The Governor’s Fiscal Year 2017 Budget Recommendations:
Investments in Young Children and Families

The annual budget is the single most powerful expression of the state’s priorities. During the budget process, there are many competing interests that the Governor and Legislature must consider when dividing up tax dollars. With finite resources, changes in tax policies and the appropriation of revenues can benefit groups of Michigan residents, while leaving others behind. As Michigan’s economy continues to recover, funding decisions must prioritize Michigan’s most challenged families; otherwise, the economic recovery will be slow and may lead to longer-term fiscal hardships for all Michigan residents. Decision-makers must prioritize budget investments that create a strong foundation for all children to reduce disparities in child outcomes and student achievement – disparities that begin early and can accumulate over a lifetime.

On February 10, 2016, Governor Snyder released his budget recommendations for fiscal year (FY) 2017, which begins October 1, 2016 and ends September 30, 2017. Now is a great time to talk to your elected officials about the Governor’s recommendations – about the recommendations that will benefit your communities and families, and the funding challenges you hope will be addressed in FY2017.

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: The Governor’s budget provides continuation funding for Medicaid and the Healthy Michigan Plan based on caseload projections. In FY2016, MIChild was rolled into the Medicaid program.

Mental Health Services: The FY2017 recommended budget includes continuation funding for non-Medicaid mental health services at $117.1 million. However, the Governor added new boilerplate language directing DHHS to transfer responsibility for Medicaid Behavioral Health Services from Prepaid Inpatient Health Plans through Community Mental Health Agencies to Medicaid HMOs by the end of FY2017 with the intent to increase efficiencies and integration across physical and behavioral health needs. Currently, 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.

Autism Services: The Governor recommends an increase of $26.6 million for a total of $62.7 million for autism services, reflecting the expansion of coverage to include children ages 6 to 21 as well as an increase in caseload.
Health and Wellness Initiative: Funding recommendations for the Health and Wellness Initiative remain flat at $8.9 million to support various public health and wellness programs that focus on things like health disparities, home visiting, infant mortality reduction, Michigan’s immunization registry, pregnancy prevention, and smoking cessation. This funding has traditionally supported a variety of public health and wellness programs including but not limited to: health disparities, the Nurse Family Partnership home visiting program, Michigan’s immunization registry, pregnancy prevention, maternal and infant health, infant mortality perinatal regionalization, and smoking prevention/cessation.

Maternal and child health programs: The recommended budget provides continuation of funding 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 and pregnancy prevention programming ($8.9 million total after being rolled into one line), 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 ($4.3 million).

Home Visiting Programs: The Governor provides continuation funding for evidence-based home visiting programs, which provides 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. The Governor eliminates $50,000 for the alternative pregnancy and parenting support pilot intended to promote child birth and alternatives to abortion. The Governor maintains 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 Governor’s budget eliminates a $1.5 million one-time FY2016 appropriation for the Pay for Success Maternal and Child Health pilot program. This program was 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 Governor’s budget adds $25.6 million ($8.9 million GF) for the final expansion of Healthy Kids Dental (HKD) in Kent, Oakland and Wayne counties to cover all eligible children under age 21 in all 83 counties. 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 Governor’s budget reduces total funding for FIP cash assistance to $109 million from $113 million to provide financial support for 24,800 families at $366 per month, down from 25,473 families in FY2016. This is down from $214 million in FY2014 due to rapidly declining caseloads. No changes were made to reverse FIP lifetime limits. The Governor also
recommends using $6.1 million in federal TANF funding to expand the clothing allowance to all school-age children receiving FIP benefits and increasing the annual amount to by $200. Currently, the clothing allowance provides $140 per year to child-only cases, meaning children whose adult caretakers are not eligible for FIP benefits, so this shift would allow 25,000 additional children to receive the clothing allowance. Finally, the Governor recommends a one-time investment of $5.8 million to establish a three-year financial literacy pilot for FIP recipients, providing one-on-one sessions with professionally-trained financial counselors to aid clients in achieving financial independence.

**Food Assistance Program (FAP):** The Governor recommends $2.35 billion – a $70.9 million decrease from FY2016 based on caseload projections – to provide food benefits. Funding supports 795,400 cases at an average cost of $246 per month.

**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. Recommended 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, funded at $6.5 million in FY2016, is increased in FY2017 using federal TANF dollars. Specifically, the Governor recommends an additional $7.2 million in TANF funds for this program over the next three years to expand from the current 41 counties to 62. 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,** currently funded at $2.5 million, is increased in FY2017 using federal TANF funds. The Supportive Visitation program is flat funded ($2 million) and provides individualized parent/child visits for children in foster care with the goal of family reunification. The Governor recommends using $2.4 million from TANF to expand the Parent Partner program (currently funded at $500,000) into Genesee and Oakland Counties in addition to programs in Wayne County. This program matches a parent who successfully navigated the foster care system and is 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 Governor’s budget maintains GSRP funding at $243.6 million to provide $3,625 per slot for a total of 67,000 half-day preschool slots for four year olds. The budget continues to designate $10 million for transportation costs, requires GSRP providers to have at least a 3-star rating, and requires ISDs to contract at least 30% of its slots to community-based providers. Eligibility requirements remain the same – allowing ISDs to 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 – except that children who are in foster care, are homeless, or have an IEP recommending an inclusive preschool setting be considered in the lowest income quintile to give priority in enrollment.

**Early On:** The Governor’s budget does not include statewide support for Early On, which 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.

**Third Grade Reading:** The Governor’s 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 Governor’s budget provides continuation funding of $15.9 million for the Early Childhood Block Grant 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. $2.5 million will continue to be 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.

**Pilot parent education program:** The Governor recommends eliminating a $1 million pilot parent education program that had been introduced in FY2016 for parents of children between ages 0 and 3. The program aimed to provide at least two hours per week throughout the school year for parents and their children to ensure developmental readiness at school entry.

**Child Development and Care (CDC) Program:** The Governor’s budget recommends continuation funding of $124.2 million ($30.5 million GF/GP) to the CDC program. The CDC program provides child care subsidies to working families living at or below 121% FPL. Quality improvements that began in mid-FY2015 were maintained including providing 12-month continuous eligibility for families regardless of changes in life circumstances throughout the year, maintaining the exit income threshold by which a family becomes ineligible for child care assistance from 121% FPL to 250% FPL, and maintaining tiered reimbursement rates for families utilizing child care rated at a 2-star or above on Great Start to Quality.

**Kindergarten Entry Assessment (KEA):** The Governor eliminates KEA language and instead requires a
summative assessment in English language arts and mathematics in the fall and spring that must be done in kindergarten, first and second grades.

**Library support:** The Governor’s budget maintains the $1 million increase from FY2016 to public libraries but eliminates language specifying that those funds be used to expand their early literacy-focused programming.

**Teacher Supports:** The Governor’s budget maintains 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 professional development online.
- $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.

**Additional Instruction Time in K-3rd Grade:** The recommended budget maintains $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 Governor’s budget eliminates $1 million for the Michigan Education Corps, which connected AmeriCorps members as tutors for at-risk students in k-3rd grade.

**SUPPORT FOR FLINT:** The State of Emergency declared in Flint over the water crisis that has exposed thousands of children to lead has raised new recommendations to support the immediate needs of children and families. In addition to infrastructure support, water filters, and other priorities to ensure Flint residents can access safe drinking water, the Governor recommends the following services to address the impact that lead exposure may have had on children and families.

**Early Childhood Support to Genesee Intermediate School District (GISD):** The Governor’s FY2017 budget recommendations include an array of support for early childhood services, knowing that lead exposure is most detrimental in the first six years of life when the brain is rapidly developing. Lead exposure is known to cause developmental delays, behavioral health challenges, and other issues later on if not addressed as early as possible.
- $6.4 million to GISD to provide Early On services to all Flint children birth through age 3. The Governor is also requesting $9.2 million in another FY2016 supplemental to provide universal Early On evaluations to identify and provide services to children under age 5 – including 4 year olds who did not participate in the Great Start Readiness Program – with potential developmental delays due to lead exposure.
- $1.5 million in FY2017 for GISD to provide school-day length Great Start Readiness preschool programming for Flint children regardless of income.
• $950,000 in FY2017 for GISD to provide further early childhood and nutrition services.

Support for Flint School District: The Governor’s FY2017 budget recommends $1.3 million for the Flint School District to hire additional school nurses and school social workers.

Reserve Fund: These School Aid investments to support Flint are intended to cover half of FY2017. The Governor is also requesting $50 million in a FY2016 supplemental for the Flint Emergency Reserve Fund as well as $15 million in a State Restricted Contingency Reserve Fund in FY2017 to support the remainder of the fiscal year.

Child Care Assistance: The Governor includes $8.1 million in FY2017 from the federal Child Care Development Fund (CCDF) to provide half-day child care services for all Flint children ages 0-3 regardless of income. This would cover half of FY2017 with additional funding available for transfer from a $50 million Flint Emergency Reserve Fund proposed in a FY2016 supplemental. $50,000 of this funding is targeted to provide information to child care providers on identification and intervention services for children needing additional supports due to lead exposure. The Governor is also requesting $8.1 million in a supplemental to begin this child care expansion program in Flint in FY2016.

Nutrition Assistance: In a FY2016 supplemental, the Governor is requesting $9.5 million ($6 million GF) for food and nutrition programs through the Department of Education but details have yet to emerge on how this funding would be targeted.

Through the Department of Health and Human Services, the Governor is requesting $15.1 million in FY2017 that can be used to support an array of services such as nutritional needs, epidemiological analysis and case management of individuals at risk of elevated blood lead levels, support for child and adolescent health centers, children’s health care access program and pathways to potential programming, nursing services, evidence-based home visiting programs, intensive services and outreach for children exposed to lead coordinated through local community mental health organizations, and others. He is also requesting the following funds to support DHHS programming in a FY2016 supplemental:
• $1.5 million to provide intensive behavioral therapy services to children and families affected by lead exposure;
• $260,000 for evidence-based home visits;
• $430,000 for nutrition support and food bank resources.

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 bi-weekly e-bulletin to receive timely action updates and other critical information.