Comprehensive School Health Education is funded in the Governor’s proposed FY14 budget. The FY13 budget included $350,000 from the general fund for the Michigan Model for Comprehensive School Health Education. 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 FY13.

Services to Foster Youth.
The Governor’s FY14 budget slightly reduces funding for youth in transition programs from $14.7 million to $14.5 million.
The Governor’s budget includes flat funding of $5.8 million for the guardianship assistance program. This resource supports family members and others to keep young people out of the foster care system.

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.

Building School/Community Partnership.
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.

College Access
The Governor’s FY14 budget increases 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 FY14 budget also includes $18.4 million 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.

P-20 Data System
The Governor’s budget includes $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 is 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.