

June 13, 2014

## Fiscal Year 2015 Investments in Early Childhood in Michigan

The Michigan Legislature has approved their budget bills for fiscal year (FY) 2015. As anticipated, the final budget bills are rolled up 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). These bills now head to Governor Snyder for his approval, where he can veto any line item.

### A HEALTHY START

Infant Mortality Reduction: The budget provides 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 \$152,500 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 budget includes funds to support the implementation of the Healthy Michigan Plan, as well as funding 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, and one out of four individuals covered by the expansion will be women of child-bearing age. Funding for MICHild is slightly increased from \$69.7 million to \$71.2 million

Mental Health and Wellness Commission: The budget adds new ongoing funds of \$28.8 million and \$7.7 million in one-time funds for implementation of recommendations included in the State of Michigan Mental Health and Wellness Commission 2013 report. 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 budget includes a \$500,000 increase to the Healthy Homes lead abatement program for a total of \$4.7 million. 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 budget includes a \$15.7 million increase 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. Intent language is included indicating full state-wide implementation to the remaining counties – Kent, Oakland, and Wayne – in the FY2016 budget. Also included in the budget is \$3 million in one-time funding for the Department of Community Health to update the Medicaid computer system so that the Healthy Kids Dental program could be expanded by zip code rather than by county. 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 budget includes no changes to FIP, FAP, WIC, or the EITC; with funding shifts only to reflect new caseload projections.

Child Abuse and Neglect Prevention and Family Preservation Programs: The budget maintains funding for Strong Families Safe Children at \$12.4 million, maintains funding for Family Reunification at \$4.0 million, reduces funding for the Family Preservation and Prevention Services from \$2.5 million to \$1.4 million, slightly reduces funding for Families First from \$17.2 million to \$16.9 million, and slightly reduces funding for Child Protection and Permanency from \$13.2 million to \$12.9 million.

## **HIGH QUALITY EARLY LEARNING**

Home Visiting Programs: The budget includes \$2.5 million in GF to expand maternal, infant, and early childhood home visiting programs to serve several hundred pregnant women and families with young children in rural northern Michigan and the Upper Peninsula. A needs assessment would be conducted to identify program sites and individuals to be covered. Other home visiting supports include the following:

- Continuation funding for the Nurse Family Partnership program at \$50,000 in the Health and Wellness Initiatives.
- Continuation funding of \$500,000 to support evidence-based programs to reduce infant mortality.
- A slight increase in funding for a non-evidence-based pregnancy and parenting support services pilot by \$100,000 from \$700,000 to \$800,000.

Great Start Readiness Program (GSRP): The final budget includes a second \$65 million increase for the GSRP preschool program in FY2015 for a total of \$239.3 million to make Michigan a “no-wait state” for preschool. The final budget did not include a per slot increase, as the Governor and Senate had recommended. Policy changes to GSRP include the following:

- The budget shifts eligibility 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. Additionally, programs may serve children living above 300% FPL if income and risk factors are considered subject to serving all eligible kids first. Currently, at least 90% of GSRP slots must be provided to children in families living at 250% FPL or below.
- The budget includes new 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.
- The budget designates \$10 million of the total funding for transportation reimbursements in an amount up to \$150 per half-day slot.

- The budget adds new language that allows a parent to pick a GSRP program offered by another ISD, and directs the ISD in which the family lives to pay the ISD the family chooses.
- The budget adds clarifying instructional language to ensure that ISDs are contracting out 30% of their slots to community-based providers.
- As in the current fiscal year, the budget shifts \$25 million into the Great Start Readiness Reserve Fund for use in FY2015 upon legislative transfer that must be appropriated by December 15, 2014.

Early Childhood Block Grant: The budget maintains funding for the early childhood block grant at \$10.9 million for ISDs or a consortium of ISDs. Allocation of the block grant would continue to be determined by a distribution formula to provide equitable funding statewide for early childhood programs serving children from birth through age eight.

Child Development and Care: The budget includes 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. The budget also includes 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.