



January 2015

Federal Budget Must Prioritize Michigan Children

The federal budget is the single most powerful expression of the federal government's priorities. It is during the budget process that decisions are made about the expenditure of federal revenues, and there are many competing interests that the President and Congress must consider when dividing up tax dollars. With finite resources, changes in tax policies and the appropriation of revenues can benefit groups of U.S. and Michigan residents, while leaving others behind. Of particular concern is the potential impact on the children and families that outcome data show are already facing challenges and being left behind – children of color, children from low-income families, and children shouldering other significant challenges.

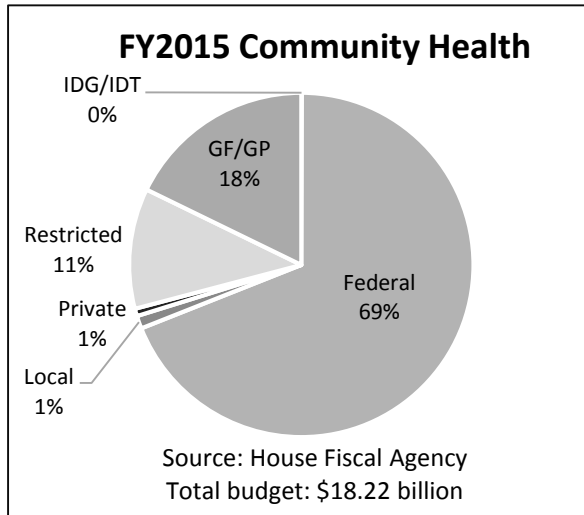
Decision-makers need to prioritize budget investments that improve outcomes for all children by closing the equity gaps that begin early and accumulate over a lifetime. Unfortunately in Michigan, these gaps are large and persistent. Michigan children and families have been harder hit by the recession compared to the rest of the nation as the number of economically insecure families continues to grow with one-in-four children living in poverty; unfortunately children of color are more likely to be living in deep poverty. In fact, Michigan's child poverty rate puts our state in the bottom third in the nation for economic well-being according to the 2014 National Kids Count Data Book. Economic and other gaps in opportunity when inadequately addressed, contribute to gaps in achievement throughout a student's educational career and life success.

In recent years, Michigan's economic and fiscal problems accelerated, forcing increased reliance on federal funding for basic services and education programs that focus on reducing the achievement gap. Unfortunately, this coincided with cuts in federal spending for children and families driven by efforts to address the increasing federal deficit. Most federal programming is designed to increase opportunities for the most challenged children, youth and families; but funding to support these programs is vastly insufficient and has been on the decline. Further reductions in federal funding for children's services threaten the state's ability to invest in the next generation of Michigan workers and leaders.

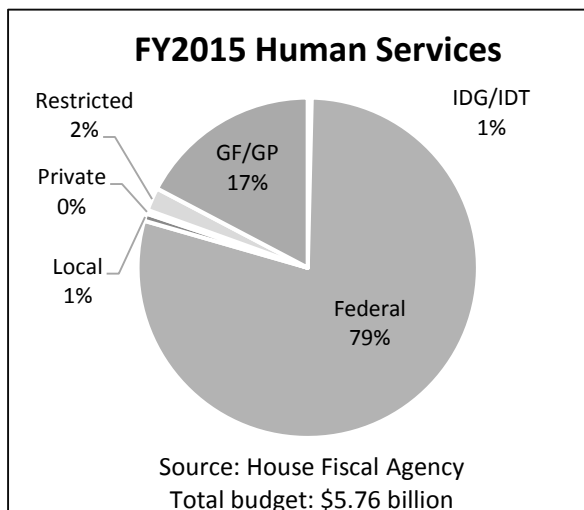
Michigan's reliance on federal funding means that disinvestment at the federal level will be felt across the state, particularly for struggling children and families. The past few years of Congressional gridlock has resulted in an inability to pass federal budget appropriation bills in a timely fashion. This continued inaction jeopardizes stability for programs that support health, education, community partnerships and nutrition programs for children, youth, and families. Furthermore, across the board cuts in the last several years that disproportionately affected children and family programs must be reversed to avoid dire consequences. Federal budget decisions should preserve the programs that reduce disparities in outcomes for children and offer the most long-term gains such as high quality early education, expanded learning opportunities, multiple paths to high school completion, and access to basic needs. Congress must prioritize children and families in order for Michigan and our nation to continue on a path towards economic prosperity.

A Snapshot of Michigan's Reliance on Federal Funding

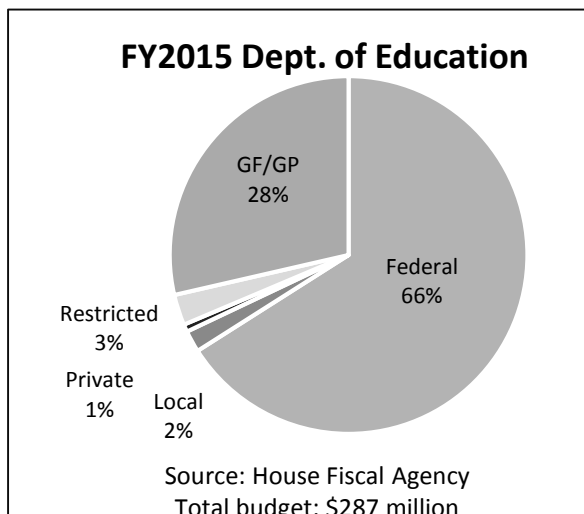
Federal funds support 42 percent of Michigan's total fiscal year 2015 state budget, but support significantly higher percentages of department budgets that serve children, youth and families.



More than two of every three dollars in the Michigan Department of Community Health budget comes from federal sources, much of which is Medicaid matching funds. More than half of all births in Michigan are covered by Medicaid and over half of Medicaid recipients in Michigan are children. Federal funding supports local health improvement initiatives, and school- and community-based health services for underserved adolescents. Compared to the 2014 fiscal year, federal funding to support the Department of Community Health budget increased by nearly \$1 billion due to Medicaid expansion through the Affordable Care Act.



The Michigan Department of Human Services receives nearly 80 percent of its funding from the federal government – which funds many critical safety net programs including income support, food assistance including WIC and SNAP, and other programs funded through TANF. In addition, virtually all of the state's efforts to prevent child maltreatment and care for children and youth who have been removed from their families are funded through federal sources. The Department of Human Services saw a 5.5% decrease or \$263 million reduction in federal funding compared to fiscal year 2014, primarily due to declining caseloads, particularly in food assistance programs.



The Michigan Department of Education receives two-thirds of its funding from federal sources; a 10.6% or \$22.4 million reduction from fiscal year 2014 (note: this does not include Michigan's School Aid budget, which funds education programs ranging from early childhood to community colleges). The Department of Education is responsible for compliance with state and federal standards, administering the School Aid budget, and administering the state's child care subsidy program. Michigan utilizes federal funding for a range of programs that work to reduce the achievement gap – including Michigan's school improvement efforts, support for special needs students, opportunities for expanded learning programs, before-and after-school programs, and school-based nutrition and health programs.