

May 13, 2014

### **The Fiscal Year 2015 State Budget: Points of Difference in Budget Decisions for Youth**

The House and Senate have approved all of their budget bills for fiscal year (FY) 2015. As anticipated, the House rolled up all of its budget bills into two omnibus bills – one for Education (HB 5314) including School Aid, Community Colleges, and Higher Education; and the department budgets into another omnibus budget bill (HB 5313). The Senate kept each budget bill separate. At this point in the budget process, the Legislature focuses on points of difference to be decided in Conference Committees, and in the end, the Governor has the power to veto any spending line item, so engagement with your elected officials is still critically important.

#### Increasing Opportunities Outside School Hours

**Points of Difference: The House included \$3 million in the Department of Human Services' budget to support before- and after-school programs. This resource had not been included in the Governor's original proposal or in the Senate version of that budget.**

**The House included \$1 million to continue the before- and after-school healthy exercise pilot program for elementary students, but the Senate reduced the funding to \$500,000.**

**The Senate proposal adds a new program funded at \$330,000 for grants to districts for professional development in STEM using department-approved training programs. This professional development could be utilized by informal STEM providers as well.**

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 FY201.

**Points of Agreement:** All budget proposals included is \$2 million to create a year-round schools pilot program, with a few differences in how the funds would be administered.

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

**Points of Difference: The House, Senate and Governor included different calculations for the basic foundation allowance, with the Senate version providing more and equitable resource.**

These increases 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

**Points of Difference:** The House 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 3<sup>rd</sup> grade reading and college and career readiness and tying future funding to improvements in those two specific areas. The Senate retains current language.

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.

**Points of Agreement:** All budget proposals maintain funding for At-Risk programs at \$317.7 million and \$918,000 to support the lowest achieving schools in Michigan through technical assistance opportunities.

#### Encouraging Digital Learning Opportunities

**Points of Difference:** The House proposal adjusts the district requirement to allow online course options beginning in 5th grade to 7th grade. The Senate maintains current language. The House includes a cut to Michigan Virtual School (MVS) from \$9.4 to \$7.4 million to assist intermediate and local school districts with online learning options, identifying best practices, training and research. The Senate repeals funding for MVS, but includes \$6 million for the Department of Education to take over some of its functions.

#### Performance Based Incentives to Districts

**Points of Difference:** The Senate repealed performance-based incentives for districts showing improvement based on the 2012-13 MEAP and MME exam performance, while the House increases its appropriation to \$51.1 million. In the House proposal districts would continue to 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.

**Points of Agreement:** All proposals eliminate \$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

**Points of Difference:** The Senate repealed this section, while the House reduces the program slightly from last year to \$78.7 from \$80 million, maintains the maximum payment at \$52/pupil and the requirement to meet seven of eight best practice criteria, changed as follows: removing the critical criteria related to measuring student growth twice annually, and providing dual enrollment and on-line learning opportunities. Criteria become: 1) hold their own health care policy; 2) competitively bid at least one non-instructional service; 3) participate in school choice programs;

4) publish a dashboard of outcomes for the public as well as revenue and expenditure projections; 5) and provide physical education and/or health education classes; 6) comply with school employee compensation determination requirements; 7) comply with prohibited subjects of bargaining; and 8) implement the Michigan Comprehensive Guidance and Counseling Program.

**Points of Agreement:** All proposals include \$50 million in grants to districts (up to \$2 million per district) to develop or improve their technology infrastructure. There are some differences in how the money can be spent.

#### Support for Dropout Prevention and Recovery

**Points of Disagreement:** The House included significant changes to how the adult education program is funded, shifting from all funding going directly to local school districts to a model that shifts some of the funding to intermediate school districts to administer and changes the formulas involved in local distribution.

**Points of Agreement:** All proposals include basically continuation funding for career and technical education, with the House proposing an increase of \$1 million raising the total to \$28.6 million. Flat funding is also included for adult education (\$22 million) and vocational education (\$36.8 million). Increasing career and technical education options, adult education and vocational education are proven dropout prevention and recovery strategies.

All proposals include \$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 none include language used by other states encouraging districts to utilize dual enrollment as a re-engagement strategy for the most challenged students.

#### Access to Health Services for Adolescents

**Points of Difference:** The House proposal included \$38.7 million to begin to implement recommendations of the Mental Health and Wellness Commission, including improvements in services to youth. The Senate did not include this funding, but included a placeholder of \$200. 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.

**Points of Agreement:** All proposals include 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 \$112 million. All proposals include \$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. Funding remains flat in all proposals 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.

All proposals also include 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.

## Services to Youth in Foster Care

**Points of Difference:** Both the House and Senate include increases for medical and psychiatric evaluations of children in the protective services and foster care systems, with the House providing an increase of \$2.1 million and the Senate's increase of \$4.1 million (over 60% increase from the current year.)

### **Other Points of Difference:**

- The Senate includes \$300,000 to support foster parents transporting foster children to parent-child visitations, the House does not.
- The House includes \$1 million for a Parent-to-Parent pilot program to support adoptive parents.
- The Senate includes \$18.8 million to support parents who adopted children with special needs that were not identified at the time of adoption, including physical and mental health needs.
- The Senate proposed a minor shift in the current goal for the percentage of children who will have been in foster care for 24 months or more from 31% to 30%. The House proposed a more significant shift to 25%.

**Points of agreement:** Both proposals include a slight increase in funding for youth in transition programs from \$14.5 to \$15 million, and 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.

**Points of Difference:** The Senate proposed an increase of \$500,000 in 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. The House maintained flat funding for the program at \$1 million.

**The House proposed closing the Maxey Training School, at a savings of \$69 million offset minimally by the transfer of some children to other residential facilities at a cost of \$1.6 million.**

### **Points of Agreement:** All proposals include:

- 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 Youth ChalleNge Academy (the Senate includes a \$50,000 increase for that program.)
- 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.
- \$1.4 million for the Performance-Based Funding Initiative for contracted services serving children and youth in child welfare and juvenile justice systems. The House included an additional \$100,000 for Kent County to pilot some of the components of the initiative.
- \$6.1 million for the Mental Health Diversion Council to provide mental health treatment in settings other than the criminal justice system

## Building School/Community Partnership

**Points of Difference:** While both House and Senate proposals include an increase in outstationed DHS workers for the Pathways to Potential program, the Senate includes an additional \$19.3 million for 150 positions. The House includes shifting the positions, but doesn't include additional funding.

Pathways to Potential locates DHS staff in local public schools and other locations where they can work directly with children and families to address basic needs and barriers to success that may include health care, housing, food, education and employment issues. DHS staff are currently located in 159 schools throughout the state.

**Points of Agreement:** Both proposals include some funding for the school success partnership program through the Northeast Michigan Community Services Agency, the House including \$500,000 and the Senate \$300,000. Both proposals include funding for the Michigan Reading Corps, to provide literacy and tutoring services for children K-3.

## College Access

**Points of agreement:** Both proposals include increased funding for the Tuition Incentive 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. Both proposals include \$2 million to support the Michigan College Access Network and flat federal funding to support the following:

- \$18.4 million for the need- and merit-based State Competitive Scholarship Program.
- \$2.7 million for King-Chavez-Parks Grants that encourage college going.
- \$3.2 million for Project GEAR-UP scholarships.