House & Senate Appropriations Subcommittees Pass Fiscal Year 2014 Budgets: What It Means for Youth in Michigan

The week of March 18th, 2013, the House Appropriations Subcommittees passed their budget proposals for fiscal year 2014 (FY2014), which begins on October 1st of this year and ends on September 30th of 2014. The week of April 8th, the full House Appropriations Committee took up the budget bills in two omnibus bills – one for K-12 School Aid, Community Colleges, and Higher Education and one for the remaining department budgets. The House Appropriations Committee adopted all of the budget bills as approved by the Subcommittees with no amendments to the budgets. The House Subcommittee rejected the Governor’s proposal to expand Medicaid, which resulted in many other health programs failing to see the Governor’s proposed expansions due to lost savings. The House Subcommittee shifted best practices grants to a $100 placeholder to discuss this item further in Conference Committee and proposed closure of all three juvenile justice facilities.

The week of April 8th, 2013, the Senate Subcommittees approved their budgets for FY2014 as individual budget bills. The full Senate Appropriations Committee is expected to take up these budget bills the week of April 15th. Like the House, the Senate Subcommittee rejected the Governor’s proposal to expand Medicaid. The Senate provided small increases to the K-12 foundation allowance while eliminating best practices grants and included placeholders for funding for the Michigan Virtual University for further discussion in Conference Committee.

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, youth 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.

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.
Increasing Opportunities Outside School Hours

- **Governor:** The Governor’s budget did not include any funding for educational 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. The Governor did include $1 million to continue the before- and after-school healthy exercise pilot program that began in FY2013 for students in kindergarten to sixth grade.

- **House Subcommittee:** The House Subcommittee included no new funding for educational before- or after-school programming but did include $1 million for the before- and after-school healthy exercise program.

- **Senate Subcommittee:** Did not include any funding for before- or after-school programming.

Per-Pupil Support to Schools

- **Governor:** The Governor’s budget maintained the basic foundation allowance at $8,019 per pupil, but included $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.

- **House Subcommittee:** Concurred with the Governor.

- **Senate Subcommittee:** The Senate Subcommittee increased the basic foundation allowance by $50 to $8,069 and increased the minimum foundation allowance by $100 to $7,066. The Senate Subcommittee also included the Governor’s equity payment on top of this to bring the minimum foundation allowance up to $7,100 per pupil, which will be rolled into the base ongoing funding in subsequent years.

Support for Students At-Risk of School Failure

- **Governor:** The Governor’s budget maintained 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.

- **House Subcommittee:** Concurred with the Governor but does not allow At-Risk funding to be used for the Great Start Readiness Preschool Program.

- **Senate Subcommittee:** Concurred with the Governor.

Support for Dropout Prevention and Recovery

- **Governor:** The Governor’s budget included 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 was 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.

- **House Subcommittee:** Concurred with the Governor.
- **Senate Subcommittee:** Concurred with the Governor.

**Encouraging Digital Learning Opportunities**

- **Governor:** The Governor’s budget included a new Digital Learning Innovation that totals $10 million 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 (MVU). In addition, this funding would support MVU to do the following: expand statewide professional development and train a minimum of 1,000 education personnel in Michigan (IT academy), award up to $2.2 million to consortia of intermediate school districts (ISDs) 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 an 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. On-line learning can be a powerful tool for young people disengaged from a traditional learning environment or those who have fallen behind for other reasons.

- **House Subcommittees:** The House Subcommittee rejected the Governor's proposed $10 million increase to MVU, revised the Governor’s online learning language to cover grades 7-12 instead of 5-12, and deleted reference to a statewide catalog maintained by MVU.

- **Senate Subcommittee:** The Senate Subcommittee concurred with the Governor’s recommended changes but did not provide funding for them. To ensure Conference Committee discussion, they included $100 placeholders for most of the new initiatives and tasked the MDE with maintaining the statewide catalog of online courses. The Subcommittee added a detailed budget reporting requirement for MVU.

**Performance Incentives to Districts:**

- **Governor:** The Governor’s budget maintained $30 million in performance-based incentives for districts showing student improvement on math and reading MEAPs and the MME exam. Districts could receive up to an additional $100 per pupil.

- **House Subcommittee:** Increased performance-based incentives to $46.4 million based on updated 2011-2012 assessment data. Concurred with the Governor on the incentive amount. Added new language that prevents districts from receiving performance based incentives if they extended staffing contracts between December 10, 2012 and March 28, 2013 under certain circumstances.

- **Senate Subcommittee:** Included $46.4 million and added language that the FY2015 pupil performance grants will be based on computer adaptive test growth scored achieved during the 2013-14 school year.

**Student-Centric Learning**

- **Governor:** The Governor appropriated $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) allow for school site-based autonomy in decision-making; and 4) ensure teachers have access to timely student achievement data, best instructional practices, time to collaborate with
others, mentors, and professional development tied to student needs. These kinds of practices are proven effective for challenged learners, and the state needs to move towards their availability to all students, regardless of the district in which they reside.

- **House Subcommittee**: The Subcommittee concurred with the Governor but appropriated $7 million.
- **Senate Subcommittee**: Concurred with the Governor but added new language limiting any individual district grant to not exceed $1 million.

**Best Practices Incentives to Districts**

- **Governor**: Funding for best practice incentives was reduced from $80 million to $25 million for districts (maximum payment dropping from $52 to $16 per pupil) who meet 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. Dual enrollment options, particularly those involving middle college or other postsecondary opportunities for the most challenged young people are critical practices to incentivize.
- **House Subcommittee**: The Subcommittee concurred with the Governor on the best practices criteria but recommended no funding, including a $100 placeholder for further discussion. The Subcommittee also added language to prevent districts from receiving incentives if they try to circumvent the 2012 right-to-work law, similar to performance-based funding.
- **Senate Subcommittee**: The Senate Subcommittee removed best practices grants.

**Technology Infrastructure Support**

- **Governor**: The Governor proposed a cut in technology infrastructure grants, from $50 million to $13.5 million, removed language directing this funding to be used for developing computer-adaptive student assessment tests, and changed the program from a competitive bid process to a process in which all eligible districts and ISDs may participate.
- **House Subcommittee**: The Subcommittee maintained $50 million but restricted use of funds to technology infrastructure, the shared service consolidation of technology and data, and hardware. Concurred with the Governor on shifting from a competitive bidding process.
- **Senate Subcommittee**: The Subcommittee eliminated technology infrastructure grants, but added a new $18 million line item to support computer-adaptive testing to provide year-long access to online, computer-adaptive tests for all students.

**Access to Health Services for Adolescents**

- **Governor**: The Governor’s budget included 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 access to these services can significantly reduce in-patient, non-emergency and emergency care expenses.
- **House Subcommittee**: Concurred with the Governor.
- **Senate Subcommittee**: Concurred with the Governor. The Senate Subcommittee also added a $100 placeholder to discuss funding for a school clinic in Kalamazoo in Conference Committee.
Mental Health Services.

- **Governor**: The Governor’s proposed increasing 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 made a new investment of $5 million 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 Health to coordinate with private providers and the Department of Human Services to pilot a high intensity care management team for youth 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 youth crisis intervention training.

The lack of access to behavioral health services for adolescents is well documented in Michigan and around the country. This lack of access can lead to behavior problems in school, contacts with the criminal justice system, and victimization contributing to educational and workplace failure.

- **House Subcommittee**: Concurred with the Governor regarding community mental health services for those not eligible for Medicaid, but rejected the Governor’s new Mental Health Innovations.
- **Senate Subcommittee**: Concurred with the Governor regarding community mental health services for those not eligible for Medicaid and provided a $100 placeholder for Mental Health Innovations for further discussion.

Michigan Model for School Health

- **Governor**: The Governor proposed a slight decrease in funding for the Michigan Model for Comprehensive School Health from $335,400 in FY2013 to $300,700 in FY2014. 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.

- **House Subcommittee**: Concurred with the Governor.
- **Senate Subcommittee**: Concurred with the Governor.

Services to Foster Youth in Transition:

- **Governor**: The Governor’s FY14 budget slightly reduced funding for youth in transition programs from $14.7 million to $14.5 million.
- **House Subcommittee**: Concurred with the Governor.
- **Senate Subcommittee**: Concurred with the Governor.

Guardianship Assistance for Foster Youth:

- **Governor**: The Governor’s budget included a $1 million increase to the guardianship assistance program for a total appropriation of $5.8 million. This increase is the result of a projected increase in the number of guardianship cases. This resource supports family members and others to keep young people out of the foster care system, and increasing this option has been a priority of the DHS.

- **House Subcommittee**: Concurred with the Governor.
- **Senate Subcommittee**: The Senate Subcommittee included a $1.2 million increase to the guardianship assistance program to increase the average monthly payment by $25 for a total of $747.22 per month.
Support to Juvenile Justice Facilities

- **Governor**: The Governor maintained flat funding for the three juvenile justice facilities – W. J. Maxey Training School, Bay Pines Center, and Shawono Center. This comes after cuts in FY2012 and FY2013 and threats to close all facilities and shift youth to private residential facilities.

- **House Subcommittee**: The Subcommittee proposed closing all three DHS juvenile justice facilities and reducing administrative staff for a total cut of $20.2 million and 165 full-time employees. The Subcommittee increased foster care payments by $10.7 million to provide for the transfer of youth to private residential facilities or other placements.

- **Senate Subcommittee**: The Senate Subcommittee maintained funding for the three programs except for Maxey Training School, which it reduced funding for by $300,000. The Subcommittee also added $1.5 million in new funding for In-Home Community Care community-based programs for juvenile justice youth.

Building School/Community Partnership.

- **Governor**: 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.

- **House Subcommittee**: Concurred with the Governor.

- **Senate Subcommittee**: Concurred with the Governor.

College Tuition Assistance

- **Governor**: The Governor’s budget increased 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 proposal also included flat funding of $18.4 million for the need- and merit-based State Competitive Scholarship Program.

- **House Subcommittee**: Concurred with the Governor.

- **Senate Subcommittee**: Concurred with the Governor.

Michigan College Access Network:

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

- **House Subcommittee**: Concurred with the Governor.

- **Senate Subcommittee**: Concurred with the Governor.

P-20 Data System

- **Governor**: The Governor’s budget included $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 was 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.

- **House Subcommittee**: Concurred with the Governor and adds $99,800 for CEPI to develop the pupil transfer application for students who move after count day.

- **Senate Subcommittee**: Concurred with the Governor.