

October 8, 2019

The Fiscal Year 2020 Budget – October Update

Governor Gretchen Whitmer has signed sixteen budget bills for Fiscal Year (FY) 2019-20, which began on October 1, 2019 and ends September 30, 2020. The budget includes some funding increases for child care, developmental supports for infants and toddlers, and some K-12 learning resources, but misses many opportunities to support strong families, ready learners, thriving students, and successful youth transitions, especially for those who shoulder significant challenges.

This year's budget process is a departure from recent years. After the Legislature presented their conference committee-negotiated budget, the Governor issued line-item vetoes within those budgets, which is typical. However, the Governor's actions between vetoes and executed inter-transfers of funds within individual department budgets through the State Administrative Board, resulted in cuts of nearly \$1 billion dollars. Funding for many critical programs for children, youth and families was cut through this process and are now caught up in an adversarial situation between the Governor and the Legislature. While the Governor's changes can be amended through the passage of a supplemental budget, these decisions will be final for Michigan's FY20 budget until further action.

Some items in the FY20 budget are genuine wins for child and family advocates; others have one "last shot" at being included in a supplemental because they were supported through the Legislative budgeting process but experienced a gubernatorial veto; and others represent missed opportunities for lawmakers to prioritize investments that benefit children, youth, and families. As the legislature decides how it responds to the Governor's vetoes and transfers, **we have a window of opportunity to alert them that some "proven plays" for children, youth and families have one last shot for support in FY20.** Read below to see where our proven plays currently stand in the FY20 budget:

Quality Care for Children

Wins

- Child Care: The final budget allocates an additional \$15 million in combined federal CCDBG and state general funds for increasing reimbursement payments to child care providers. Increasing reimbursement rates will support child care professionals, and increase access for parents who are already eligible for care but cannot find a provider.

Missed Opportunities

- Enhanced System in Foster Care: Understanding the barriers reported by caregivers in the foster care system, Michigan's Children recommended investment in an enhanced child care support system for relative caregivers and other families in the foster care system that includes improved rates and social-emotional supports. The final budget did not include any changes to explicitly improve foster families' experience with child care.

- Child Care Eligibility: The final budget did not increase Michigan’s family income eligibility threshold above 130% of the Federal Poverty Line (FPL). We need solutions to ensure that every child whose family needs child care support can find a quality seat.

A Healthy Start

Wins

- Early On for Infants and Toddlers: The final budget increases funding for Michigan’s IDEA Part C special education program for infants and toddlers, *Early On*, by \$2.15 million, securing and expanding last year’s first-ever statewide appropriation for early developmental service coordination for infants and toddlers and their families.

Missed Opportunities

- Infant and Early Childhood Mental Health Consultation: While funding was set aside to meet statutory requirements for investing into improving child care quality, and while department officials have committed to sustaining current-level funding for early childhood mental health consultants, the final budget does not dedicate funding towards expanding this program statewide.
- Keeping Early On Increases On Track: The small increase in *Early On* is a step in the right direction, but an increase of \$20 million was needed, based on the identified need and our five-year investment strategy to be able to provide recognized levels of services to all eligible infants and toddlers, proven to reduce future K-12 special education costs.

Supporting Parents

Wins

- Family Preservation and Reunification: The final budget includes increases of \$3 million for the Foster Care Supportive Visitation program, \$1 million for the Family Reunification program and \$1 million for the Parent Partner peer mentorship program.
- Healthy Michigan Work Requirements: The Legislatively-passed budget included increased funding to support the implementation of Healthy Michigan Plan work requirements. The Governor administratively transferred an additional \$6.1 million in DHHS and \$9 million in workforce development funding.

Last Shot

- Problem-Solving Courts: The Legislatively-passed budget included \$350,000 to expand problem-solving courts, but this funding was vetoed by the Governor. These innovative options aim to address the underlying issues that contribute to child maltreatment and other negative behavior, including substance use and mental health.
- Family Preservation and Reunification: Despite increases for several programs, which remain funded well below what is necessary for all families who would qualify to benefit from their services, the Governor vetoed a Legislatively-passed 5% increase to private agencies for family preservation services.
- Adoption Supports: The Legislatively-passed budget included an increase in rates to private agencies for adoption support services. The Governor transferred \$700,000 of the \$1.1 million increase out of the program. At this time, all adoption services in Michigan are provided

through private contracts. The Governor also vetoed \$250,000 for the Adoptive Family Support Network, effectively ceasing their operations in support of adoptive, foster, kin and birth parents.

Missed Opportunities

- Continuing Increases for Child Abuse and Neglect Prevention: After establishing a \$2.6 million need over current spending, the final budget cut funding from local child abuse and neglect prevention councils and service providers, funded through the Children’s Trust Fund.
- Family Income Supports (Earned Income Tax Credit): The Governor proposed doubling the value of the Michigan EITC, an investment with proven poverty-fighting impacts, but the final budget did not include any expansions of the credit.

Family Literacy

Wins

- Early Literacy Supports: The final budget allocates an additional \$14 million for early literacy coaches, to a total of \$21 million, and increases funding for bilingual education by \$7 million to \$13 million. While the budget provides necessary new funding for these supports, 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.

Missed Opportunities

- Adult Basic Skills: The final budget includes no additional increase in funding for community and adult education, or any efforts to connect those programs with other supports for adult learners like child care. This is a missed opportunity to invest in family literacy supports and workforce development for some of our state’s most vulnerable families.

Thriving Students

Wins

- School Finance: The budget increases the minimum per-pupil foundation allowance from \$7,871 to \$8,111 and increases the basic foundation (while renaming the basic the “target”) from \$8,409 to \$8,529, a total increase of \$304 million. It also includes a \$5 million School Aid Fund increase for at-risk students, and a \$92.3 million increase for K-12 special education funding. The School Aid Budget contains a significant school reform policy shift: districts that have “Partnership” reform agreements with the state now “may” consider school closure or reconstitution when before they “must” have considered those options.
- Pre-School: The final budget provides \$5 million in additional funding for Great Start Readiness Program, Michigan’s statewide preschool program for 4-year-olds whose families qualify based on their income.
- School-Based Health: The final budget increases overall School Based Health Centers line item appropriations \$1.9 million to \$8 million total, and maintains the existing \$31 million for school mental health supports which includes expansion of funding for behavioral health professionals in schools by \$1.5 million to \$6.5 million.

Last Shot

- Alternative Diploma Paths: The Legislatively-passed budget included flat funding for alternative diploma pathways for strict discipline academies and dropout prevention programs, a total of about \$2.3 million SAF. This funding was vetoed by the Governor. It is critical for the strength of families and communities that all youth can access viable pathways to receiving their high school diploma.
- School-Based Health: The Legislatively-passed budget provided a \$1 million increase for expanding school-based health services more broadly, but the Governor vetoed the increase.
- Afterschool and Summer Learning: The Legislatively-passed budget included \$600,000 to support wrap-around services for out-of-school time providers, and \$15 million for a summer school reading grant program targeted toward improving 3rd grade reading success. Both of these were vetoed by the Governor. The Senate has introduced a supplemental appropriations bill to reinstate the \$15 million summer reading program.
- Integrated Student Services: The Legislatively-passed budget retained \$525,000 in funding for Northeast Michigan Community Service Agency's School Success Partnership Program. The Governor vetoed all funding for the program.
- Social-Emotional Learning: The Legislatively-passed budget included \$500,000 to pilot a social-emotional learning program in at least five districts. The Governor vetoed this funding.

Missed Opportunities

- Mental Health Supports: Despite maintaining funding for mental health supports in schools, that funding could be more equitably distributed to better direct resources based on student need and improving school system capacity for serving students.
- Afterschool and Expanded Learning: The final budget failed to include dedicated funding for evidence-based afterschool and summer learning programs, despite their impact on shrinking learning gaps and expanding opportunities for young people and supporting work for families. There has been no dedicated state funding for these programs since 2011, forcing local programs to rely on federal funds, parent contributions and local philanthropy, creating enormous gaps in availability for quality programs around the state. The budget does specify a \$.20/hour increase in child care provider reimbursement rates for the care of a child over the age of 5, but many afterschool and summer learning programs are unable to take advantage of the subsidy for the children in their care.
- Integrated Student Supports: The final budget included flat funding for the Michigan Integrated Behavioral and Learning Support Initiative (MiBLSi), despite its evidence base as a model for using student data to identify and address academic and behavioral concerns and better connect service needs with school and community partner resources. No further support for statewide implementation was included.

Preserving Stability and Relationships for Children and Youth in Foster Care

Wins

- Relative Caregivers: The final budget includes \$250,000 for incentive payments to relative caregivers who become licensed foster parents. This is far below the recommended funding levels earlier in the budget process, and falls short of the need for relatives who are interested in becoming licensed. Limited attention was paid through the budget process to the need to

continue to ensure financial resources to other relative caregivers who may face obstacles to becoming licensed.

Last Shot

- Support for Children and Youth in the Court System: The Legislatively-passed budget included \$500,000 to expand access to Court-Special Advocates (CASA). This was intended to begin state expansion by ensuring access in Wayne, Oakland and Macomb counties. The Governor vetoed the funding.
- West Michigan Partnership for Children (WMPC): Through administrative transfer, the Governor removed \$2 million supporting the fully privatized foster care system in Kent County. The WMPC oversees Kent County's performance-based foster care service delivery model.

Missed Opportunities

- Legislative Foster Care Task Force: The Senate had recommended \$50,000 to support a legislatively created task force to improve the foster care system in Michigan. This funding did not make it into the final budget.

Successful Youth Transitions to Adulthood

(Possible) Wins

- Human Trafficking: The Legislatively-passed budget included an increase of \$1 million to support the needs of survivors of human trafficking. The Governor transferred the funding to the general Crime Victim Rights Services line, which may result in increased services for trafficked victims, but may not.

Last Shot

- Homeless and Runaway Youth Services: The Legislatively-passed budget included an \$800,000 increase for Runaway and Homeless Youth service providers. The Governor vetoed the funding.
- Support for Youth Aging Out of Foster Care in the Court System: Included in recommendations for an increased investment in CASA services overall, Michigan's Children also recommended a \$50,000 investment to pilot the National CASA Fostering Futures initiative, which targets transitioning youth, to pilot efforts that layer support with MYOI efforts. With the Gubernatorial veto of all CASA funding, the focus on older youth is unlikely as well.

Missed Opportunities

- Fostering Futures Scholarship: The final budget continues flat funding for the Fostering Futures Scholarship Program (\$750,000), which assists youth transitioning from foster care to postsecondary, but does not choose a new funding source for Fostering Futures nor does it increase the program funds.
- Michigan Youth Opportunities Initiative: The budget preserves \$3.6 million for 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.
- Earned Income Tax Credit: The Governor's initial budget recommended raising the EITC value but did not expand the minimum eligible age for young adults, Michigan's Children continues to

recommend not only increasing the value of the Michigan EITC, but also lowering the minimum age to 16 to support young adults and parents in the foster care system.

Flint Water Emergency Funds

The budget provides an additional \$4.8 million from the School Aid Fund for early intervention services and GSRP preschool for children living within Flint School District. The final Health and Human Services budget does not include new ongoing funding for health, nutrition, and parenting support programs for families affected by the lead water crisis. Extended information on the remaining funds available for past investments in Flint after the Water Crisis can be found at the [State of Michigan](#).

This year's budget process, including the unprecedented Gubernatorial vetoes and administrative transfers within Departments, while including some wins, has created an atmosphere of competition between essential programs, including not only roads and schools, but also rural health care services and other crucial services for the most challenged populations of young people and families. It is still unknown how any supplemental budget process will fare over the next several months, though supplemental appropriations bills are beginning to emerge. It is important for advocates to take this time to make sure that their legislators understand that critical programs for children, youth and families are neither pork nor partisan, and to encourage them to work with the Governor to utilize state funding in a way that benefits the most vulnerable among us.