

June 29, 2018

## The Fiscal Year 2019 Budget

Governor Rick Snyder has signed the [omnibus](#) and [education](#) budgets for Fiscal Year (FY) 2018-19, which begins on October 1, 2018 and ends September 30, 2019. The budget includes significant funding increases for child care, at-risk students, and children in foster care. Here is an overview of changes in the final budget that will affect the lives of children in Michigan during the 2018-19 fiscal year.

**Adult Education:** The final budget includes a \$3 million School Aid Fund (SAF) increase in community and adult education and includes language requiring system collaboration between adult education and the Talent District Career Council (renamed the Educational Advisory Council).

**Career and Technical Education Grants:** The budget includes \$20 million from the Talent Investment Fund for Talent Pledge Scholarships to assist low-income individuals with the cost of obtaining a degree or credential in a high-demand field. The funds are a work project, to be spent by the end of FY 2021-22

**Competency-Based Education:** The final budget moved funding for competency-based programs from its original line item into the Marshall Plan for Talent \$500,000 to \$29.9 million total. The funds will now be used by K-12 programs to create or expand competency-based programs that result in competencies or credentials in high-demand fields. This is also designated a work project, with a FY 2021-22 end date.

**Child Abuse and Neglect Prevention:** The final budget allocates \$1 million in additional funding to local child abuse neglect (CAN) councils and direct prevention service grants through the Children's Trust Fund (CTF), using \$200,000 in new General Fund (GF) dollars authorizing the use of another \$800,000 in restricted funds from the CTF cash reserve. The budget language also stipulates that half of the total increase be used for programs that help address substance use disorders.

**Child Care:** Michigan is receiving a \$62.3 million in new federal funding for child care subsidy for both FY2018 and 2019. The final budget allocates \$36.9 million of the increase for FY18 to be used through September 2018, carrying forward the remainder, to fund increased subsidy caseload projections and shifting Michigan's antiquated hourly child care provider repayment structure to bi-weekly.

**Early Literacy:** The budget increases GF for early literacy by \$500,000 to \$3 million, including an increase of \$1 million for literacy coaches, capped at \$75,000 per coach and requiring a 50% local match in order to use the funds. The budget also shifts funding to create summer reading programs in Kent County.

**Early On for Infants and Toddlers:** The final budget allocates \$5 million SAF for Michigan's IDEA Part C special education program for infants and toddlers, *Early On*. This marks the first ever statewide appropriation for early developmental service coordination for infants and toddlers and their families.

**Flint Water Emergency Funds:** The budget sets aside \$4.6 million GF for lead abatement activities, child and adolescent health programs, Double Up Food Bucks, and home visiting programs; and \$3.2 million to Flint School District to hire school nurses and social workers and expand nutrition programs. Some line items, including child care work projects, were eliminated, but many of those programs have funding to sustain themselves for a period of time. Extended information on the remaining funds available for past investments in Flint after the Water Crisis can be found at the [State of Michigan](#).

**Fostering Futures Scholarship:** The final budget extends funding for the Fostering Futures Scholarship Program (\$750,000), which assists youth transitioning from foster care to postsecondary, and expanded the scholarship to cover expenses at career and technical institutions. The budget did not choose a new funding source for Fostering Futures.

**Homeless and Runaway Youth Services:** The budget includes a \$500,000 GF increase for community agencies to serve homeless and runaway youth. This increase represents one third of the additional funds needed to provide services to young people in every county in the state.

**Michigan Youth Opportunities Initiative:** The budget includes last year's \$3.6 million expansion of the Michigan Youth Opportunities Initiative (MYOI), which provides services to youth aging out of the foster care system. Existing funding is adequate to support the program infrastructure in counties around the state, but additional revenues could be utilized to provide service access to all eligible young people.

**Problem-Solving Courts:** The final budget increases funding for problem-solving courts, which aim to address the underlying issues that contribute to child maltreatment and other negative behavior, including substance use and mental health, by \$530,700 GF to \$750,000.

**School Safety:** The final budget includes a number of appropriations geared towards school safety, including \$1.47 million for the expansion of the OK2SAY anonymous tip line. The state budget also includes \$25 million for school building security grants and it creates a School Mental Health and Support Services Fund and provides \$30 million from the School Aid Fund for the fund. A final plan for these and other school safety funds will be passed in a FY2017-18 supplemental budget later this summer. The School Mental Health and Support Services Fund details particularly need to be worked out, including how the state can leverage federal Medicaid matching dollars to hire the counselors, social workers, and other professionals who are trained in caring for student developmental needs.

**Other School Funding:** The budget increases the minimum per-pupil foundation allowance from \$7,631 to \$7,871 and increases the basic foundation from \$8,289 to \$8,409, a total increase of \$312 million. It also maintains last year's \$120 million SAF increase for at-risk students. New budget language requires that at-risk funds used for schoolwide reforms feature "parent and community supports, activities, and services, which may include Pathways to Potential or Communities in Schools programs." The budget also increases funding for putting locally grown produce in schools by \$200,000 SAF to \$575,000 and provides \$6 million for the Michigan Competitive Scholarship, which awards scholarships to students with qualifying ACT/SAT scores and need.

The School Aid Budget contains a significant school reform policy shift: districts that have "Partnership" reform agreements with the state must establish 18- and 36-month test score proficiency goals in order to receive their full per-pupil foundation amount and allows the State Superintendent to waive "burdensome administrative rules" within Partnership districts.

However, the FY2019 budget continues to miss some key investments. These omissions are missed opportunities for legislators to put their best foot forward and support Michigan's most challenged children, youth and families:

**Afterschool and Expanded Learning:** Not every K-12 student who would benefit from expanded learning opportunities can access afterschool and summer learning programs. The state's \$39 million in federal 21<sup>st</sup> Century Community Learning Centers (CCLC) grants can only fund fewer than half of the best programs that apply. Targeted expanded learning programs can improve student performance in reading and math, increase student participation and engagement, improve school safety, and promote development in other areas needed for success in school and life. The budget also decreases funding for year-round instructional grants by half to \$750,000.

**Child Care:** Child care is a major workforce support and need in our state. While moving from an hourly to a biweekly payment structure is a major decision that will support providers, professionals, and parent access to care, other investments in the Senate Education Budget were left on the cutting room floor in conference committee, including increasing Michigan's family income eligibility threshold from 130% of the Federal Poverty Line (FPL) to 150% FPL and \$10 million to increase subsidy reimbursement rates for lower-star QRIS providers. We need these and more solutions to ensure that every child whose family needs child care support can find a quality seat.

**Early Literacy Implementation:** While the budget provides necessary new funding for early literacy, it does not require Early Literacy Coaches to collect data on barriers that parents and guardians have with implementing read-at-home plans and on what supports they need to fulfill those plans. Consulting the lived experience of families will result in more effective early literacy services.

**Removing Child Care from Caseload Consensus:** The caseload consensus revenue adjustment process allocates funding based on projected population need and eligibility. However, many families fail to access a child care subsidy because of the poor structure of our child care system, causing the caseload consensus process to artificially depress the amount of child care funds the Department of Education is able to spend each year. Removing child care funding from caseload consensus estimates would enable the department to pursue innovative programming that could lead to increased uptake in our child care subsidy system.

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!