



January 2017

### **Federal Action Must Protect Michigan Children**

With the start of a new Presidential Administration and new Congress, child advocacy organizations are focusing on how to ensure that likely policy and budget shifts will have the least harmful impact on children, youth and families with the most significant challenges. While federal programming historically aims to improve equitable opportunities for children, youth and families, funding to support these programs is vastly insufficient. In Michigan, policy and budget decisions did not support the families most impacted by the recession resulting in higher, stagnant poverty rates compared to the rest of the nation. As a result, the number of Michigan children living in poverty hovers at 22 percent; and for some racial and ethnic groups, the poverty rates are much higher.

At the same time that children are facing deep poverty and increasing struggles in school, the share of federal resources available for kids and families continues to fall short of need. Additionally, cuts in federal spending for children and families occurred at the same time that Michigan's economic problems and policy decisions resulted in fewer available state funds for programs that help children and families, increasing Michigan's reliance on federal funding for basic services, child safety and education programs. Of particular concern as the Trump Administration and new Congress begin their efforts in Washington, D.C. are their stated priorities that would likely result in detrimental impacts on children, youth and families with the most significant challenges in our state, including the following.

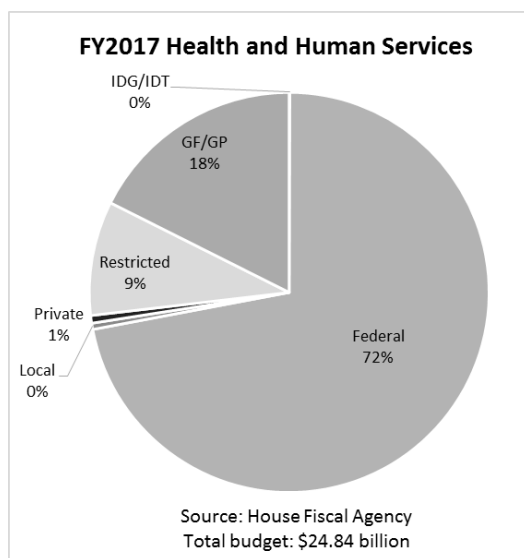
Block granting social safety net programs like Medicaid, Supplemental Nutrition Assistance Program also known as SNAP or food stamps, and other important programs. Block granting is a funding mechanism that gives states a finite amount of money to support a general goal, often with more flexibility than when the federal government operates the program. While this could potentially allow for innovation at the state level to address the unique needs of the state, the history of block granted programs has shown that this funding mechanism results in cuts to programs and reduced access to important services for the most vulnerable children, youth and families. More specifically, Michigan has often used flexible block granted federal funds to plug budget holes through policy shifts when state revenues are down, which has resulted in cuts to important programming for children and families. This is evidenced in a variety of programming in Michigan, notably the Child Development and Care program that provides child care assistance to very low-income working families and the Family Independence Program or cash assistance. Both of these programs inadequately serve families currently accessing these programs while excluding many families that should be receiving them.

Providing tax breaks for the wealthiest Americans and businesses have been a priority of President Trump's since he was on the campaign trail and has been an ongoing priority of many Republican members in Congress. While this priority is targeted towards spurring job growth, research has demonstrated that cutting taxes alone doesn't have this intended outcome though it will reduce federal revenues. This means that less dollars will be available for the federal government to spend on important equity-promoting programs. Of particular concern is that less federal revenue means likely cuts to programs and services for children and families that face the most significant challenges.

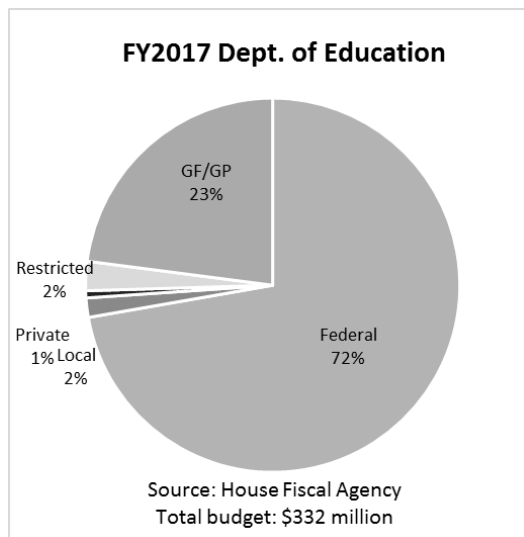
Cutting federal funding for important programs and services for children, youth and families is very likely in the upcoming federal budget deliberations. The federal budget is the single most powerful expression of the federal government’s priorities. It is during the budget process that decisions are made about the expenditure of federal revenues (taxes, fees, and other things that we pay as residents), and there are many competing interests that the President and Congress must consider when dividing up tax dollars. The combination of block granting programs, reducing federal revenue through tax cuts, and the ongoing federal deficit means that even fewer federal revenues will be available and threatens Michigan’s ability to invest in the next generation of 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. Federal budget decisions should preserve the programs that reduce disparities in outcomes for children and offer the most long-term gains such as access to high quality child care that keeps parents earning while their children are learning, expanded learning opportunities at all levels, multiple paths to high school completion, and access to basic needs.

Michigan’s Reliance on Federal Funding: Federal funds support 43 percent of Michigan’s total fiscal year 2017 state budget, but support significantly higher percentages of department budgets that serve children, youth and families facing the most barriers to success.



*The Michigan Department of Health and Human Services budget receives nearly three of every four dollars from federal sources, a 2.9% or \$541 million reduction from FY2016. These federal funds primarily come from Medicaid, with more than half of all births covered by Medicaid and over half of Medicaid recipients in Michigan are children. Additionally, federal funds support many critical safety net programs like income support, food assistance including WIC and SNAP, and other TANF-funded programs. And, 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 Michigan Department of Education receives over 70 percent of its funding from federal sources; a 11.2% or \$24.2 million increase from fiscal year 2016 (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 school improvement efforts, support for special education, literacy supports, before-and after-school programs, school-based nutrition and health programs, and adult education*