

July 10, 2017

The Fiscal Year 2018 Budget

Before breaking for July 4th, the Michigan legislature passed its [budget](#) for Fiscal Year 2018, which begins on October 1, 2017 and ends September 30, 2018. The budget now awaits the signature of Governor Rick Snyder. The budget, whose reveal was held up by a debate over a reorganization of the Michigan Public School Employee Retirement system (MPERS), includes significant funding increases for child care, at-risk students, and children in foster care. Here is an overview of changes in the almost-final budget that will affect the lives of children in Michigan during the 2018 fiscal year.

Child Care: The budget includes a \$24.3 million (\$8.4 million general fund) increase to the Child Development and Care program, which provides child care subsidies for the care of Michigan's lowest-income working families, moving rates closer to the 75th percentile of the market rate. Reimbursement rate increases are higher for programs with higher quality ratings. The program also expands the income eligibility threshold for reimbursement from 125% to 130% (\$5.5 million).

Other items include funds for background checks, including FBI fingerprinting of child care providers that's required under new federal child care rules (\$7.1 million); improvements to DHHS technology (\$1.5 million); and funding for the TEACH scholarship to increase credit-based educational opportunities for child care providers that are trying to increase their Great Start to Quality star rating (\$1 million).

At-Risk Student Funding: The budget increases state funding for at-risk students by \$120 million dollars. The budget also expands the definition of "At-Risk" to include all pupils who are eligible for free or reduced price lunch, Temporary Assistance to Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), or are homeless, migrant, or foster care-affiliated. This will increase the number of students receiving at-risk funding by about 131,000.

Foster Care: The budget also includes \$3.6 million (\$2.8 million general fund) to expand the Michigan Youth Opportunities Initiative (MYOI), which provides services to youth aging out of the foster care system. It also extends funding for the Fostering Futures Scholarship Program (\$750,000), which assists youth transitioning from foster care to college.

Flint Water Emergency Funds: The budget sets aside \$15 million in state funds for future spending related to the Flint Water Emergency. Additional items include \$7.7 million to fund various infrastructure activities and \$8.7 million to Flint School District and Genesee ISD to expand Great Start Readiness Program (GSRP) eligibility, hire school nurses and social workers, and expand nutrition programs.

Early Reading: The budget includes \$10.3 million in total funding to support early reading initiatives, including hiring more early literacy coaches and tutors (\$4.5 million) and re-adjusting bilingual/English Language Learner funding to increase with student need, as determined by the WIDA Access test (\$4.8 million).

Other School Funding: The budget increases the minimum per-pupil foundation allowance from \$7,511 to \$7,631, and increases the maximum guaranteed foundation from \$8,229 to \$8,289, a total increase of \$153.3 million. The state will also provide an extra \$50 for each student in grades 9-12 to reflect the higher costs of high school instruction (\$11 million general fund). The budget also increases state aid to libraries (\$1.1 million). The budget also included \$4.9 million (\$2.9 million general fund) to place caseworkers in schools to help reduce absenteeism and help families obtain community resources, \$8 million for career and technical education and \$6 million for new “partnership models” for schools with lower test scores.

More notable items from the legislature’s budget include:

- \$3 million for the Tuition Grant Program, which provides tuition assistance to students at private Michigan colleges and universities, and \$8 million for the Michigan Competitive Scholarship, which awards scholarships to students with qualifying ACT/SAT scores and need.
- \$2 million for adult education pilot programs to connect adult learners to employers.
- \$2.2 million to increase the reimbursement rate for homeless shelters from \$12 to \$16 per bed night with the goal of helping clients find permanent housing and other services.
- \$14.1 million in state funds for a wage increase for mental health direct care workers.
- A controversial \$5.8 million program (\$2 million general fund) that would pilot privately-run Medicaid mental health plans around the state.
- \$750,000 to continue its current double up food bucks program and allow users to earn double up at grocery stores, on fresh and frozen fruits and vegetables, and on milk.
- Continued funding for “Heat and Eat”, in which state funds for low-income energy assistance are used to maximize those citizens’ eligibility for food assistance, using funds left over from the previous fiscal year.

As the legislature breaks for the summer, Michigan’s Children remains committed to pursuing policy solutions that improve the lives of children, youth, and families. Stay tuned – [sign up](#) for our bi-weekly EBulletin and [let us know](#) what your priorities are in Lansing for the coming year!