

June 18, 2015

Fiscal Year 2016 Investments in Young Children and Their Families

The final budget for fiscal year (FY) 2016 has been approved and signed by Governor Snyder. Now is a great time to talk to your elected officials about the spending decisions they made for FY2016 – about the good funding decisions that will benefit your communities and families, and the funding challenges you continue to face that you hope will be addressed in future budgets.

A HEALTHY START: A healthy start is the best foundation for ensuring life-long wellness. Unfortunately, Michigan has unacceptable disparities in young children's health, which impacts their ability to learn and thrive. Ensuring children are born healthy and are developmentally on track is essential for young children to build the early skills they need to succeed.

Medicaid and MICHild: The final budget continues to fund the Healthy Michigan Plan, Medicaid and MICHild based on caseload projections.

Mental health services: Taking into account the FY2015 \$20 million supplemental appropriation, the FY2016 budget provides continuation funding for non-Medicaid mental health services at \$117.1 million. This funding allows community mental health service providers to maintain their current array of services after the expansion of Medicaid for adults under the Healthy Michigan Plan to cover services provided to individuals not Medicaid eligible or for services not covered under Medicaid.

The final budget provides ongoing funds to continue to implement the recommendations that will impact young children from the State of Michigan Mental Health and Wellness Commission 2013 report. The final budget also includes new one-time funding of \$500,000 to be used for a strategic plan tied to coordinate child trauma responses.

Health and Wellness Initiative: The final budget provides flat funding for the Health and Wellness Initiative at \$8.9 million. This funding supports a variety of public health and wellness programs including but not limited to: health disparities (\$480,500), the Nurse Family Partnership home visiting program (\$50,000), Michigan's immunization registry (\$2.1 million), pregnancy prevention (\$112,500), maternal and infant health (\$750,000), infant mortality perinatal regionalization (\$152,500), and smoking prevention/cessation (\$1.5 million).

Maternal and child health programs: The final budget provides continuation funding and slight shifts in funding due to federal funding shifts for a range of maternal and child health programs that work to mitigate health disparities from a two-generation perspective, including: family planning local agreements (\$8.3 million), pregnancy prevention program (\$602,100), the sudden infant death syndrome program (\$321,300), maternal and child health services (\$20.3 million), local maternal and child health (\$7.0 million), WIC local agreements and food costs (\$256.3 million), the childhood lead program (\$1.6 million), and lead abatement/enforcement (\$4.4 million).

Home Visiting Programs: The final budget cuts the rural home visiting program by \$550,000, but combined with a projected carry forward from FY2015, overall funding will remain the same. Evidence-

based home visiting programs provide voluntary parent coaching and support to ensure that young children are healthy and developmentally on-track and provide tools for parents to support their child's development. Also included in the final budget is \$50,000 for the alternative pregnancy and parenting support pilot – down from \$800,000 in FY2015. This program is intended to promote child birth and alternatives to abortion. The final budget adds new language directing DHHS to evaluate the feasibility of including an assessment tool to promote literacy development in the Maternal Infant Health Program, Michigan's Medicaid-funded home visiting program.

Pay for Success Maternal and Child Health Program: The final budget reinstates \$1.5 million for the Pay for Success Maternal and Child Health pilot program that had been eliminated in the supplemental budget for FY2015. This program is intended to support a public-private social innovation bond model focused on improving health and early childhood development for high-risk mothers and their babies through home-visitation, community programs and better coordination of care throughout pregnancy until the child's second birthday.

Healthy Kids Dental program: The budget adds \$37 million (\$12.7 million GF) to Healthy Kids Dental (HKD) to expand the program to eligible children ages 0-12 in Kent, Oakland and Wayne counties – the final three counties not currently covered by HKD. HKD increases provider reimbursement rates, encourages provider participation, and helps more children receive high quality dental care.

SUPPORTING PARENTS: Ensuring families have access to basic needs and supports to provide a safe and stable home for Michigan's youngest children is the best way to help parents become their child's first and best teachers. Unfortunately, young children ages 0-5 continue to struggle as more Michigan children are living in poverty and are victims of maltreatment – particularly with the rise of neglect. Supporting parents to be their children's first and best teachers will result in safe, stable, and nurturing home environments that promote children's early learning and development.

Family Support Programs:

Family Independence Program (FIP): The final budget reduces funding for FIP cash assistance to \$113 million to provide financial support for 25,473 families at \$363 per month, down from 32,300 families in FY2015. This is down from \$214 million in FY2014 due to rapidly declining caseloads. No changes were made to reverse FIP lifetime limits. Extended FIP (EFIP) is also eliminated, which provides \$10 per month for six months as families exit FIP to ensure that they can transition other support services that are contingent on their FIP eligibility. EFIP currently counts against families' lifetime limits towards FIP.

Food Assistance Program (FAP): The final budget appropriates \$2.4 billion – a \$142 million decrease based on caseload projections – to provide food benefits.

Earned Income Tax Credit: No changes were made to the EITC, which was reduced from 20 percent to six percent of the federal EITC in the FY2013 budget.

Child Abuse and Neglect Prevention and Family Preservation Programs: Funding for child abuse and neglect prevention programs has been cut over the years while the number of substantiated child abuse/neglect victims has grown. While Michigan has focused on investing in improvements in the state's foster care and protective services system, as required by a settlement agreement stemming from a lawsuit by the national Children's Rights organization, prevention funding has not kept pace. As a result, abuse/neglect prevention programs have relied primarily on federal dollars. Funding for these programs are as follows:

Strong Families/Safe Children is maintained at \$12.4 million. This federally funded program provides prevention services through Community Collaboratives to families at risk of child abuse/neglect, services

to families at risk of out-of-home placement or in crisis, time-limited reunification services, and adoption promotion and support services.

Families First funding is maintained at \$17.0 million. Families First of Michigan reduces the need of out-of-home placements by providing intensive, short-term crisis intervention and family education services in the home for four to six weeks to assist families by teaching, modeling and reinforcing parenting.

Family Reunification Program funding is maintained at \$6.5 million. This program offers up to six months of therapeutic/skill-based intervention services for families who are being reunified after having their child(ren) in foster care for some period of time.

Family Preservation and Prevention Services are flat funded at \$2.5 million. This currently funds Supportive Visitation (\$2 million) which provides individualized parent/child visits for children in foster care with the goal of family reunification; and the Parent Partner program (\$500,000) which matches a parent who successfully navigated the foster care system and reunified with their child(ren) with families currently involved in the foster care system with the goal of reunification.

Child Protection and Permanency is flat funded at \$12.9 million. These funds support local services that work to improve the safety and well-being of children at-risk of abuse or neglect, reduce out-of-home placements, improve family functioning, and increase permanency for children through family reunification or placement stabilization.

EARLY LEARNING: The evidence has been clear for a long time now – high quality early learning programs better prepare children for school while saving taxpayer dollars. However, Michigan children continue to struggle with nearly one-third of kindergarteners entering school under-prepared and disparities in third grade reading proficiency continuing to persist. Providing high quality early learning experiences can ensure that young children have the social and cognitive skills they need to start school prepared and will help prevent an achievement gap that emerges as young as nine months of age.

Great Start Readiness Program (GSRP): The final budget maintains the GSRP expansion by providing \$239.3 million to provide \$3,625 per slot for a total of 63,000 half-day preschool slots for four-year-olds. The Senate’s recommendation to allow programs to serve eligible three-year-olds was not included. The budget shifts the amount that ISDs and subrecipients can retain for administrative costs, and tweaks the transportation funding to no more than (rather than current law which is the lesser of) projected transportation costs or \$150 per slot. Some GSRP policies that are retained include the following:

- ISDs can serve children living in families up to 300% of the federal poverty level (FPL) if they determine they have served all eligible children living at 250% FPL or below; and automatic eligibility regardless of family income is given to children in foster care, children experiencing homelessness, or children with an individualized education plan (IEP) recommending placement in an inclusive preschool setting.
- GSRP providers must have at least a 3-star rating in Great Start to Quality.
- ISDs must contract at least 30% of its GSRP slots to community-based providers.

Early On: The final budget does not include any state support for *Early On* early intervention services. *Early On* serves nearly 18,000 families with infants and toddlers birth to age three who have a developmental delay or disability. Longitudinal studies demonstrate that young children who receive appropriate early intervention are less likely to need special education in preschool and beyond.

Child Care Licensing Consultants: The final budget appropriates \$5.7 million of Michigan's unspent federal Child Care and Development Block Grant funds to hire 39 additional licensing consultants and staff for a total of 105 consultants. This will reduce average caseloads from 150 to 98 per licensing consultant, bringing Michigan closer to the federally recommended caseload of 50. Licensing consultants ensure that all licensed and regulated child care programs and facilities are complying with minimum health and safety regulations.

Third Grade Reading: The final budget includes an array of supports targeting third grade reading literacy, including \$1 million for the implementation of these efforts. Budget recommendations to improve third grade literacy include the following:

Early Childhood Block Grant: The final budget includes a \$2.5 million increase to the Early Childhood Block Grant for a total of \$13.4 million to ISDs or a consortium of ISDs. The block grant would continue to be distributed via formula to provide equitable funding statewide for early childhood programming for children birth through age eight. The new \$2.5 million investment is targeted for home visits to at-risk children and their families with goals to improve school readiness, reduce the number of pupils retained in grade level, and reduce the number of pupils requiring special education services. The budget adds new language requiring ISDs to evaluate the services provided with funding for home visits, including the degree to which school readiness was improved.

Pilot parent education program: The final budget includes \$1 million for new pilot parent education programs for parents of children ages 0 through 3 so that children are developmentally ready to succeed in school at the time of school entry. Eligible programs would provide at least two hours per week throughout the school year for parents and their children and would require parents be physically present; use research-based information to educate parents about their children's development; provide structured interactive activities between children and their parents; and provide structured activities for children that promote positive interaction with their peers. Programs would be required to establish a sliding-scale tuition fee. Funding will be allocated through a competitive application process, with districts or a consortium of districts eligible for \$120 per child or \$130,000 total, whichever is less. The Department of Education (MDE) is encouraged to ensure that grants are awarded in each of the 10 prosperity regions. The final budget earmarks \$100,000 of the \$1 million for the implementation of all the new third grade reading initiatives for evaluation of this program.

Child Development and Care (CDC) Program: The final budget appropriates unspent federal funds to support improvements to the CDC program, recognizing that high quality child care is a critical component of the early learning continuum. However, the budget includes a \$6.2 million reduction in state general funds in recognition of continued declines in caseload. The CDC program provides child care subsidies to 22,000 working families living at or below 121% FPL. The recommended increases with federal funds were already approved in the FY2015 budget through a mid-year supplemental, and includes the following for FY2016:

- \$8.0 million to provide continuous, 12-month eligibility for families regardless of changes in life circumstances throughout the year. Previously, families lost their child care assistance if they lost their job mid-year, though families would need child care while searching for a new job and attending job interviews.
- \$764,000 to raise the exit income threshold by which a family becomes ineligible for child care assistance from 120% FPL to 250% FPL. This ensures that families can maintain their child care assistance as they begin to earn more money and continue on a path towards self-sufficiency.

- \$3.1 million increase for additional tiered reimbursement rates based on the Great Start to Quality star-rating of child care programs, bringing Michigan's subsidy reimbursement closer to the market rate. This increases reimbursement rates as follows: \$0.25 increase to the hourly base rate for 2-star rated programs, \$0.50 for 3-star rated programs, \$0.75 for 4-star rated programs, and \$1.00 for 5-star rated programs. The federal government recommends that state's set their child care subsidy payments to allow parents to access 75 percent of the child care market in their communities, yet Michigan's low reimbursement rates only allow families to access between 3% and 30% of the market, strictly reducing parental choice in child care.

Kindergarten Entry Assessment (KEA): The final budget includes \$1.6 million to field test a kindergarten entry assessment with full implementation in the 2016-2017 school year. KEAs are an observational assessment tool to identify a child's development so that teachers can provide appropriate instruction. An additional \$1 million is included to administer assessments in first and second grades to determine a student's proficiency levels prior to third grade.

Library support: The final budget includes a \$1 million increase for support to public libraries to expand their early literacy focused programming with the goal to improve third grade reading proficiency.

Teacher Supports: The budget includes an array of supports focused on literacy instruction including:

- \$950,000 for grants to districts to support MDE-approved, research-based professional development for kindergarten through third (k-3rd) grade teachers focused on literacy. MDE would also work with Michigan Virtual University (MVU) to provide this PD online.
- \$500,000 for the adoption of a new certification test to ensure newly-certified elementary teachers have the skills to deliver evidence-based literacy instruction.
- \$3 million for competitive grants to a consortium of ISDs in the prosperity regions to provide literacy coaches to support k-3rd grade teachers.
- \$1.45 million to administer diagnostic tools to monitor the development of early literacy and early reading skills of k-3rd graders and to support professional development for educators in data interpretation for the purpose of implementing a multi-tiered system of support. MDE will also collaborate with MVU to provide online training to k-3rd grade teachers.

Additional Instruction Time in K-3rd Grade: The final budget includes \$17.5 million for districts that provide additional instructional time for k-3rd graders who have been identified as needing additional supports and intervention. This additional instruction time can be provided before, during and after school hours or as part of a year-round balanced school calendar. Districts would be eligible for \$165 per pupil based on the number of first graders in the district or a lesser prorated amount if there are insufficient funds. And, districts would be eligible if they implement a multi-tiered system of support instructional delivery model, use research-based diagnostic tools to identify students in need of additional instruction time, and provide k-3rd grade teachers with research-based professional development in diagnostic data interpretation.

Michigan Education Corps: The final budget includes \$1 million for the Michigan Education Corps, which connects AmeriCorps members as tutors to at-risk students in k-3rd grade.

Visit our website to [learn](#) what the state budget means for children, youth and families; and how you can [get involved](#) in budget advocacy. And, [sign-up](#) for our Early Childhood Action Network and the Graduate Michigan Action Network for timely action updates as it relates to young children and older youth.