

May 9, 2015

Fiscal Year 2015 Investments in Early Childhood in Michigan: Points of Difference to be Negotiated in Conference Committee

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. The final House- and Senate-passed budget bills are highlighted below with differences to be negotiated in conference committees bolded.

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.

A HEALTHY START

Infant Mortality Reduction: The House and Senate both provided continuation funding of \$2 million general funds (GF) to support the state's Infant Mortality Reduction Plan; \$602,100 for pregnancy prevention; and \$321,300 for the sudden infant death syndrome program. Support in the Health and Wellness Initiatives that would address infant mortality reduction include \$154,900 for perinatal regionalization, \$750,000 for maternal and infant health, and \$112,500 for pregnancy prevention. All of these funds continue to fall short of the funding needed to fully implement the state's Infant Mortality Reduction Plan that was developed in 2012. Other funding that would impact infant mortality outcomes include family planning local agreements which was cut from \$9.1 million to \$8.3 million, local maternal and child health which was flat funded at \$7.0 million, and maternal and child health medical services which was also flat funded at \$20.3 million. Evidence-based home visiting services, which are also a strategy to reduce infant mortality, are highlighted below.

Healthy Michigan Plan: The House and Senate both include funds to support the implementation of the Healthy Michigan Plan, as well as funding above the Governor's recommendation to support mental health services. The Healthy Michigan Plan was passed in 2013 to expand Medicaid access to low-income adults with incomes up to 133% of the federal poverty level (FPL). While this does not directly affect children's coverage, Medicaid expansion through the Healthy Michigan Plan is expected to cover 91,000 parents. Furthermore, one out of four individuals covered by the expansion will be women of child-bearing age, which is vital since a woman's health prior to conception is critical to a healthy pregnancy. Funding for MICHild is slightly increased from \$69.7 million to \$71.2 million.

Mental Health and Wellness Commission: **The House adds new ongoing funds of \$28.8 million and \$9.0 million in one-time funds for implementation of recommendations included in the State of Michigan Mental Health and Wellness Commission 2013 report. The Senate included placeholders for these line items to allow for further discussion in Conference Committee.** Some recommendations from this report that may specifically impact young children including the following:

- The need to explore options to address gaps in coverage for women postpartum who lose their Medicaid coverage 60 days after birth. A mother's ability to seek treatment for postpartum depression and other mental health needs will directly affect her ability to provide quality care to her infant.
- To work with local agencies to pilot innovative ways to:
 - involve pediatricians in care coordination,

- coordinate delivery of children’s services across government agencies, and
- implement a statewide case management system that follows high-risk children and their families.
- Numerous other recommendations that impact adults – many of whom may be parents.

Lead Abatement: The House included \$3.9 million for the Healthy Homes lead abatement program, whereas the Senate added an additional \$100 to this line item to allow for further discussion in Conference Committee. Lead poisoning remains the number one environmental health hazard for young children, and can cause irreversible cognitive damage and has been linked to learning disabilities and violent behavior in children and adults.

Healthy Kids Dental program: The House and Senate both add \$15.7 million (\$5.4 million GF) to Healthy Kids Dental to expand the program to an additional 100,000 eligible children in Kalamazoo and Macomb counties. This would leave Kent, Oakland, and Wayne Counties not covered by this program. **The Senate included intent language indicating full state-wide implementation in the FY2016 budget, which the House did not include.** The Healthy Kids Dental program increases provider reimbursement rates, encourages provider participation and helps more children receive high quality dental care.

SUPPORTING PARENTS

Family Support Programs: The House and Senate made no changes to FIP, FAP, WIC, or the EITC. Funding changes as a result of caseloads are as follows:

- FAP is reduced \$445.5 million from 894,750 cases at \$264/month to 890,000 cases at \$224/month.
- FIP is reduced \$62.8 million from 44,000 cases at \$395/month to 33,200 cases at \$372/month.

Child Abuse and Neglect Prevention and Family Preservation Programs: The House and Senate maintained funding for Strong Families Safe Children at \$12.4 million. Points of difference include the following:

- **Family Reunification: House maintained funding at \$4.0 million; Senate reduced to \$3.9 million.**
- **Family Preservation and Prevention Services: House maintained funding at \$2.5 million; Senate reduced to \$1.5 million.**
- **Families First: House slightly reduced funding to \$16.9 million; Senate reduced even further to \$14.9 million.**
- **Child Protection and Permanency: House slightly reduced funding to \$12.9 million; Senate reduced even further to \$11.9 million.**

HIGH QUALITY EARLY LEARNING

Home Visiting Programs: The House and Senate both included \$2.5 million in TANF funds to expand maternal, infant, and early childhood home visiting programs to serve 200-500 pregnant women and families with children age five and younger at-risk for poor birth and health outcomes in rural northern Michigan and the Upper Peninsula. Other home visiting supports include the following:

- Both chambers maintained funding at \$50,000 for the Nurse Family Partnership program in the Health and Wellness Initiatives.
- **The House maintained funding at \$500,000 to support evidence-based programs to reduce infant mortality, whereas the Senate included an additional \$100 to allow for further discussion in Conference Committee.**
- **The House increased funding for a non-evidence-based pregnancy and parenting support services pilot by \$800,000 from \$700,000 in the current budget to \$1.5 million in FY2015, the Senate increased funding for this pilot by \$1.5 million for a total of \$2.2 million.**

Great Start Readiness Program (GSRP): Both the House and Senate provided a second \$65 million increase for the GSRP preschool program in FY2015 for a total of \$239.3 million. Some shifts to GSRP include the following:

- **The House did not include a per slot increase; the Senate included a \$50 per slot increase from \$3,625 to \$3,675.**
- **The House maintained current law requiring at least 90% of children served live in families at 250% of the federal poverty level or below; the Senate shifted this language to allow ISDs to serve children living in families up to 300% FPL if they determine they have served all eligible children living at 250% FPL or below.**
- Both the House and Senate added language allowing automatic eligibility for GSRP regardless of family income for children in foster care, children experiencing homelessness, or children with an individualized education plan (IEP) recommending placement in an inclusive preschool setting.
- Both chambers specified that \$10 million of the total funding would be appropriated for transportation reimbursements in an amount up to \$150 per half-day slot.
- **The House added clarifying instructional language to ensure that ISDs are contracting out 30% of their slots to community-based providers.**

Early Childhood Block Grant: Both the House and Senate maintained funding for the early childhood block grant at \$10.9 million for ISDs or a consortium of ISDs. Allocation of the block grant would still be determined by a distribution formula established by OGS to provide equitable funding statewide for early childhood programs serving children from birth through age eight.

Child Development and Care: Both the House and Senate included a \$6.9 million increase to the Child Development and Care (CDC) program to increase the maximum number of reimbursable hours from 80 hours to 90 hours in a two-week period. At one point, Michigan reimbursed up to 100 hours in a two-week period to cover a full-time employee's work week including travel time to and from the child care provider. Both chambers also included an additional \$3.7 million to provide tiered reimbursement rates for high quality licensed and registered child care providers. Hourly reimbursement rates would increase by \$0.25 per hour for 3-star rated programs, \$0.50 per hour for 4-star rated programs, and \$0.75 per hour for 5-star rated programs.