



June 22, 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 significant challenges.

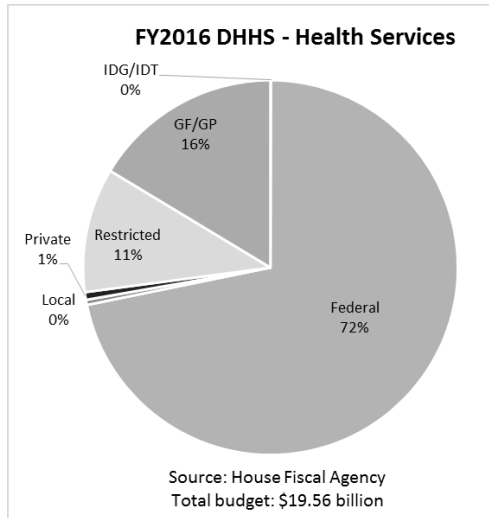
Decision-makers need to prioritize budget investments that improve outcomes for all children by closing the equity gaps that begin early and accumulate over a lifetime. These gaps are large and persistent. Michigan children and families have been harder hit by the recession compared to the rest of the nation as the number of children living in poverty continues to grow. Nearly one-in-four children in our state are living in poverty, with some racial and ethnic groups experiencing much higher poverty rates than others. This puts Michigan's child poverty rate in the bottom third in the nation for economic well-being according to the 2014 National Kids Count Data Book.

These gaps in opportunity, coupled with institutional barriers to success, contribute to gaps in achievement throughout a student's educational career. While federal programming aims to increase opportunities for the children, youth and families facing the most challenges, funding to support these programs is vastly insufficient. As more children face deep poverty and increasing struggles in school, the share of federal spending on kids has continued to decline. Cuts in federal spending for children and families occurred at the same time that Michigan's economic problems and fiscal decisions accelerated state budget declines, forcing increased reliance on federal funding for basic services, child safety and education programs. Current efforts to address the increasing federal deficit including the sequester – recent across-the-board cuts that disproportionately affect programs for children, youth and families – further reduces funding for children's services and threaten the state's ability to invest in the next generation of Michigan workers and leaders.

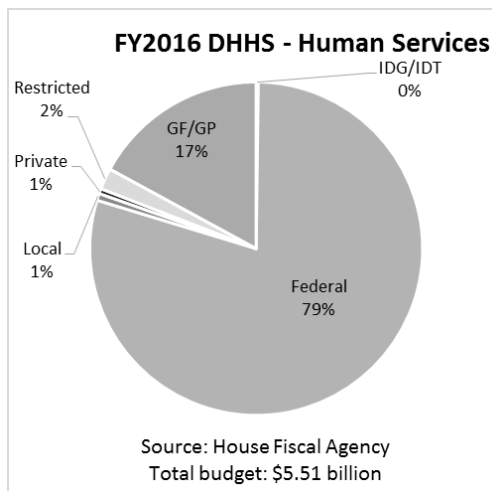
Michigan's reliance on federal funding means that disinvestment at the federal level will be felt deeply across the state, particularly for struggling children and families. Congress' inability to pass federal budget appropriation bills in a timely fashion puts the stability of programs that support health, education, community partnerships and nutrition programs for children, youth, and families at jeopardy. Furthermore, the sequester cuts 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 at all levels, multiple paths to high school completion, and access to basic needs. Congress must prioritize children and families as Michigan and our nation continues on a path towards economic prosperity.

A Snapshot of Michigan's Reliance on Federal Funding

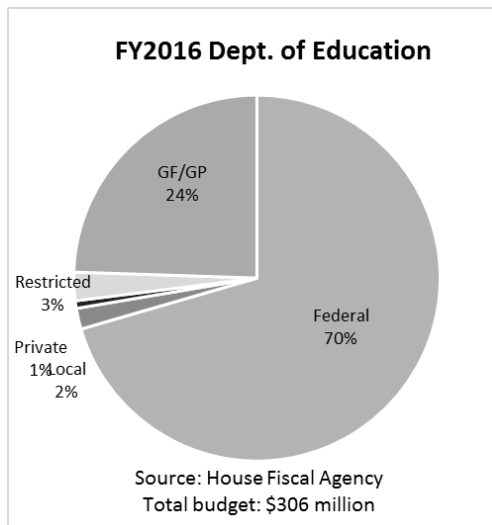
Federal funds support 40 percent of Michigan's total fiscal year 2016 state budget, but support significantly higher percentages of department budgets that serve children, youth and families.



The Michigan Department of Health and Human Services – Health Section budget receives nearly three of every four dollars 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 2015 fiscal year, federal funding to support MDHHS – Health Services increased by \$1.5 billion in fiscal year 2016 due to continued Medicaid expansion through the Healthy Michigan Fund, which was possible through the Affordable Care Act.



The Michigan Department of Health and Human Services – Human Services Section receives the largest amount of federal funds of all state budgets. It 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 abuse and neglect and care for children and youth who have been removed from their families are funded through federal sources. Human Services saw a 3.7% decrease or \$168 million reduction in federal funding compared to fiscal year 2015,



The Michigan Department of Education receives 70 percent of its funding from federal sources; a 13.8% or \$26.2 million increase from fiscal year 2015 (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.