

June 30, 2016

The Fiscal Year 2017 Budget

The final budget for fiscal year (FY) 2017 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 FY2017 – 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. These conversations should also be had with candidates running for State Representative in your community so they can learn about the budget priorities that are important to families and communities.

Here are a few critical budget items that were at play during the Conference Committee process or will see changes from FY2016 impacting children, youth and families in the next fiscal year.

Education:

Early On: The final budget included no statewide funding for *Early On* services. Additionally, the final budget did not include \$50,000 that the House had provided for the Department of Health and Human Services to work with the Department of Education to investigate funding opportunities for *Early On* including the feasibility of maximizing Medicaid reimbursement. Medicaid is the second largest source of funding for birth to age 3 early intervention services nationally, yet in Michigan, is underutilized. This study is an important step to realize how Michigan can maximize funding opportunities to ensure that all *Early On* children receive the adequate services they need for optimal development.

Child Development and Care (CDC) Program: The final budget included \$7.7 million in federal funds to increase the income entrance threshold from 121% of the federal poverty level to 125%. Increasing eligibility to 125% FPL will result in Michigan moving from 50th to 49th of the 50 states for our entrance income eligibility requirement, still basically the lowest in the country. Additionally, Michigan continues to leave behind significant federal resources on the table that could be used to improve access to higher quality child care options for low-income working families.

K-12 Funding: The final budget provides continuation funding for the At-Risk program, which provides resources to schools that serve more challenged students. The budget also includes a slight increase in the per pupil payments using the 2x formula (districts receiving from \$60 to \$120 per-pupil increase) to better support all schools.

Third Grade Reading: The final budget provides nearly \$25 million for an array of supports to improve early literacy including professional development for teachers (\$950,000), literacy coaches (\$3 million), diagnostic tools to monitor literacy development (\$1.5 million), additional instruction time in kindergarten through third grade (\$17.5 million), Michigan Education Corps tutors (\$1 million), and administrative and evaluation needs of these investments. The budget also maintains the FY2016 \$2.5 million increase to the early childhood block grant to Intermediate School Districts to provide home visiting programming targeting early literacy development.

Competency-Based Education: The final budget provides \$500,000 to develop assessments and award universally accepted school credit for students based on their key academic, technical and global skills, or “competencies.” Credit accumulation is often difficult for young people and families facing challenges that interrupt learning. Alternative methods for measuring the skills that young people have are key strategies for increasing high school graduation.

Career and Technical Education (CTE): The final budget includes a \$1 million cut leaving \$9 million for the middle college component of CTE programs while also allowing CTE dual enrollment programs to receive funds under this section. The Governor and House had originally proposed increasing this program to \$15 million. When targeted toward the most challenged youth, these types of CTE options can be a very effective dropout prevention and recovery strategy. The final budget also includes \$3.2 million to support equipment upgrades for current CTE programs, and includes the Senate recommendation to include a new CTE option focused on restaurant management and culinary arts.

Gang Intervention Programs: The final budget increases funding from \$1 million to \$3 million for these initiatives that partner with community resources to provide employment, counseling, continuing education and health services to divert young people from gang-related activity.

Health and Human Services:

Healthy Kids Dental (HKD) : The final budget provides \$25.6 million for the final expansion of HKD in Kent, Oakland and Wayne counties to cover all eligible children under age 21 across the state. HKD increases provider reimbursement rates, encourages provider participation, and helps more children receive high-quality dental care.

Family Independence Program (FIP) Clothing Allowance: The final budget includes an expansion of the clothing allowance to all children served by FIP, from the children cared for by parents not receiving FIP benefits themselves, expanding to 25,000 additional children and youth.

Parent-to-Parent Adoption Family Support: The final budget reduces funding by \$100,000, leaving \$250,000 for this program that matches adoptive parents to one another to provide peer support. Parent mentoring is proven effective in the child welfare, foster care and adoption systems.

Family Reunification and Parent Partners: The final budget includes over \$6 million in federal funds to expand the Family Reunification and Parent Partners programs to additional counties to serve families in the child welfare system. The Family Reunification 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. The Parent Partners program 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.

Fostering Futures: The final budget maintained funding for the Fostering Futures program at \$750,000, after the House proposed to eliminate this program. Fostering Futures provides scholarships to foster youth to support tuition, fees, room/board, books, and supplies/equipment required for enrollment in post-secondary education opportunities.

Support for Flint: The budget included significant resources to address the Flint water crisis, including both supplemental support for the remainder of FY2016 as well as funding for FY2017. While significant resources were focused on infrastructure needs, the following FY2017 appropriations target some of the needs of children who have been exposed to lead:

- \$1.3 million to the Flint School District for school nurses and social workers
- \$1.2 million to Genesee ISD (GISD) to provide additional early childhood services and nutrition services.
- \$6.2 million to GISD to provide early intervention services to children from birth through age three that are similar to those services described in Michigan's *Early On* state plan. For FY2016, an additional \$8.3 million is provided for early intervention services for children birth through age four. Any unspent funds in the current fiscal year can be used in FY2017.
- \$1.5 million in FY2017 to GISD to provide universal school-day length Great Start Readiness preschool programming to 4-year-olds regardless of income. For the remainder of FY2016, \$900,000 is provided for summer GSRP or summer GSRP-like early childhood programming.
- \$8.1 million in federal Child Care Development Funds to provide subsidized child care to families with young children ages 0-3 living at or below 300% of the federal poverty level. These funds can be used through FY2018 if not expended by the end of FY2017.
- \$15.1 million for an array of health and human services needs including nutrition assistance and education; child and adolescent health centers, children's healthcare access program (a pediatric medical home model), Pathways to Potential programming; evidence-based home visiting services, nursing services, and outreach for children exposed to lead through community mental health.

Missed Opportunities: The FY2017 budget continues to miss some key investments. With the election season well underway, these are some top issues that candidates need to be educated about to understand how they can best support Michigan's most challenged children, youth and families.

Support for expanded learning: While the FY2017 budget will continue to see funding for additional learning time for early literacy and increased resources for moving to a year-round instructional calendar, Michigan lacks targeted investments across the k-12 spectrum. The state's \$39 million in federal 21st CCLC funding to support expanded learning programs in the most challenged communities across the state funds fewer than half of the best programs applying. Targeted expanded learning investments – including federal child care funds and unspent state resources allocated for improving third grade reading – can be used to improve students' performance in reading and math, increase student participation and engagement, and promote development in other areas needed for success in school and life.

Family Literacy Programs: The FY2017 budget provides continuation funding of \$25 million for adult education, an important component to two-generation family literacy programs that concurrently improve the educational skills of adults while also providing quality early learning for their children. Decades of research, including evaluation of the formally funded Even Start programs in Michigan, tells us that family literacy is more effective than adults-only or children-only literacy programs; and young learners will face more struggles to read proficiently if their parents cannot support them through their reading journey. Michigan needs to continue to rebuild its adult education investment with new funds specifically targeted towards two-generation family literacy programming.

Early On: Michigan continues to be in the minority of states with no statewide appropriation for *Early On* early intervention, which serves nearly 18,000 families with infants and toddlers from birth to age three who have a development delay or disability. While Michigan receives \$11.8 million in federal funding through the Individuals with Disabilities Education Act – Part C, these funds are vastly insufficient to provide adequate intervention like speech therapy and specialized instruction. National longitudinal studies demonstrate that 42 percent of infants and toddlers who receive adequate early intervention services will not need special education at kindergarten entry. For Michigan to see these types of results, we must begin investing statewide in *Early On*.

Child Care: Michigan continues to have one of the worst child care assistance programs in the nation with a payment structure that doesn't support family or child care provider needs, making it extremely difficult for low-income working families to access high quality care. In addition, Michigan is only one of a handful of states that has consistently returned unused federal child care funds over the last several years – funds that can be used to improve our child care system. Michigan should utilize these resources to shift the child care payment structure away from an hourly rate to one that matches how the market charges families, which will improve access to child care options for low-income working families with children from birth through age twelve.